



Tourism Victoria  
ANNUAL REPORT 2012-13





## TOURISM VICTORIA

17 September 2013

**The Hon. Louise Asher MP**  
Minister for Tourism and Major Events  
Level 36, 121 Exhibition Street  
Melbourne VIC 3000

Dear Minister

**RE: Tourism Victoria Annual Report 2012-13**

I am pleased to submit to you Tourism Victoria's Annual Report. The document outlines the achievements of the organisation for the year ended 30 June 2013.

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

Yours sincerely

**Dr Janine Kirk AM**  
Chairman  
Tourism Victoria

**Tourism Victoria**  
ABN 18 381 772 530  
[tourism.vic.gov.au](http://tourism.vic.gov.au)

Level 32, 121 Exhibition Street, Melbourne VIC 3000 Australia  
GPO Box 2219T, Melbourne VIC 3001 Australia  
Tel (03) 9653 9777 Fax (03) 9653 9722



---

## CONTENTS

1	Our profile	9	<b>Priority One:</b> Attracting high yield international visitors
2	Chairman's Report	13	<b>Priority Two:</b> Increasing the domestic market
4	Chief Executive's Report	16	<b>Priority Three:</b> Attracting and leveraging events
5	Our structure	18	<b>Priority Four:</b> Air services attraction
5	Tourism Victoria Board	19	<b>Priority Five:</b> Investment attraction
6	Tourism Victoria Risk and Audit Committee	21	<b>Priority Six:</b> Investing in our workforce
6	Output targets and performance	22	Legislative requirements
7	Victoria's tourism performance	26	Five year comparison
		27	Financial report

---

## 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 coordinate the provision of tourist facilities in Victoria.
- To provide more efficient and effective utilisation 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.



## CHAIRMAN'S REPORT



I am delighted to present the Tourism Victoria Annual Report 2012-13.

Tourism Victoria's unwavering commitment to providing leadership through the areas of strategy, policy, marketing, research, airline attraction and investment has led to continued growth and success.

Tourism remains a significant economic driver for Victoria worth \$19.1 billion or 5.8 per cent of the total Victorian economy. The tourism industry generated over 200,000 jobs or 7.0 per cent of employment in Victoria in 2011-12.<sup>1</sup>

In partnership with industry, Tourism Victoria has achieved another solid year of results in 2012-13, despite the continued challenges of a strong Australian dollar, bushfires and a continued increase in Australians travelling overseas.

Visitors to and within Victoria spent a total of \$19.4 billion during 2012 (including domestic daytrip and overnight expenditure and international overnight expenditure) and this equates to 22.4 per cent of tourism expenditure in Australia. Victoria experienced an increase of 5.7 per cent year-on-year, higher than the national average (+4.9 per cent).

The latest forecasts indicate that Victoria will gain 65 per cent of expected tourism expenditure growth to 2021-22 from international markets, especially China and India.<sup>2</sup> China was Victoria's largest source of international visitors in 2012 and the second largest source of visitors to Australia behind New Zealand.

Chinese overnight visitors also had the highest expenditure of all international visitors to Victoria in 2012, following 8.7 per cent year-on-year growth. Chinese visitors to Victoria spent more than the next three largest markets combined (New Zealand, United Kingdom and Malaysia) accounting for more than 22.1 per cent of total international visitor expenditure in Victoria. This will continue to be an important market for the State in the future.

The Victorian Government is committed to strengthening its engagement with the China market, and in September 2012, the former Premier Ted Baillieu led the largest trade mission to China, with 650 delegates representing over 400 organisations. The Minister for Tourism and Major Events, the Chief Executive together with thirty senior executives from the tourism industry visited five cities across China to develop relationships with the travel industry and increase the awareness of the Melbourne and Victorian tourism offering.

Victoria's new \$8 million China campaign, *Open Up to More* was officially launched in Shanghai, aiming to build on the long term positioning of Melbourne and Victoria in China. The campaign is a key outcome of Victoria's China Tourism Strategy, released in May 2012, and highlights the State's wealth of tourism attractions and activities in Melbourne and regional Victoria.

Investment attraction remains a priority area for the organisation, and I am delighted with the response to the Victorian Competition and Efficiency Commission Inquiry, which saw the Government support the recommendations for appropriate private investment in Victoria's National Parks. This is a significant achievement for Victoria, which will leave a lasting legacy in the Victorian tourism sector.

Tourism Victoria has been instrumental in the development of masterplans associated with nature based tourism projects, the Expression of Interest process associated with the Point Nepean Quarantine Station and National Park and the announcement of the new hotel brand to Australia, Tune Hotels, which will open their national headquarters together with a 255-room hotel in Melbourne in November 2013.

A second stage of the Play Melbourne campaign was extended into New Zealand in April 2013. This will build on the launch phase by presenting the market with new information on Melbourne to encourage repeat visitation to the city, combined with motivating visitation to regional Victoria.

<sup>1</sup> State Tourism Satellite Accounts 2011-12, Tourism Research Australia, published July 2013

<sup>2</sup> Tourism Forecasting Committee, 2013 Issue 1, released April 2013 by Tourism Research Australia

Events continue to profile the city and deliver significant economic benefits to the State. The inaugural White Night Melbourne in February 2013 saw over 300,000 people experience the art precincts in the city, delivering a huge international audience through social media channels. The Regent Theatre hosted the world-premiere of theatre production, King Kong in June 2013 and the Melbourne Winter Masterpieces, featuring Monet's Garden and Hollywood Costume are already attracting significant attendance numbers, having just opened in May 2013.

My sincere thanks go to my fellow board members for their strategic insights, leadership and expertise during 2012-13. The Board has undergone significant change, with the departure of Ms Pamela Catty, the Deputy Chairman, Mr Chris Woodruff and Mr John Mitchell, whose terms have also expired. I'd also like to welcome our new board appointees, Mr Peter Crinis, Executive General Manager, Hotels, Retail and Food & Beverage, Crown Melbourne Ltd, Mr Andrew Dwyer, Managing Director, Diamantina Touring Company and Ms Helene Bender OAM, Director Allabout Tours and Travel, who bring a wealth of experience and knowledge in strategic planning, management and marketing across a number of industries to the Board and the industry.

I acknowledge the support and leadership of the Chief Executive, Leigh Harry, his dedicated and passionate leadership team and staff who work hard to respond to industry needs and continually strive for excellence.

To the Minister for Tourism and Major Events, Louise Asher, our thanks and appreciation for her continued leadership and support for the organisation and the tourism and events industry in Victoria.

Thank you to the industry, tourism bodies, operators and dedicated workforce for their continued enthusiasm, resilience and commitment to the success of the industry.

Tourism Victoria will continue to lead and work collaboratively with industry to overcome challenges, provide leadership and develop stronger partnerships to grow the Victorian tourism industry together.



**Dr Janine Kirk AM**  
**Chairman**

## CHIEF EXECUTIVE'S REPORT



Tourism Victoria is committed to working with our industry and government partners to leverage opportunities to assist in the generation of economic benefit and job opportunities within Victoria. This report details our achievements in 2012-13 through key business plan priorities that are designed to help us meet this commitment.

National Visitor Survey results showed Victoria experienced an increase year-on-year in domestic overnight expenditure of 4.2 per cent to reach \$10.3 billion in 2012. At the same time, domestic overnight visitors to Victoria increased by 1.9 per cent to reach 18 million.

In August 2012, the Victorian Government, through Tourism Victoria successfully negotiated with Shine Australia, to bring *MasterChef Australia* to Melbourne. *MasterChef: The Professionals* aired nationally in January 2013, and attracted an average 1.3 million peak viewers in its launch week. The show reinforces Melbourne and regional Victoria's positioning as Australia's destination for culinary experiences, showcasing Victoria's fresh produce, its innovative chefs, quality restaurants and outstanding winemakers.

I travelled with the former Premier Ted Baillieu, Minister and senior government and industry representatives on the China Super Trade Mission in September 2012, the UAE Super Trade Mission in February 2013 and the Indian Super Trade Mission in March 2013. The trade missions create significant opportunities to gain a greater understanding of the market dynamics, engage new and existing travel industry partners in these markets and enhance the destination profile in traditional and social media.

Another priority for Tourism Victoria is attracting more airline services to Victoria. During 2012-13, we attracted new international flights to Melbourne through Sichuan Airlines and Qantas, and increased services and additional seats through airlines such as Singapore Airlines, AirAsiaX, Garuda Indonesia, Etihad Airways, Jetstar and Emirates. In 2012-13, Melbourne Airport attracted more than 29.9 million passengers, an increase of six per cent on the previous year.

Tourism Victoria also developed an intrastate marketing strategy to drive regional dispersal. This resulted in a partnership with Fairfax Media and the development of the campaign, *Spotted by Locals*, which featured Melbourne identities who have a personal connection to regional Victoria.

Extensive consultation was also undertaken during the year to continue the establishment of the Regional Tourism Boards. All regions have Boards or are in the final stages of implementing Boards. These Boards are crucial to the long-term success of regional tourism and I thank everyone involved for their commitment.

During the year, the Government announced new funding of \$24 million over the next four years, or an extra \$2 million per year over the next four years to support each of three key programs: developing and promoting key events and integrated marketing activities in regional tourism; growing Victoria's international markets, including developing co-operative airline opportunities; and increasing Victoria's presence in China, building on the momentum created by recent trade missions to China and to further implement the China Tourism Strategy.

Tourism Victoria provided marketing assistance to those areas of Gippsland, the North East and the Grampians which were affected by bushfires in early 2013. Early intervention meant that booking cancellations were minimised in the lead up to Easter, school holidays and the autumn period.

The Victorian Motorcycle Tourism Strategy 2013-16 was released which aims to grow a largely untapped niche tourism market, while underpinning the overall priority of rider safety.

I would like to thank my senior leadership team and staff for their continued energy, passion and commitment to enhancing Victoria's tourism industry. I'd also like to thank those staff who departed the organisation this year as their contribution was greatly valued and we wish them all the best.

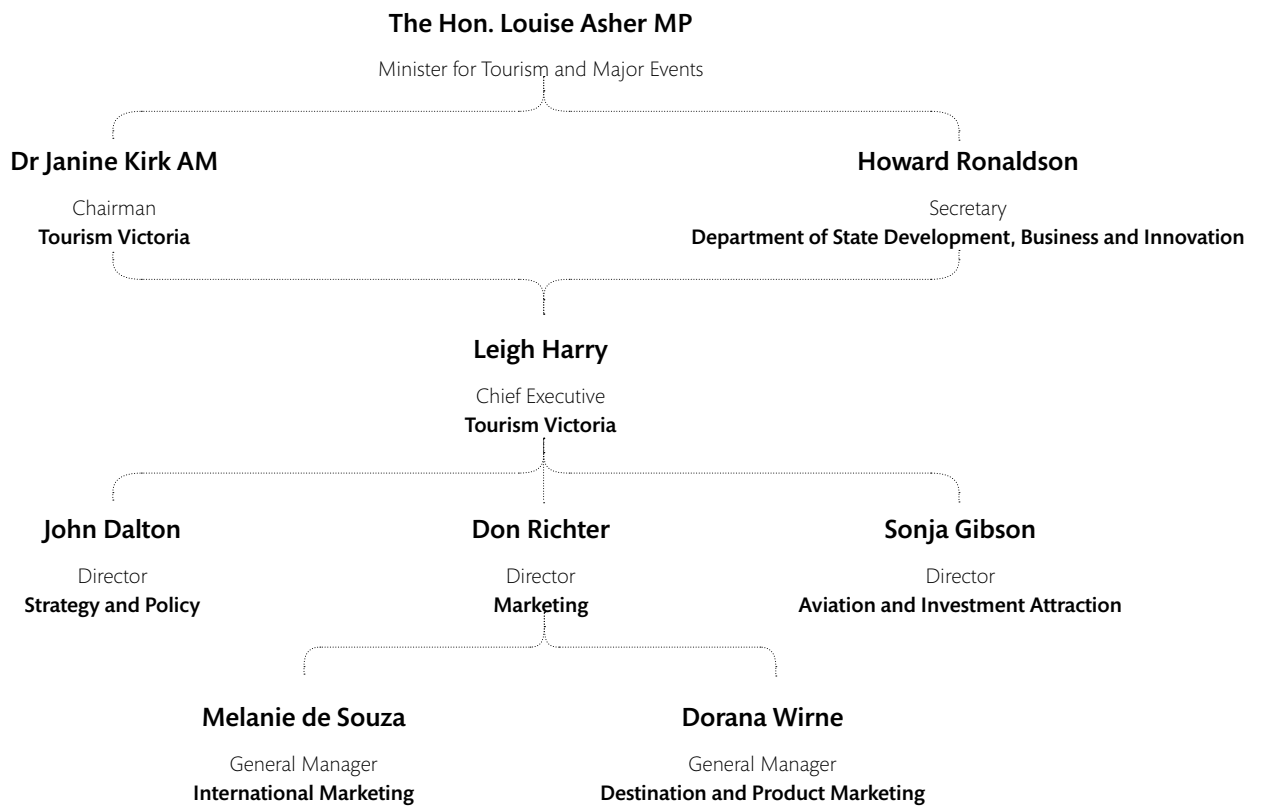
Thanks also go to our partners across industry and local government for their ongoing support and commitment to growing the industry.

A handwritten signature in black ink, appearing to read 'Leigh Harry'.

**Leigh Harry**  
Chief Executive

---

## OUR STRUCTURE\*



---

## TOURISM VICTORIA BOARD\*



\* As at 30 June 2013

---

## TOURISM VICTORIA RISK AND AUDIT COMMITTEE

The Risk and Audit Committee assists the Board of Tourism Victoria in fulfilling its oversight responsibilities. Comprising four non-executive directors, the Committee maintains effective working relationships with the Board, management and the internal and external auditors. The Committee is responsible for ensuring good corporate governance, effective risk management, legal compliance and the strategic direction of Tourism Victoria.

The Risk and Audit Committee members during 2012-13 comprised:

Pamela Catty (Chairman) (1 July 2012 – 30 April 2013)

Wendy Smith (Acting Chairman) (1 May – 30 June 2013)

Brian Cook

Alla Wolf-Tasker, AM

---

## OUTPUT TARGETS AND PERFORMANCE\*

Performance indicator	Unit of Measure	2012-13 Target	2012-13 Result
Number of domestic overnight visitors	number (million)	15.9	17.8
Number of visitors (international)	number (million)	1.6	1.9
Visitor expenditure (domestic)	\$ billion	12.1	14.8
Visitor expenditure (international)	\$ billion	3.8	4.5
Visitor expenditure – regional Victoria (domestic)	\$ billion	5.9	7.0
Visitor expenditure – regional Victoria (international)	\$ million	290	307
Value of media coverage generated: domestic	\$ million	20	20.5
Value of media coverage generated: international	\$ million	40	44.46
Victoria's share of domestic tourism advertising awareness among target markets: intrastate	per cent	16	16
Victoria's share of domestic tourism advertising awareness among target markets: interstate	per cent	25	26

\* Visitation and expenditure results for the year ending March 2013.

\*\* Advertising awareness results are for the year ending December 2012.



# VICTORIA'S TOURISM PERFORMANCE

## The competitive landscape

Visitors to and within Victoria spent a total of \$19.4 billion during 2012 (including domestic daytrip and overnight expenditure and international overnight expenditure) and this equates to 22.4 per cent of tourism expenditure in Australia. Victoria experienced an increase of 5.7 per cent year-on-year, higher than the national average (+4.9 per cent).

In 2012, Victoria achieved domestic overnight expenditure growth of 4.2 per cent to \$10.3 billion, which was ahead of the national rate of growth of 3.4 per cent. International overnight expenditure was the highest on record, reaching \$4.4 billion in 2012.

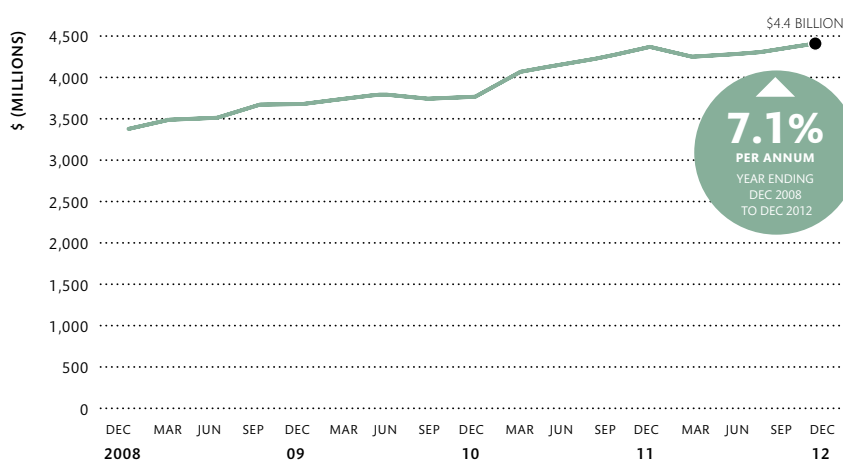
Growth in international visitors to Victoria has been influenced by China and other emerging Asian markets. This growth occurred in the context of a strong Australian dollar and continued economic uncertainty in the USA and Europe. China was Victoria's number one international market in terms of visitors, nights and expenditure in 2012.

At the same time, Australians' appetite for overseas travel has grown, driven by strong price competition in the outbound sector, cheap airfares and the strength of the Australian dollar. Australians took more than 8.2 million short-term overseas trips during 2012, representing year-on-year growth of 5.4 per cent. Over the same period the number of international arrivals to Australia grew 4.6 per cent to 6.1 million short-term arrivals<sup>3</sup>.

In 2012, Victoria again recorded its highest number of total international overnight visitors – up 3.8 per cent to 1.82 million. The year-on-year growth in visitor numbers to Victoria was led by China which increased 12.7 per cent year-on-year to reach 284,400 visitors in 2012.

## INTERNATIONAL OVERNIGHT EXPENDITURE IN VICTORIA

YEAR ENDING DECEMBER 2012



Source: International Visitor Survey, Year ending December 2012, Tourism Research Australia, Canberra, released June 2013.

International overnight visitor expenditure in Victoria grew by 2.1 per cent year-on-year to \$4.4 billion in 2012. This equates to a 23.9 per cent share of total international tourism expenditure in Australia. Since 2008, international overnight expenditure in Victoria has grown at an average annual rate of 7.1 per cent, above the national average of 3.3 per cent.

### Melbourne

In 2012, Melbourne achieved its highest recorded number of international visitors, visitor nights and expenditure. International overnight visitation increased 4.8 per cent over the previous year, to 1.72 million, and the number of nights spent in Melbourne grew 4.3 per cent to 40.3 million nights, while international expenditure in Melbourne increased by 2.1 per cent to \$4.1 billion.

### Regional Victoria

International visitor expenditure in regional Victoria increased year-on-year by 2.2 per cent to \$339 million in the year ending December 2012, despite a fall in visitor numbers and nights, resulting in increased yield per night and per visitor.

## Performance of key international markets

China was the largest international source market for Victoria in the year ending December 2012, ahead of New Zealand. There were 284,400 Chinese overnight visitors to Victoria in 2012, up 12.7 per cent compared to the previous year. Growth in Chinese visitors to Victoria was driven by increases in the Visiting Friends and Relatives (up 30.1 per cent) and Holiday (up 13.1 per cent) segments.

Other markets that experienced strong year-on-year growth in visitation in 2012 to Victoria included Taiwan (up 20.6 per cent to 36,600), India (up 16.4 per cent to 71,600), Hong Kong (up 16.4 per cent to 53,300) and Malaysia (up 8.6 per cent to 95,900).

China has the highest expenditure of all inbound visitors to Victoria at \$982 million in 2012, up 8.7 per cent year-on-year. Chinese visitors to Victoria spent more than the next three largest markets combined (New Zealand, United Kingdom and Malaysia), accounting for more than one-fifth (22.1 per cent) of total international visitor expenditure in Victoria. New Zealand was the next largest spending market in 2012 (\$335 million), followed by the United Kingdom (\$295 million) and Malaysia (\$292 million).

<sup>3</sup> Overseas Arrivals and Departures data, Australian Bureau of Statistics, year ending December 2012

## Domestic (Australian) visitor figures

### Statewide

Over recent years, the rapid increase in outbound travel by Australians has had a major impact on domestic (interstate and intrastate) travel. However, there were continued positive signs in visitation to and within Victoria during 2012.

Victoria recorded an increase in domestic overnight expenditure - up 4.2 per cent to \$10.3 billion and visitors - up 1.9 per cent to 18 million in 2012. There was also an increase in the number of nights domestic visitors spent in Victoria, up 4.6 per cent to 55.9 million nights. Year-on-year growth was experienced for both intrastate overnight expenditure in Victoria (up 8.5 per cent) and interstate overnight expenditure (up 0.5 per cent).\*

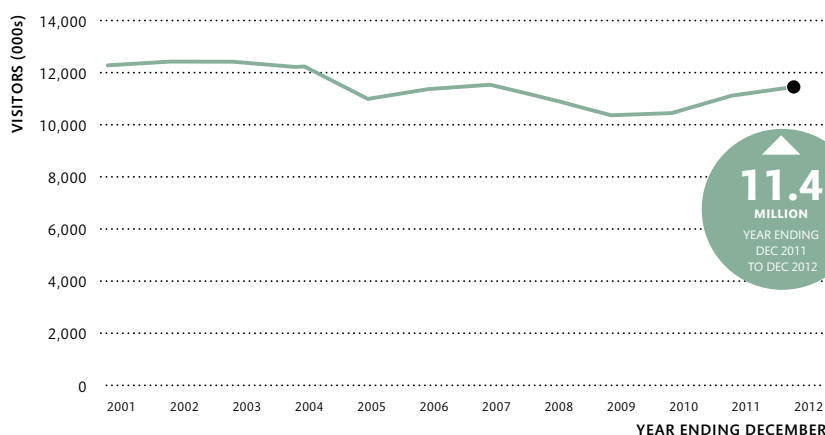
### Melbourne

Melbourne continues to lead Sydney on domestic overnight expenditure which increased by 8.7 per cent to reach \$6.0 billion in 2012. This is well above the average growth of 4.8 per cent in domestic overnight visitor expenditure for all Australian capital cities. In fact, domestic overnight visitors to Melbourne spent \$570 million more than visitors to Sydney which declined during this period (-3.3 per cent).

Results from the 2012 Roy Morgan Research Holiday Tracking Survey show that Melbourne continues to be Australian's most preferred destination for a domestic holiday in the next two years. The survey results show 22 per cent of respondents wanted to holiday in Melbourne - higher than the Gold Coast (17.5 per cent) and Sydney (11.7 per cent). Among the interstate market, preference for Melbourne was even higher at 24.9 per cent compared to the Gold Coast (16.2 per cent) and Sydney (13.6 per cent).<sup>4</sup>

## DOMESTIC OVERNIGHT VISITORS TO REGIONAL VICTORIA

YEAR ENDING DECEMBER 2012



Source: National Visitor Survey, December 2012, Tourism Research Australia, Canberra. Released March 2013.

Melbourne continues to attract more interstate overnight visitors than other capital cities. It attracted 4.2 million interstate visitors in 2012 compared to 3.8 million in Sydney. Melbourne has attracted a higher number of interstate overnight visitors than Sydney each year since December 2005. It also experienced growth in interstate overnight visitor expenditure in 2012, up 7.2 per cent to \$3.3 billion.\*

### Regional Victoria

Domestic overnight visitor numbers to regional Victoria increased by 1.4 per cent to 11.4 million visitors for the year ending December 2012. Visitor growth came from both the intrastate and interstate markets, which increased by 1.4 per cent and 1.3 per cent respectively.

Total visitor nights in regional Victoria also increased 3.9 per cent to 35.6 million nights, with the majority of growth coming from the intrastate market (up 3.0 per cent or 60 per cent of growth) to 27.8 million nights with the interstate market (up 7.3 per cent or 40 per cent of growth) to 7.8 million nights.

Despite a year-on-year decline in domestic overnight visitor expenditure in regional Victoria (-1.3 per cent), regional Victoria has experienced slightly stronger average annual growth since 2008 (+1.6 per cent per annum) compared to the national regional average (+1.3 per cent).

Daytrips to regional Victoria continued to grow strongly, increasing 6.1 per cent year-on-year to 28.4 million for the year ending December 2012 to reach their highest level since year ending September 2001. Daytrip expenditure to regional Victoria grew 5.1 per cent over the year to reach \$2.6 billion for the year ending December 2012.

\*Unless otherwise stated all data comes from the following sources:

International Visitor Survey, Tourism Research Australia, Canberra, released June 2013.

National Visitor Survey, Tourism Research Australia, Canberra, released June 2013.

\* Destination expenditure only

<sup>4</sup> Holiday Tracking Survey, Roy Morgan Research, year ending December 2012

## PRIORITY ONE

# Attracting High-Yield International Visitors

International overnight visitors spent \$4.4 billion in Victoria in 2012, representing year-on-year growth of 2.1 per cent. Victoria attracted 1.82 million international visitors, up by 3.8 per cent compared to the previous year. During this period, 32 per cent of all international visitors to Australia stayed overnight in Victoria. Since 2008, international overnight visitors to Victoria have grown at an annual average rate of 5.3 per cent outperforming the national average (up 2.4 per cent per annum), and growth for all other States and territories.

International visitor expenditure in regional Victoria also increased 2.2 per cent year-on-year to \$339 million.

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

In 2012-13, Tourism Victoria's international public relations activity generated approximately \$44 million of media exposure.

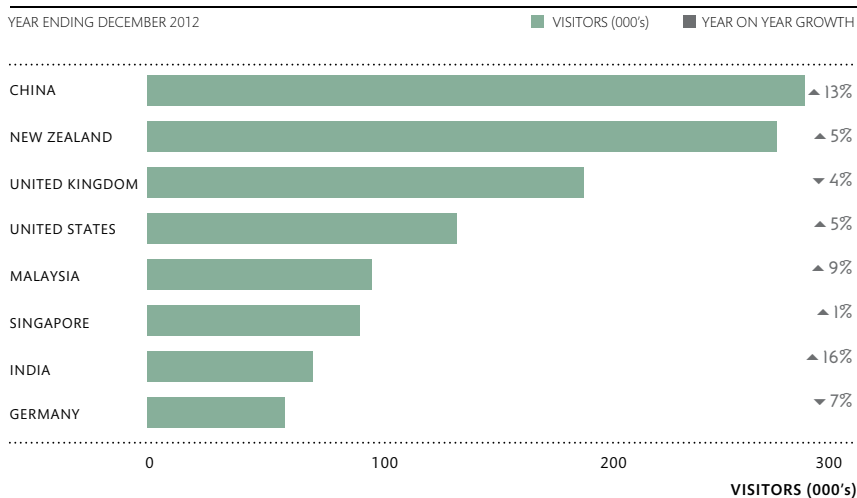
### China

China was the largest source market for international overnight visitors to Victoria in 2012 and had the highest expenditure of all international visitors to Victoria.

### China Super Trade Mission

In September 2012, a Victorian delegation of over 400 companies led by the former Premier Ted Baillieu and Ministers, including the Minister for Tourism and Major Events, Louise Asher, visited the cities of Beijing, Nanjing, Shanghai, Guangzhou and Dongguan.

## INTERNATIONAL OVERNIGHT VISITORS



Source: International Visitor Survey, December 2012, Tourism Research Australia, Canberra. Released March 2012.

Senior tourism executives from 30 of Victoria's top tourism companies participated in the trade mission. The objective of the trade mission was to develop new connections with potential customers, business partners and investors, whilst developing a greater understanding of the market.

### Open Up to More campaign

Victoria's first dedicated brand campaign in the China market was unveiled as part of the China Super Trade Mission in September 2012. The \$8 million campaign, designed to promote Victoria was developed by the Shanghai-based agency Ogilvy and Mather.

The campaign commenced in October 2012 with advertising activity in Beijing, Shanghai, Guangzhou and Shenzhen. The activity included a 30 second brand film streamed in mediums such as office foyer LCD screens; digital, social, print and partnership marketing, and public relations activities. Central to the campaign was a fully redeveloped simplified Chinese language website which contains more than 500 pages of content, including 300 tourism products that are suitable for the Chinese market.

The brand campaign activity continued until June 2013 with social media, digital, and trade partnership activities continuing beyond this time.

## PRIORITY ONE

An integrated trade and consumer marketing campaign designed to underpin the brand campaign with quality tour packages was launched in February 2013. A microsite and social media promotion provided information on Melbourne and Victoria's unique tourism experiences and promoted themed travel packages. Over the six-week campaign period, the microsite featured 30 new themed Victorian travel packages and attracted more than 50,000 visitors, over 18,000 campaign participants and nearly 4000 new fans to Tourism Victoria's Sina Weibo media channel.

### ELLE China promotion

Tourism Victoria hosted a visit to Melbourne by top fashion magazine *ELLE China* to create further exposure for the city. The visit involved two well-known Chinese super models and focused on Melbourne's diverse fashion scene, profiling unique Victorian beauty products and providing an insight into the Australian lifestyle. Key tourism experiences were highlighted through a series of photo shoots, interviews and activities that were showcased in a 30-page feature in the April edition of *ELLE China*.

### India

Tourism Victoria has identified India as a strong growth market, which is forecast to become the State's second largest source of international tourism expenditure by 2017-18. In 2012, Victoria attracted 48 per cent of all Indian overnight visitors to Australia – higher than any other State or territory. Overnight visitors from India increased 16.4 per cent year-on-year to reach 71,600 in 2012. The Visiting Friends and Relatives (VFR) segment continued to account for the largest volume of Indian visitors to Victoria, up 22.9 per cent to 25,600.

### India Super Trade Mission

Fifteen Victorian tourism businesses joined the former Premier Ted Baillieu, Minister and Tourism Victoria's Chief Executive on the India Super Trade Mission in March 2013. The delegates met with key travel partners in Mumbai and Delhi and business meetings occurred with over 200 Indian travel agents and media. A highlight was a photographic exhibition by celebrated Indian photographer, Atul Kasbekar who was commissioned by Tourism Victoria to produce 30 large-scale photos of some of Victoria's most iconic attractions including the MCG, the Twelve Apostles, Flinders Street Station and scenes of Melbourne's laneways.

In order to be considered for inclusion itineraries had to include four nights in Victoria. Over 120 new, innovative and creative itineraries were submitted from 71 agents across India.

A selection of these new and innovative itineraries created by our trade partners were then promoted to the Indian traveller via a Facebook competition at the end of 2012. Consumers were invited to select their favourite experiences in Victoria, and the itineraries most closely matching their selections were delivered to them. Consumers then chose their favourite itinerary and had the option to share that with friends and invite them to join.

*"The highlight of the mission was the launch of Tourism Victoria's brand campaign in Shanghai, Victoria's first international consumer marketing campaign in China."*

The exhibition is part of a broader campaign to position Melbourne as Australia's most romantic and stylish city, host to major sporting and cultural events, with easy access to unparalleled nature based experiences.

### Melbourne NOW! Campaign

The Melbourne NOW! campaign aims to develop demand for Melbourne as a destination and focuses on engaging with travel partners outside Mumbai and Delhi. Tourism Victoria is the first Australian State tourism organisation to focus on markets beyond the major cities.

In Phase One of the campaign, Tourism Victoria worked with trade partners in India to develop new packages and itineraries that showcased the best that the State has to offer for families and honeymoon couples. Travel agents were invited to submit itineraries for inclusion in the Melbourne NOW! campaign.

The results of the Facebook campaign showed that interest in the destination is very high. The campaign reached over 5 million Indian people on Facebook, and over 12,000 Indian people entered the competition. Victoria's Facebook page gained more than 200,000 new fans.

Phase Two of the campaign has commenced, and will see Tourism Victoria working with the winning agencies and airline partners to promote their itineraries. This phase will continue to build consumer awareness of the destination and drive conversion.

### **Indiblogger**

To coincide with the trade mission, Tourism Victoria launched a promotion on India's largest blogger website, Indiblogger. The promotion encouraged bloggers to enter the competition and share their experiences of Melbourne and Victoria. A strong response was achieved with 228 blogs and over 2.7 million views. Two blogs were successful and the bloggers will visit Melbourne and regional Victoria. Throughout their stay, the winners will blog about their experiences and will upload images, video and copy.

### **Play Melbourne campaign – New Zealand**

Following on from its successful launch in 2012, the second stage of the Play Melbourne campaign was launched in New Zealand in April 2013. Tourism Victoria partnered with six regional tourism boards and touring routes including Bendigo, Mornington Peninsula, The Murray and Mildura, Sydney-Melbourne Touring and the Great Southern Touring Route.

This stage presents the New Zealand market with new information on Melbourne in order to encourage repeat visitation to the city and motivate visitation to regional Victoria. The creative of 'Play Melbourne' and 'Play Beyond Melbourne' included print advertorials in upmarket titles such as NZ House & Garden, Cuisine, NZ Life & Leisure and Sunday Magazine. The four page features showcased stories about ex-pat New Zealanders who have established themselves in Victoria, together with a full-page brand advertisement incorporating Melbourne and regional Victoria messaging.

In addition to the advertorials, a broader campaign was implemented including print advertisements in magazines such as Woman's Day, Australian Women's Weekly, Kia Ora and Taste, cinema and online advertising.

### **Emirates campaign – UK**

Tourism Victoria in conjunction with Emirates Airlines, Trailfinders, the Mail on Sunday and Classic FM launched a campaign in the United Kingdom highlighting the great touring opportunities in Victoria. A 16 page colour supplement was published in the Mail on Sunday, and the Mail Online provided a link to the tactical offering with Trailfinders, deep links to visitmelbourne.com/uk, additional footage on Tourism Victoria's YouTube site and a competition entry page.

Results from the campaign include over 26,000 visits to the Mail Online microsite, over 12,000 opt-ins for targeted electronic email communications, an 11 per cent year on year increase in Victorian room nights sold by Trailfinders from September 2011 to September 2012, and a 40 per cent increase in Emirates revenue from Trailfinders from September 2011 to September 2012.

### **NYC culinary media event**

Tourism Victoria hosted a media event in New York in January 2013 to promote the culinary and wine assets of Victoria, including the Melbourne Food and Wine Festival. Tourism Victoria invited 25 of the top food and wine bloggers in the United States to enter a competition to submit a recipe that they believed best represented Melbourne, and the shortlisted finalists were invited to the media event to showcase their nominated dish. Key Melbourne chef, Guy Grossi was the judge for the event.

The winning blogger Bren Herrera from 'Flamboyant Eats' won a trip to Melbourne to attend the Melbourne Food and Wine Festival in March. In addition to the shortlisted bloggers, Tourism Victoria also invited New York based food and wine media to attend the culinary event including the New York Post, The Daily Meal and Up Town Magazine.

### **Best Jobs in the World Campaign**

Tourism Victoria teamed up with Tourism Australia, industry and other State and territory tourism organisations in a dedicated global youth campaign. The campaign aimed to highlight the opportunities for visitors to enjoy an extended Australia holiday by combining their travels with temporary work opportunities.

The campaign builds on the highly successful 'Best Job in the World' campaign run by Tourism Queensland. Tourism Victoria partnered with Time Out Australia to offer the opportunity of 'Lifestyle Photographer' in the Time Out Melbourne office. After an extensive round of challenges, Roberto Seba from Brazil was chosen as the successful candidate. Roberto will utilise his skills of photography, filming and writing towards documenting Melbourne and regional Victoria's diverse tourism experiences and unique lifestyle. Roberto will act as an ambassador and an advocate for the State by providing compelling stories, content and images that will appeal to a wide variety of travellers.

The campaign has been successful, with more than 330,000 people expressing interest in the jobs promoted during the campaign. A recent Tourism Australia survey completed by nearly 15,000 of the 330,000 people who entered the global competition has revealed 72 per cent are planning to apply for an Australian working holiday visa and 39 per cent seriously considering taking a working holiday within the next six months.



# PRIORITY ONE

## South East Asia

Indonesia is one of Victoria's emerging international markets. Since 2008, Indonesian overnight visitors to Victoria have grown at a rate of 10.4 per cent per annum to reach 41,900 in 2012.

In 2012, there were 95,900 Malaysian overnight visitors to Victoria, an increase of 8.6 per cent on the previous year, spending \$292 million.

Visitors from Singapore increased to 91,000, with the VFR, business and holiday segments all experiencing year-on-year growth, at 11.0 per cent, 9.5 per cent and 0.2 per cent respectively.

## South East Asia Super Trade Mission

The Premier, Minister and 30 Victorian tourism representatives travelled on Victoria's first super trade mission to South East Asia in June 2013. The primary objective of the tourism sector program was to increase the awareness of the State and its key tourism products and experiences.

The mission included numerous trade and media events and workshops in Kuala Lumpur, Jakarta and Singapore and approximately 118 media and 366 trade partners attended these events across the week.

Highlights included networking events featuring a menu designed by Melbourne chef Adam D'Sylva of Coda and Tonka restaurants, and showcasing Melbourne's fashion and design credentials through a fashion parade curated by stylist Emily Ward and accompanied by unique hats created by milliner Kim Fletcher.

Magazine supplements featuring Victorian food and wine experiences were also launched in Appetite Magazine, Singapore and The Peak Magazine, Malaysia. The July edition of Clara magazine in Indonesia also carried a 48 page Melbourne feature which showcased Melbourne's credentials in fashion, food, wine and design.

## Middle East and North Africa Super Trade Mission

In February 2013, Tourism Victoria visited the United Arab Emirates and Saudi Arabia as part of the Victorian Government's Super Trade Mission. The visit included targeted meetings, briefings and events across the region providing an opportunity to meet with representatives from the travel trade and airlines in this emerging market.

Tourism Victoria together with Crown Melbourne and the Victorian Racing Club hosted a series of travel industry roundtable forums with representatives from the major travel agents, airline and travel trade media in Abu Dhabi, Dubai and Riyadh.

## Korea

Tourism Victoria leveraged K-POP music sensation Jay Park's visit to Melbourne in September 2012. Jay Park's visit to key landmarks around Melbourne included Parliament House, Federation Square, Flinders Street Station and Hosier Lane and was broadcast through social networking sites, attracting viewers from around the world.

## Online Performance and Social Media Growth

Tourism Victoria has achieved great results with its social media efforts, recently notching up 400,000 fans on its consumer Facebook page (and 10,000 followers to its consumer Twitter channel @Melbourne).

During the last year, visitation to Tourism Victoria's consumer sites was 7,297,721 visitors (viewing 24,795,403 pages), which represents a 22.85 per cent increase in visitation on 2011-12 (or a 7.5 per cent increase in page views). Of the 7.3 million visitors, over 2 million were using a mobile device. In June 2013, 36.5 per cent of website visitors were using a mobile device.

The increase in visitation includes a significant increase in Chinese visitors as a result of the China campaign. 960,410 people from China visited the site in the 12 months to June 2013 representing a 642 per cent increase over the 129,408 that visited the previous year. The Chinese traffic was driven by campaign activity, digital advertising and search engine marketing.

During the year, Tourism Victoria commenced the migration of its foreign language websites onto its new technology platforms and implemented new designs on the Chinese, German and Korean websites. The remainder of the international websites will be migrated in 2013-14. The new Chinese site was launched in September 2012, as part of the China Super trade mission; the German website was launched at International Tourism Bourse (ITB) in March 2013 and the Korean site was launched during the Yeosu expo (June-Aug 2012) to support an online campaign to promote new tour programs with key travel agents.

## PRIORITY TWO

# Increasing the Domestic Market

---

### Play Melbourne

Through the 2012-13 year, Tourism Victoria continued to implement the *Play Melbourne* domestic marketing campaign with advertising activity in the key markets of Sydney, Brisbane and Adelaide. This included:

- Digital advertising on video websites Vimeo and YouTube, as well as on TimeOut.com.au and Facebook.
- The continuation of branded information advertising in print media such as Good Weekend (NSW), Sydney Magazine and the Adelaide Magazine. In addition, Tourism Victoria continued to run a print partnership with Time Out magazine in Sydney.
- The screening of the Play Melbourne 75 second film in cinemas.
- Broadcast of the Play Melbourne television commercial on free to air and subscription television.

Tourism Victoria worked in collaboration with Destination Melbourne Ltd to undertake Play Melbourne marketing activity in regional Victoria. This integrated campaign featured regional television, radio, press and online activity, and included a range of Melbourne hotel packages aimed at driving increased overnight visitation from the regions to Melbourne over the winter months.

Both campaign and visitation results show that this theme has resonated with consumers. Domestic overnight visitation to Melbourne increased by 2.6 per cent to reach 7.0 million in the year ending December 2012. During the same time period, domestic overnight visitor expenditure increased by 8.7 per cent to \$6.0 billion. Notably, interstate visitor expenditure in Melbourne also grew strongly year-on-year, up 7.2 per cent to \$3.3 billion.\*

### Lost and Found

Tourism Victoria continued to target the niche Creative Opinion Leader market through its 7th annual *Lost and Found* campaign. In addition to the distribution of five main e-newsletters, Tourism Victoria undertook an innovative social media campaign to increase Facebook and Twitter followers, with results showing an increase of over 2,500 fans.

### MasterChef

In August 2012, the Victorian Government, through Tourism Victoria successfully negotiated with Shine Australia to bring *MasterChef Australia* to Melbourne. *MasterChef: The Professionals* aired nationally in January 2013, and attracted an average 1.3 million peak viewers in its launch week.

The show reinforced Melbourne and regional Victoria's positioning as Australia's destination for culinary experiences, showcasing Victoria's fresh produce, its innovative chefs, quality restaurants and outstanding winemakers. It featured offsite challenges filmed in key Victorian locations including Federation Square, with a pop up tram restaurant and in Mansfield with the legendary cattlemen and women of the High Country. Both episodes attracted around 1 million viewers.

Series 5 launched in June 2013, featuring Melbourne's iconic MCG, attracting approximately 1.1 million viewers. The series featured themed weeks, with Lygon Street, Carlton hosting the offsite challenge for MasterChef's Italian Food Fiesta, showcasing Melbourne's rich Italian heritage. Regional challenges are scheduled for the Mornington and Bellarine Peninsulas, the Yarra Valley, Daylesford Macedon Ranges and Goldfields regions.

\* Destination expenditure only

## PRIORITY TWO

### **Daylesford, Lead a Double Life campaign**

Campaign activity was implemented from January to June 2013 and this included:

- Print advertising in magazines including The (sydney) magazine, Departures and Latte, supported by an online search campaign.
- Outdoor cinema advertising in Sydney – the Daylesford village video was shown to over 59,000 people as part of a partnership with St George Open Air Cinema in Sydney during January and February.
- Partnership activity with Opera Australia, Melbourne Food and Wine Festival, L'Oreal Melbourne Fashion Festival and Sportscraft.
- Sponsorship of a Sydney Business Chicks event in May – over 600 women in business attended the networking event, with Sir Bob Geldof as the main speaker.
- Launch of the Daylesford iPhone application, coinciding with the Business Chicks event – the app provides an 'insiders' guide to the region, covering a range of products and experiences in and around Daylesford.
- Support through public relations activities.

Tourism Victoria partnered with Business Chicks in Sydney in May 2013, as part of this campaign. Over 600 women in business attended the networking session event, with Sir Bob Geldof as the keynote speaker.

The Daylesford iPhone application was released to coincide with this event in Sydney. The app provides an 'insiders' guide to the region, covering a range of products and experiences in and around Daylesford including suggested itineraries, events, maps local hints and tips. The app was promoted at the event, at key locations within the region, and through a Google mobile adwords campaign.

### **Recovery Management**

Tourism Victoria continued to work with Yarra Ranges Regional Marketing and the Marysville Advisory Group on implementing the \$1.7 million *Marysville Bushfire Recovery - Tourism and Events Marketing Plan*. Key activity included the appointment of a new program manager, funding of regional events, radio marketing activity, development of marketing collateral and industry workshops. The development of brand positioning for the region has also commenced.

### **Regional Tourism Partnership Program**

In 2012-13, \$3 million was provided as part of the 2012-16 Regional Tourism Partnership Program (the Program) to Regional Tourism Boards (RTBs). This one-year program consolidated all Tourism Victoria grants to RTBs into a streamlined grant that includes funding for marketing, tourism excellence and board operations.

*"The show reinforced Melbourne and regional Victoria's positioning as Australia's destination for culinary experiences."*

The revised Program also provides RTBs with greater flexibility to allocate funds in line with their strategic priorities, and access to additional resources and benefits such as revenue from *visitvictoria.com* listings and additional cooperative program funds. The Program aims to bring together all available resources, knowledge and expertise to maximise tourism outcomes for regional Victoria.

During the implementation of the one-year program, the three-year program for 2013-14 to 2015-16 was developed to address industry feedback and to better reflect the partnership approach to regional tourism.

### **Spotted by Locals campaign**

The *Spotted by Locals* campaign, a partnership between Tourism Victoria and Fairfax Media, was launched in April 2013, featuring prominent Melburnians who have a personal connection to regional Victoria. The campaign aims to raise awareness of experiences available in regional Victoria, and to encourage regional dispersal.

The identities featured were comedian Dave Hughes (Great Ocean Road), football legend Ron Barassi (Goldfields), chef and restaurateur Stephanie Alexander (Mornington Peninsula), musician Ella Hooper, chef and bar owner, Alfredo La Spina (High Country), Olympic cyclist Shane Kelly (Grampians), MasterChef 2012 contestant Debra Sederlan (East Gippsland), fashion designer Lisa Gorman (Great Ocean Road), actor and chef Paul Mercurio, (The Murray) and The Voice contestant, Nick Kingswell (Phillip Island).

Their experiences and stories were published across Fairfax publications and websites including Good Weekend, Sunday Life, The (melbourne) Magazine and Life & Style as well as social media and video content through a special section on The Age website, iPad and mobile applications.

The campaign has been extended into 2013-14.

### **Regional Cooperative Marketing Innovation program**

Tourism Victoria worked with the Regional Tourism Boards to develop a range of innovative projects across the State. The program aims to foster and support innovative and creative projects, encourage regional collaboration and support projects that align with state-wide priorities and product strengths. Examples of projects supported include development of social media campaigns, free WiFi networks at key visitor locations, mobile phone applications and mobile-optimised websites. Sixteen submissions were received from all ten Boards and implementation has commenced.

### **Australian Gourmet Traveller**

Tourism Victoria partnered with Australian Gourmet Traveller in a promotion to increase awareness in interstate markets of the quality and depth of tourism experiences in regional Victoria.

Five leading Victorian chefs were chosen by Australian Gourmet Traveller for their passion, skills and significant contribution to raising awareness of the culinary riches of their respective regions:

- Stuart Bell, Chef at Ten Minutes by Tractor (Mornington Peninsula).
- Mathew Macartney, Chef from Eleonore's at Chateau Yering (Yarra Valley).
- Alla Wolf-Tasker AM, Executive Chef and driving force behind Lake House (Daylesford).
- Dan Hunter, Executive Chef at the Royal Mail (Grampians).
- Michael Ryan, owner and Chef of Provenance (High Country).

A dedicated 24-page booklet was included in the July edition of the Australian Gourmet Traveller and content will also be distributed across the publisher's website and iPad channels. Two reader events were also held featuring Victorian produce and wine at exclusive restaurants in Sydney and Brisbane, together with a consumer prize promotion with the opportunity to win a trip to Victoria.

### **EA Games promotion – Real Racing 3**

Gaming company, Electronic Arts released the third instalment of popular application (app), *Real Racing 3* which showcases iconic Melbourne landmarks in one of the game's officially licenced tracks. Tourism Victoria worked with the game's developers to include the Melbourne logo and incorporate the city's landmarks Flinders Street Station, the Arts Centre and Southbank as part of the track. The game was launched globally in February 2013.

### **Partnership marketing**

Tourism Victoria developed new partnerships with Sportscraft and Lomo Photography to extend reach, gain access to new channels and to leverage partner funding.

The Sportscraft partnership saw the autumn shoot for the clothing brand take place in Daylesford, resulting in promotion of the region via direct mail, eDMs, website promotion, a behind-the-scenes video, in-store promotions, social media and PR activities to the substantial Sportscraft database of over 500,000 VIP customers. Tourism Victoria continued to expand its partnerships with Lastminute.com on a 'Destination of the Month' piece featuring the Yarra Valley in April 2013, which resulted in an 80 per cent increase in year-on-year bookings through this agent to the region.

### **Tourism Excellence Online content**

The Tourism Excellence program continued to be integrated into regional tourism programs across the State as part of Tourism Victoria's commitment to raising the service skills and professional standards of the tourism industry. Organised around seven key modules, the Regional Tourism Boards implemented training modules including leadership programs, business auditing, workshops and mentoring programs. Tourism Victoria developed 18 video case studies featuring some of the State's leading tourism businesses, sharing their experiences operating a business, which are available on the corporate website.

## PRIORITY THREE

# Attracting and Leveraging Events

---

### Major Events

Major events are a significant contributor to the Victorian economy and Tourism Victoria continued to work with Victoria Major Events Company (VMEC), government departments and event promoters and organisers to attract, promote, and leverage the tourism benefits of major events.

Victoria has an enviable events calendar which includes many established sporting and cultural events. Events such as Spring Racing Carnival, Australian Motorcycle Grand Prix, Festival of Sails, Formula 1 Australian Grand Prix continue to draw significant numbers from interstate and international markets.

As part of the Melbourne Winter Masterpieces (MWM) series, the *Napoleon: Revolution to Empire* exhibition opened at the National Gallery Victoria (NGV) in June 2012, attracting 188,729 people over the show's duration. At Australian Centre for the Moving Image (ACMI), the *Game Masters* exhibition attracted 102,803 people over the duration of the exhibition. This was the fourth most attended exhibition in ACMI's history and 23 per cent of visitors were from outside Victoria.

Tourism Victoria, in conjunction with the NGV and ACMI undertook an international and interstate (Sydney, Brisbane, Adelaide and New Zealand) advertising campaign in June - July 2012 to promote both exhibitions. The campaign included online and print tactical advertising promoting travel to Melbourne for the exhibitions.

Tourism Victoria in conjunction with Tennis Australia developed a consumer campaign on Grand Slam Oval at the 2013 Australian Open to drive awareness and encourage regional dispersal.

The campaign involved people having a photo taken in front of a green screen, representing background images of iconic Melbourne and Regional Victoria destinations. The image was distributed to the consumer's Facebook page, email address or mobile phone along with a caption and links back to [visitvictoria.com](http://visitvictoria.com). From October to December 2012, Tourism Victoria ran campaigns in China, New Zealand, and North America to drive awareness and visitation to the Australian Open 2013.

The Australian Open 2013 recorded an attendance of 684,457 over the two week tournament – the second highest attendance at the event ever.

On 23 February 2013, White Night Melbourne, an all-night arts and cultural celebration, was attended by more than 300,000 people. Cultural institutions recorded significant attendance including the National Gallery of Victoria (NGV), Australian Centre for the Moving Image and Arts Centre Melbourne. Tourism Victoria worked with the organisers to develop and implement a tourism marketing strategy which included an advertising campaign in key interstate markets.

Tourism Victoria also produced videos of White Night Melbourne that were distributed via its Twitter, Facebook and YouTube channels. Facebook produced approximately 95,000 views of the videos and Twitter produced a reach of approximately 68,000.

King Kong had its world premiere at Melbourne's Regent Theatre on 15 June.

Live Streaming of the King Kong launch was undertaken to position Melbourne as a leading city for theatre and major events.

In June 2013, Tourism Victoria, Global Creatures and Virgin Australia commenced an interstate marketing campaign to drive visitation to King Kong. The campaign included print, online, outdoor and TV advertising.

Tourism Victoria's Events Program funded a number of Melbourne and regional Victorian events in 2012-13 including the Queenscliff Music Festival in November 2012, Riverboats Music Festival in Echuca during February 2013, the High Country Harvest and the Grampians Grape Escape in May 2013.



*"Live Streaming of the King Kong launch was undertaken to position Melbourne as a leading city for theatre and major events."*

#### **Business Events**

Victoria achieved 20.7 per cent growth in international business events visitors for the year ending December 2012, compared to the national average (9.6 per cent).

Tourism Victoria manages an events attraction program that is delivered through Melbourne Convention and Exhibition Centre (MCEC) and Melbourne Convention Bureau.

In the year ending June 2013, this partnership resulted in 172 business events (10 of which are supported via the Major Business Events Fund).

In 2012-13, international conferences held at MCEC included:

- Harvard World Model United Nations – WorldMUN (March 2013), which hosted 1,700 delegates;
- Amway India Leadership Seminar (December 2012), which hosted 3,890 delegates.

On behalf of Tourism Victoria, Business Events Victoria (BEV) continued to deliver the '2010 – 2014 Regional Victoria Business Events Program' to deliver more business events and delegates to regional Victoria.

During the year, BEV referred 165 leads (a 90 per cent increase on the previous year) to regional Victoria equating to a potential 24,750 delegate days and 10,253 delegate nights. Two regional events secured this year include the Men's Shed Association National Conference to be held in Ballarat in October 2013 and the Australian Dairy Conference to be held in Geelong in February 2014. The estimated economic impact of these two events is \$789,600.

## PRIORITY FOUR

# Air Services Attraction

---

Victoria's air services play a key role in growing the State's economic development, particularly in the tourism industry.

The Victorian Government continues to work actively with its major airports, Melbourne Airport and Avalon Airport, to improve air connections with Victoria's tourism, education, business and trade markets.

In 2012-13, Melbourne International Airport recorded more than 29.9 million passenger movements passing through its terminals, up six per cent from 2011-12. In 2012-13, Melbourne International Airport recorded 7.098 million international passengers, an increase of 4.6 per cent compared to year ending June 2012. In the same year, international seat capacity increased by 317,462 seats, an increase of 3.5 per cent.

As at 30 June 2013, Victoria currently has 23 international airlines flying directly in and out of Melbourne airport.

Melbourne International Airport is complemented by Avalon Airport, 40 minutes from Melbourne's CBD and 15 minutes from Geelong, Victoria's largest regional city, providing the State with an important alternative in passenger services as well as maintenance and freight. Avalon Airport is also currently preparing for opportunities to expand into international services.

*"In 2012, Melbourne International Airport recorded more than 29 million passenger movements passing through its terminals, up five per cent from 2011."*

Recent achievements for new and increased international airline services during 2012-13 include:

- Sichuan Airlines launched its Australian services to Melbourne in February 2013 and will operate 2 – 3 flights per week to Chengdu.
- Singapore Airlines introduced a fourth daily Melbourne – Singapore service from June 2013.
- AirAsia X increased to 9 services per week (from daily) between Melbourne – Kuala Lumpur in June 2013.
- Garuda Indonesia increased to daily Denpasar – Melbourne services and 5 per week Melbourne – Jakarta services in May 2013.
- Qantas commenced a new A380 service between Melbourne and Dubai in April 2013.
- Etihad Airways announced in February 2013 it would upgrade to larger aircraft on its Melbourne – Abu Dhabi flights (Boeing 777-300ER) from December 2013, providing 13,104 additional seats per year for Victoria.

- Jetstar increased to 3 Melbourne – Honolulu services per week in March 2013; the Melbourne based airline also increased its Melbourne – Denpasar services to daily.
- Emirates introduced its first Airbus A380 to one of its triple daily Melbourne services in October 2012, creating more than 40,000 additional seats per annum for Victoria.

Over the past year, meetings between senior representatives of key airline partners and Victorian Government Ministers or senior representatives were undertaken to continue to foster critical relationships that can influence international airline services.

The Victorian Government has also looked to play a more active role in lobbying the Commonwealth Government on bi-lateral air capacity between Australia and priority markets.

## PRIORITY FIVE

# Investment Attraction

---

During 2012-13 Tourism Victoria continued its strategic partnership with Austrade and Tourism Australia to encourage tourism investment in Victoria by providing briefings on Victoria's tourism investment opportunities. Investors were introduced to proponents and discussions are continuing to acquire assets or enter into joint venture partnerships.

Tourism Victoria also focused on developing longer-term sustainable tourism opportunities across the State. Assistance was provided to a number of organisations to progress masterplans and feasibility work to allow for future tourism investment that would have the potential to drive visitation and yield to regional Victoria. The masterplans take advantage of strong nature based tourism assets and will inform both the public and private sectors on key Victorian tourism investment opportunities. Masterplans and feasibility work currently being progressed include the Budj Bim aboriginal experience, the Alpine and Grampians' Walks, Flagstaff Hill Maritime Village, the Shipwreck Coast Masterplan and the Gippsland Old Slipway.

In order to grow the tourism sector and leverage private sector investment, project facilitation assistance was provided on a number of key tourism projects. The projects have the ability to generate yield and dispersal in both Melbourne and regional Victoria.

*"In order to grow the tourism sector and leverage private sector investment, project facilitation assistance was provided on a number of key tourism projects."*

Following the release of the Government's guidelines for *Tourism Investment Opportunities of Significance in National Parks*, assistance was provided on a number of public land investment projects. Work is currently underway with the Department of Environment and Primary Industries, (DEPI) to progress an Expression of Interest process to seek private sector interest in an investment opportunity at the Point Nepean Quarantine Station and National Park. The changes to Government policy to allow sensible and sensitive tourism investment in National Parks represents a significant tourism opportunity for Victoria at this site.

Assistance was provided to DEPI to identify future options and progress a development plan for the Mount Buffalo Chalet. The Chalet is set in a spectacular location and further investment is needed to revitalise the product and encourage greater tourists to the region.

Construction of the 120 room Marysville Hotel and Conference Centre has commenced and it will be operated by TOGA Hospitality through its VIBE brand. The hotel has an anticipated completion date of late 2014.

Tune hotels commenced construction of its first Australian hotel in Melbourne. The 225-room hotel is located on Swanston Street and is expected to open in November 2013. Tune has also chosen Melbourne as its regional headquarters for Australia and New Zealand, creating over 100 direct and indirect jobs for Victorians.

In the 2012-13 budget, the Victorian Government provided grant funding of \$4.4 million for Puffing Billy Railway to carry out rail safety and maintenance upgrades to improve its operations. Tourism Victoria continues to provide on-going assistance with project management and relevant planning scheme amendments.

## PRIORITY FIVE

### Infrastructure Development

On 11 July 2012, the Victorian Government released for public comment a planning zone reform package which would allow greater flexibility for tourism development proposals, particularly in rural, green wedge and rural conservation zones.

In August 2012, the Victorian Government released its response to the Victorian Competition and Efficiency Commission (VCEC) report *Unlocking Victorian Tourism*, confirming that it will support and implement most of the recommendations, including the following:

- Improved coordination and planning for tourism in regional areas.
- Providing greater flexibility in Green Wedge, Farming and Rural Conservation Zones for tourism developments.
- Removing prohibitions on private sector development in national parks and extending maximum lease terms.
- Streamlining approvals processes on private and public land.

The Government announced that it will reform current policy to allow appropriate and environmentally sensitive private sector tourism investment in national parks subject to a range of rigorous environmental criteria.

These reforms provide benefits to tourism investors and operators, as it will be easier for people to propose and develop new investment opportunities that complements local environmental, heritage and other values.

*The National Parks Amendment (Leasing Powers and Other Matters) Bill 2013* was introduced into Parliament in May 2013, which will introduce leases of up to 99 years in national parks (excluding specified areas), up from 21 years.

The Bill is also supported by Guidelines for Tourism Investment Opportunities of Significance in National Parks, which provides a five stage process to ensure that any proposal will meet rigorous environmental standards. Proposals will have to be consistent with the purpose of national parks and have regard to management plans, have a detailed environmental management plan and deliver a net public benefit.

In May 2013, the Premier and Minister for Public Transport Victoria announced the Victorian Government's response to the Taxi Industry Inquiry. Tourism Victoria has been a key stakeholder in the consultation process. Key changes will include improving the supply of taxis and hire cars in Victoria; an independent exam to test driver's knowledge of sites and routes, English language proficiency and customer service skills; a review of current fare structures; and measures to improve safety for drivers and passengers. Over time, these reforms will enhance the visitor experience and perception of Melbourne and Victoria.

## PRIORITY SIX

# Investing In Our Workforce

---

Tourism Victoria continues to work with industry to develop and implement strategies that will assist businesses grow and respond to changing and challenging times, business trends and market needs.

### **RACV Victorian Tourism Awards**

2012 was a record year for the Victorian Tourism Awards with 142 entrants across 31 categories, including 40 first-time entrants. The standard of submissions was high and a more focussed approach saw the regions of Great Ocean Road, The Murray, High Country and Mornington Peninsula regions achieve a significant increase in the number of their submissions. Tourism Victoria, in partnership with the RACV, Victorian Tourism Industry Council (VTIC) and industry, delivered more workshops to assist tourism businesses understand and complete the submission and site visit process were held, along with mentoring sessions, project managers working with first-time entrants and previous winners participating in workshops to share their personal insights.

Another first for the awards program was the development of a webinar, featuring a panel session with judges and mentors to assist those businesses unable to attend the workshops.

Over 90 industry representatives travelled to Hobart to represent Victoria at the 28th Qantas Australian Tourism Awards in February 2013. The Frankston Visitor Information Centre was recognised as the country's best visitor information centre and the successful Victorian winner and Victoria was awarded five silver and nine bronze placegetters.

### **Recovery Management**

In February 2013, fires struck the regions of Aberfeldy (Gippsland), Harrietville and the Grampians areas, having a significant localised impact upon the regional tourism industry. As a result, advice and support was provided to stakeholders and campaigns were developed by Tourism Victoria and the Regional Tourism Boards to assist the regions limit the cancellations in the lead up to the Easter school holiday and autumn period. The regions were featured on national morning breakfast shows, Sunrise on Channel 7 and Today Show on Channel 9 and on Postcards. The regions were profiled on social media channels, facebook and Twitter and there was an increased profile of affected regions on the homepage of visitvictoria.com and promotion of operator deals. Radio advertising was featured on Melbourne and regional stations to let consumers know that the three regions were 'open for business'. Print advertising in the Herald Sun, The Age, Geelong Advertiser and the Latrobe Valley Express newspapers was also undertaken.

Tourism Victoria continues to work with Victoria's emergency services organisations to build the tourism industry's capacity to respond effectively to crises and recover quickly.

In preparation for the summer season, Tourism Victoria worked with government agencies to deliver a series of fact sheets to help businesses prepare for bushfire and it updated the crisis management resource for business, *Crisis Essentials*. In addition, free resources including brochures, magnets and key tags were again available to assist tourism businesses inform visitors of risk when necessary.

Tourism Victoria continues to support accredited Visitor Information Centres in their capacity to engage with visitors about fire warnings and planned burning information by providing visitor resources and training to staff and volunteers.

Following the fires in Tasmania, Tourism Victoria also provided advice and relevant crisis management resources to Tourism Tasmania and relevant regional tourism bodies.

### **Regional Tourism Boards**

The establishment of Regional Tourism Boards is nearing completion, with all tourism regions in Victoria, except the Great Ocean Road, now represented. Destination Phillip Island is the most recent Board to be established.

### **Tourism Victoria**

Tourism Victoria is committed to investing in developing employees' skills and behaviours by learning from on-the-job experiences, workplace relationships and feedback, and formal training opportunities. By investing in employee training, the organisation shares knowledge and resources that benefit the industry.

In 2012-13, more than 70 training programs were undertaken by Tourism Victoria employees, including copyright law, presentation and communication skills, and leadership courses, in addition to formal tertiary study including Masters of Business Administration programs.



## 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, Dr Janine Kirk AM, certify that Tourism Victoria has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2009* and an internal control system is in place that enables the Executive to understand, manage and satisfactorily control risk exposures. The Tourism Victoria Board verifies this assurance and that the risk profile of Tourism Victoria has been critically reviewed within the last 12 months.



**Dr Janine Kirk AM**

Chairman

Tourism Victoria

### Insurance Attestation Statement

I, Leigh Harry, certify that Tourism Victoria has complied with Ministerial Direction 4.5.5.1 – Insurance.



**Leigh Harry**

Chief Executive  
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 2012–13 were made on the basis of merit.

### Employees' Health and Safety

This year's Annual Report for the Department of Business and Innovation covers occupational health and safety matters and performance indicators concerning staff employed in the Tourism Victoria offices. See the Department's Annual Report 2012–13.

### 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 2012–13 in relation to legislation relating to Tourism Victoria.

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

No new legislation was introduced during 2012–13 relating to Tourism Victoria.

### 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.

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

Consultant	Purpose of consultancy	Start date	End date	Approved project fee (excluding GST)	Expenditure 2012-13 (excluding GST)	Future expenditure (excluding GST)
CBRE Pty Ltd	Investment Review Framework	May-13	Aug-13	\$72,727	\$24,000	\$48,727

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

There were no consultancies under \$10,000 engaged by Tourism Victoria in 2012–13.

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

There were no in-house bids relating to Tourism Victoria in 2012–13.

### 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

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 2012–13.

- Details on any major external review carried out during 2012–13.
- Details of any major research and development activities.
- Details of overseas visits undertaken.
- Details of major promotional, public relations and marketing activities undertaken during 2012–13.

The above information is available from:  
Manager, Business Process and Services  
Telephone: (03) 9653 9737

## Workforce data as at 30 June 2013

	Ongoing Employees				Fixed Term & Casual Employees	Total Employees
	Full time (headcount)	Part time (headcount)	Total (headcount)	Total (FTE)	Total (FTE)	Total (FTE)
June 2012	80	9	89	85	7	92

	June 2012			June 2013			June 2013 totals  (FTE)
	Ongoing Employees		Fixed Term & Casual Employees	Ongoing Employees		Fixed Term & Casual Employees	
	Headcount	FTE	FTE	Headcount	FTE	FTE	
Gender							
Male	34	34	2	28	28	1	29
Female	55	51	5	41	38	2	40
Age							
Under 25	–	–	–	–	–	–	0
25–34	25	24	4	16	15	2	17
35–44	32	30	3	28	27	–	27
45–54	20	19	–	18	17	1	18
55–64	9	9	–	6	6	–	6
Over 64	3	3	–	1	1	–	1
Classification							
VPS1	–	–	–	–	–	–	0
VPS2	1	1	–	–	–	–	0
VPS3	14	14	–	8	7	–	7
VPS4	17	15	3	12	12	1	13
VPS5	30	28	4	25	23	2	25
VPS6	20	20	–	16	16	–	16
STS	1	1	–	1	1	–	1
Executives	6	6	–	7	7	–	7

Notes:

(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) Also excluded are Aviation employees under the Tourism & Aviation division employed by the Department of State Development, Business & Innovation. These employees are included in the department's annual report. For reference, the excluded FTE are: June 2012 - 3 FTE June 2013 - 4 FTE

## 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 State Development, Business and Innovation (DSDBI).

The Department manages matters relating to the application of merit and equity principles and environmental practices. See the DSDBI Annual Report 2012–13.

## FREEDOM OF INFORMATION

### Freedom of Information Act 1982 – Section 7

#### Publication Requirements

The Victorian *Freedom of Information Act 1982* gives individuals the right to request information held by Tourism Victoria. During the year, Tourism Victoria received one Freedom of Information request specifically pertaining to Tourism Victoria, and 6 additional departmental requests which captured data from Tourism Victoria.

Access to documents may be obtained through written request to the Freedom of Information Unit, 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
- 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:

Mr Cameron Fergus  
Freedom of Information Officer  
GPO Box 2219T  
Melbourne VIC 3001  
Phone: (03) 9653 9737  
Fax: (03) 9653 9755

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

The application fee per request is \$25.10.

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 on FOI Online, [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

### COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012 (FORMERLY, THE WHISTLEBLOWERS PROTECTION ACT 2001)

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.

The *Protected Disclosure Act 2012* commenced on 10 February 2013 when the *Whistleblowers Protection Act 2001* was repealed (transitional provisions provide for matters arising under the former legislation to continue to be managed in accordance with that legislation). As the change of legislation occurred during the financial year 2012–13, this report complies with the requirements of both Acts for the relevant time periods.

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.

#### Reporting procedures

After 10 February 2013, 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 State Development, Business and Innovation (DSDBI) 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:

Rosemary Martin  
Director, Legal, Audit and Risk  
Corporate Services & Communications  
Level 31, 121 Exhibition Street  
Melbourne Vic 3000  
Phone: 9651 9862  
Email: rosemary.martin@dbi.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 DSDBI Annual Report.

#### Disclosures under the Whistleblowers Protection Act 2001 (those made up to 9 February 2013)

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

	2012-13 Number	2011-12 Number
<b>The number and types of disclosures made to public bodies from 1 July 2012 – 9 February 2013:</b>		
Public interest disclosures	0	0
Protected disclosures	0	0
The number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures	0	0
The number and types of disclosed matters referred to the public body by the Ombudsman for investigation	0	0
The number and types of disclosures referred by the public body to the Ombudsman for investigation	0	0
The number and types of investigations taken over from the public body by the Ombudsman	0	0
The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body	0	0
The number and types of disclosed matters that the public body has declined to investigate	0	0
The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	0	0
Any recommendations made by the Ombudsman that relate to the public body:		
Recommendation regarding file security and management	N/A	N/A

## FIVE YEAR COMPARISON

	2008/09	2009/10	2010/11	2011/12	2012/13
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Assets	31,535	28,436	30,473	24,143	17,592
Total Liabilities	15,120	13,196	11,149	7,896	6,694
Net Worth/Accumulated Surplus	16,415	15,239	19,324	16,246	10,898
Surplus/(Deficit)	3,172	(1,176)	4,084	(3078)	(5,348)
Property, Plant & Equipment (WDV)	246	193	143	176	134
State Govt Contributions	66,066	73,829	132,342	86,331	61,493
<b>Total Expenditure</b>	<b>68,458</b>	<b>81,822</b>	<b>133,738</b>	<b>94,508</b>	<b>70,448</b>

### SIGNIFICANT CHANGES IN FINANCIAL POSITION 2012-13

State government contributions decreased by \$24.8 million (-28.8%) in 2012-13 to \$61.5 million. This mainly reflects that the Australian Grand Prix Corporation funding was no longer fully processed through Tourism Victoria.

The operating deficit of \$5.348 million for 2012-13 indicates a reduction in the amount of committed activity, funded in the current year that is to be delivered in future years.

The net worth of Tourism Victoria at 30 June 2013 is \$10.9 million. This will partially fund contractual commitments totalling \$24.9 million at year end which are due and payable in the 2013-14 financial year. The majority of these commitments relate to:-

- The delivery of international convention marketing and convention attraction activities and services for the Melbourne Convention and Exhibition Centre
- Tourism Victoria undertaking the role of contract manager for various major events. This results in funds being held until contractual payments are due.

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.

There were no major factors affecting the achievement of the operational objectives for the year.

# Financial Report 2012–13



# COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
<b>Income from transactions</b>			
Grant income	2(a)	61,492,822	86,331,031
Other income	2(b)	3,626,074	5,085,439
<b>Total income from transactions</b>		<b>65,118,896</b>	<b>91,416,470</b>
<b>Expenses from transactions</b>			
Grants and other payments	3(a)	(29,125,808)	(47,821,604)
Employee expenses	3(b)	(10,760,046)	(10,819,473)
Depreciation	3(c)	(67,346)	(78,216)
Capital asset charge		(47,000)	(47,000)
Supplies and services	3(d)	(26,073,450)	(31,100,154)
Administration charges	3(e)	(4,336,677)	(4,612,873)
Finance costs		(37,350)	(28,198)
<b>Total expenses from transactions</b>		<b>(70,447,677)</b>	<b>(94,507,517)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(5,328,781)</b>	<b>(3,091,047)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	4(a)	5,846	2,344
Net gain/(loss) on financial instruments	4(b)	(30,396)	59,855
Other gains/(losses) from other economic flows	4(c)	4,969	(48,706)
<b>Total other economic flows included in net result</b>		<b>(19,581)</b>	<b>13,493</b>
<b>Comprehensive result</b>		<b>(5,348,362)</b>	<b>(3,077,554)</b>

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

# BALANCE SHEET

AS AT 30 JUNE 2013

	Notes	2013 \$	2012 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	15(a)	14,788,879	22,220,054
Loan and receivables	16	1,456,938	1,795,373
Investments	5	1	1
<b>Total financial assets</b>		<b>16,245,818</b>	24,015,428
<b>Non-financial assets</b>			
Property, plant and equipment	6	134,478	175,927
Prepayments		1,211,412	13,486
<b>Total non-financial assets</b>		<b>1,345,890</b>	189,413
<b>Total assets</b>		<b>17,591,708</b>	24,204,841
<b>Liabilities</b>			
Payables	7	3,968,970	5,034,383
Borrowings	8	104,189	116,864
Provisions	9	2,620,552	2,807,234
<b>Total liabilities</b>		<b>6,693,711</b>	7,958,481
<b>Net assets</b>		<b>10,897,997</b>	16,246,359
<b>Equity</b>			
Accumulated surplus		10,897,997	16,246,359
<b>Net worth</b>		<b>10,897,997</b>	16,246,359
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 2013

	Accumulated surplus \$	Total \$
<b>Balance at 1 July 2011</b>	19,323,913	19,323,913
Net result from transactions	(3,091,047)	(3,091,047)
Other economic flows included in net result	13,493	13,493
<b>Balance at 30 June 2012</b>	<b>16,246,359</b>	<b>16,246,359</b>
Net result from transactions	(5,328,781)	(5,328,781)
Other economic flows included in net result	(19,581)	(19,581)
<b>Balance at 30 June 2013</b>	<b>10,897,997</b>	<b>10,897,997</b>

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

## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		61,676,998	85,671,648
Receipts from other entities		3,215,123	4,395,154
Net goods and services tax recovered from the ATO (i)		4,156,129	7,166,714
Interest received		787,123	1,125,390
<b>Total receipts</b>		<b>69,835,373</b>	<b>98,358,906</b>
<b>Payments</b>			
Payments to suppliers and employees		(77,119,075)	(103,544,136)
Capital assets charge		(47,000)	(47,000)
Interest and other costs of finance paid		(37,350)	(28,198)
<b>Total payments</b>		<b>(77,203,425)</b>	<b>(103,619,334)</b>
<b>Net cash flows from/(used in) operating activities</b>	15(b)	<b>(7,368,052)</b>	<b>(5,260,428)</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(34,379)	(167,218)
Proceeds from disposal of property, plant and equipment		14,327	58,636
<b>Net cash flows from/(used in) investing activities</b>		<b>(20,052)</b>	<b>(108,582)</b>
<b>Cash flows from financing activities</b>			
Repayment and disposal of finance leases		(47,053)	(103,224)
Proceeds from borrowings		34,379	104,795
<b>Net cash flows from/(used in) financing activities</b>		<b>(12,674)</b>	<b>1,572</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,400,778)</b>	<b>(5,367,437)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>22,220,054</b>	<b>27,527,635</b>
Effect of exchange rate fluctuations on cash held in foreign currency		(30,396)	59,855
<b>Cash and cash equivalents at the end of the financial year</b>	15(a)	<b>14,788,879</b>	<b>22,220,054</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 2013

## Notes

1	Summary of significant accounting policies	31
2	Income from transactions	39
3	Expenses from transactions	40
4	Other economic flows included in net result	41
5	Investments	41
6	Property, plant and equipment	42
7	Payables	44
8	Borrowings	44
9	Provisions	45
10	Superannuation	46
11	Leases	47
12	Commitments for expenditure	48
13	Contingent liabilities and contingent assets	48
14	Financial instruments	49
15	Cash flow information	56
16	Receivables	57
17	Responsible persons	58
18	Remuneration of executives	60
19	Remuneration of auditors	60
20	Subsequent events	60
21	Glossary of terms and style conventions	61

## 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 2013. The purpose of the report is to provide 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 the AASB 1049 Whole of Government and General Government Sector Financial Reporting.

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

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

To gain a better understanding of the terminology used in this report, a glossary of terms 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.

### (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)(i));
- superannuation expense (refer to Note 1(g)); and
- the fair value of leasehold improvements and 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;
- derivative financial instruments are measured at fair value with changes reflected in the comprehensive operating statement.

## Note 1. Summary of significant accounting policies (continued)

### (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

The financial statements include all the controlled activities of Tourism Victoria.

### (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.

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

#### Comprehensive operating statement

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

'Transactions' and 'other economic flows' are defined by the *Australian system of government finance statistics: concepts, sources and methods 2005* and *Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows in 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.

'Other economic flows' are changes in the volume or changes arising from market re-measurements. They include gains and losses from disposals of non-financial physical assets; and fair value changes of financial instruments. The net result is equivalent to profit or loss derived in accordance with AASs.

#### Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets. Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

#### Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with 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.

## Note 1. Summary of significant accounting policies (continued)

### 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.

### (g) Expenses from transactions

Expenses 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 costs related to employment (other than superannuation which is accounted for separately) including salaries, fringe benefits tax, leave entitlements, redundancy 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 cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

### Depreciation

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. Leasehold improvements are depreciated over the term of the lease agreement as the leased building does not revert to the state at the end of the lease term. The depreciated cost is a reasonable approximation of fair value where the assets are depreciated (to reflect its consumption) over the term of the lease agreement.

The expected useful lives are as follows:

Leasehold improvements: 8 years  
Plant and equipment: 3-5 years  
Leased plant and equipment: 1-3 years

These rates are reviewed on an annual basis.

### 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.

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

### Net gain/(loss) on non-financial assets

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

REVALUATION GAINS/(LOSSES) OF NON-FINANCIAL PHYSICAL ASSETS  
Refer to accounting policy on property, plant and equipment, provided in Note 1(k) non-financial assets.

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) ARISING FROM TRANSACTIONS IN FOREIGN EXCHANGE  
Refer to Note 1(q) Foreign currency 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; and
- transfer of amounts from the reserves and/or accumulated surplus to net result due to disposal or derecognition or reclassification.



## Note 1. Summary of significant accounting policies (continued)

### Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value;
- disposal of financial assets and derecognition of financial liabilities.

### Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

### (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.

#### 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

Tourism Victoria has no intangible assets. All other 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 deposits

Cash and deposits, including cash equivalents, 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 which are readily convertible to known amounts of cash and are subject to 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.

## Note 1. Summary of significant accounting policies (continued)

### Receivables

Receivables consist of:

- statutory receivables, such as amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, which 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 (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).

### 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

#### Non-financial physical assets classified as held-for-sale, including disposal group assets

Non-financial physical assets (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed in 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

#### 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.

#### Property, plant and equipment

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

##### LEASEHOLD IMPROVEMENTS

The cost of leasehold improvements to or on leasehold properties is capitalised as an asset and depreciated over the remaining term of the lease. Leasehold improvements held at the reporting date are being depreciated over 8 years (2012: 8 years).

##### REVALUATIONS OF NON-FINANCIAL PHYSICAL ASSETS

Non-financial physical assets are measured at fair value on a cyclical basis in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every

five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows - other movements in equity' and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as other economic flows in the net result, except that the net revaluation decrease is recognised in 'other economic flows - other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in 'other economic flows - other movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

## Note 1. Summary of significant accounting policies (continued)

### (I) Liabilities

#### Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. Accounts payable represent 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.

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

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.

#### 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 for services rendered to the reporting date. These are recognised when incurred, except for contributions in respect of defined benefit plans.

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

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

##### (ii) Long service leave

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

*Unconditional LSL* is disclosed in the notes to the financial statements as a current liability even where 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:

- present value – component that Tourism Victoria does not expect to settle within 12 months; and
- nominal value component that Tourism Victoria expects to settle within 12 months.

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

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

##### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. 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 balance sheet date are discounted to present value.

## Note 1. Summary of significant accounting policies (continued)

### EMPLOYEE BENEFITS ON-COSTS

Employee benefits on-costs (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.

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 amortised 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) 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.

### (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) and, if quantifiable, are measured at nominal value, inclusive of GST receivables and payables respectively.

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

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

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

Cash flows are presented on a net 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 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) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Tourism Victoria and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

**Note 1. Summary of significant accounting policies (continued)****(s) Australian Accounting Standards issued that are not yet effective.**

Certain new AASs have been published that are not mandatory for the 30 June 2013 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 2013, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for the financial year ending 30 June 2013. Tourism Victoria has not early adopted these standards.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Tourism Victoria financial statements
AASB 9 Financial instruments	This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.  The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	Beginning 1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.  Impacts on the volume and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	Beginning 1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	Beginning 1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.  While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012-13 financial year (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 2009-11 Amendments to Australian Accounting Standards arising from AASB 9.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

## Note 2. Income from transactions

	2013	2012
	\$	\$
<b>(a) Grant income</b>		
State government grants		
Core program	28,731,321	29,757,015
Special projects	32,761,501	56,574,016
<b>Total grant income</b>	<b>61,492,822</b>	<b>86,331,031</b>
<b>(b) Other income</b>		
Co-operative ventures		
E-Marketing revenue	511,444	447,853
Product and destination marketing	1,376,129	2,040,902
International marketing	330,809	460,190
Other	635,893	1,008,027
	<b>2,854,275</b>	<b>3,956,972</b>
<b>Interest income</b>		
Interest on bank deposits	132,144	242,541
Interest from Investments	639,655	885,926
	<b>771,799</b>	<b>1,128,467</b>
<b>Total other income</b>	<b>3,626,074</b>	<b>5,085,439</b>



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2013

## Note 3. Expenses from transactions

	2013 \$	2012 \$
<b>(a) Grants and other payments</b>		
Events	19,518,244	40,565,637
Regional tourism co-operative marketing	4,025,971	4,101,758
Victoria Trade and Investment Company Pty Ltd	4,230,006	1,231,897
Industry development	471,943	387,550
Other	879,645	1,534,761
<b>Total grants and other payments</b>	<b>29,125,808</b>	<b>47,821,604</b>
<b>(b) Employee expenses</b>		
Salary and wages	8,334,783	8,382,868
Superannuation	780,830	816,872
Annual leave	733,385	799,324
Long service leave	245,599	82,300
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	665,449	738,108
<b>Total employee expenses</b>	<b>10,760,046</b>	<b>10,819,473</b>
<b>(c) Depreciation</b>		
Leasehold improvements	139	12,104
Plant and equipment	28,171	25,590
Leased motor vehicles	39,036	40,521
<b>Total depreciation expense</b>	<b>67,346</b>	<b>78,216</b>
<b>(d) Supplies and services</b>		
Advertising	6,232,127	9,043,868
Printed material	176,261	329,659
Consultants, outsourcing & professional services and agency staff	5,275,000	5,292,583
Distribution	109,094	160,034
Exhibition costs/venue hire	397,738	658,897
Familiarisation expenses	832,105	1,151,198
Hospitality and entertainment	479,698	519,489
Marketing, promotional, PR and media costs	9,450,860	10,086,021
Online services	799,965	1,369,485
Overseas contractors	699,430	689,173
Photographic/video	334,226	489,741
Research	1,277,605	1,289,953
Other	9,340	20,053
<b>Total supplies and services</b>	<b>26,073,450</b>	<b>31,100,154</b>
<b>(e) Administration charges</b>		
Rent, cleaning and power	1,051,915	1,052,762
Telephone, facsimile and postage	301,533	367,540
Audit fees	32,930	32,000
Computer charges	1,641,930	1,641,883
Printing, stationery and offices requisites	136,869	196,747
Motor vehicle running costs	97,817	143,130
Travel charges	701,459	699,902
Training and development	247,190	269,317
Other	125,033	209,592
<b>Total administration charges</b>	<b>4,336,677</b>	<b>4,612,873</b>

#### Note 4. Other economic flows included in net result

	2013	2012
	\$	\$
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of physical assets	5,846	2,344
Total net gain/(loss) on non-financial assets	5,846	2,344
(b) Net gain/(loss) on financial instruments		
Net gain/(loss) on financial instruments	(30,396)	59,855
Total net gain/(loss) on financial instruments	(30,396)	59,855
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	4,969	(48,706)
Total other gains/(losses) from other economic flows	4,969	(48,706)
Total other economic flows included in net result	(19,581)	13,493

#### Note 5. Investments

	2013	2012
	\$	\$
<b>Non traded investments</b>		
Shares in other entities (at cost)	1	1
	1	1
<b>Impairment of shares</b>		
	2013	2012
	\$	\$
Opening balance	1	1
Closing balance	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 share, 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 as they will not be purchased by an existing shareholder.

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.

**Note 6. Property, plant and equipment**

	2013	2012
	\$	\$
<b>Classification by purpose groups - carrying amounts</b>		
<i>Sub classification by nature</i>		
<b>Leasehold improvements</b>		
Gross carrying amount	133,528	133,528
less: accumulated depreciation	(133,528)	(133,389)
Net carrying amount	-	139
<b>Plant, equipment and motor vehicles</b>		
Gross carrying amount	326,779	328,209
less: accumulated depreciation	(192,300)	(152,421)
Net carrying amount	134,478	175,788
Net carrying amount of property, plant and equipment	134,478	175,927

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 (GPC). All assets within a 'Purpose Group' are further sub-categorised to the asset's 'nature' (i.e. buildings, plant and equipment etc), with each sub-category being classified as a separate class of asset for financial reporting purposes. All Tourism Victoria's assets are within the Public Safety and Environment purpose group.

## Note 6. Property, plant and equipment (continued)

	Leasehold improvements at fair value		Plant, equipment and motor vehicle at fair value		Total	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
<b>Opening balance</b>	<b>140</b>	12,244	<b>175,787</b>	130,973	<b>175,927</b>	143,217
Additions	-	-	<b>34,379</b>	167,218	<b>34,379</b>	167,218
Disposals	-	-	<b>(8,482)</b>	(56,293)	<b>(8,482)</b>	(56,293)
Depreciation expense	<b>(140)</b>	(12,104)	<b>(67,207)</b>	(66,112)	<b>(67,346)</b>	(78,216)
<b>Closing balance</b>	<b>-</b>	140	<b>134,478</b>	175,787	<b>134,478</b>	175,927

	2013 \$	2012 \$
--	------------	------------

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

Leasehold improvements	<b>8 years</b>	8 years
Plant and equipment	<b>3-5 years</b>	3-5 years
Leased plant and equipment	<b>1-3 years</b>	1-3 years

Aggregate depreciation allocated, recognised as expense during the year:

Leasehold improvements	<b>140</b>	12,104
Plant and equipment	<b>28,171</b>	25,590
Leased plant and equipment	<b>39,036</b>	40,521
	<b>67,346</b>	78,216

	2013 \$	2012 \$
Gross sales proceeds	<b>14,327</b>	58,636
Carrying amount of non-financial assets disposed	<b>(8,482)</b>	(56,293)
<b>Net gain/(loss) on disposal</b>	<b>5,846</b>	2,344

## Note 7. Payables

	2013	2012
	\$	\$
<b>Current</b>		
<b>Contractual</b>		
Trade creditors and accruals (a, b, c)	3,751,451	4,622,434
Other creditors (d)	217,519	411,949
<b>Total current payable</b>	<b>3,968,970</b>	<b>5,034,383</b>

(a) The average credit period on trade creditors during the year is 30 days.

(b) All payables were paid out. There are no overdue amounts.

(c) Trade creditors and accruals represents accrued expenses only.

(d) Other creditors represents accrued employee expenses and prepaid revenue.

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

## Note 8. Borrowings

	2013	2012
	\$	\$
<b>Current borrowings</b>		
<b>Secured</b>		
Finance lease liabilities (i) (note 11)	68,684	52,277
<b>Total current borrowings</b>	<b>68,684</b>	<b>52,277</b>
<b>Non-current borrowings</b>		
<b>Secured</b>		
Finance lease liabilities (i) (note 11)	35,504	64,587
<b>Total non-current borrowings</b>	<b>35,504</b>	<b>64,587</b>
<b>Aggregate carrying amount of borrowings</b>		
Current	68,684	52,277
Non-current	35,504	64,587
<b>Total</b>	<b>104,189</b>	<b>116,865</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.

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

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

## Note 9. Provisions

	2013	2012
	\$	\$
<b>Employee benefits and related on-costs</b>		
<b>Current employee benefits</b>		
Employee benefits (i): - Annual Leave		
Unconditional and expected to settle within 12 months (ii)	701,564	685,737
Employee benefits (i): - Long Service Leave		
Unconditional and expected to settle within 12 months (ii)	76,550	84,170
Unconditional and expected to settle after 12 months (iii)	1,454,457	1,599,230
	2,232,572	2,369,138
Provisions related to employee benefit on-costs		
Unconditional and expected to settle within 12 months (ii)	126,715	135,295
Unconditional and expected to settle after 12 months (iii)	236,162	254,305
	362,877	389,600
<b>Total current provisions</b>	<b>2,595,449</b>	<b>2,758,737</b>
<b>Non-current employee benefits</b>		
Conditional long service leave (i)	21,597	41,843
Conditional long service leave oncosts	3,506	6,654
<b>Total non-current provisions</b>	<b>25,103</b>	<b>48,497</b>
<b>Total provisions</b>	<b>2,620,552</b>	<b>2,807,234</b>
<b>Employee benefits and related on-costs</b>		
<b>Current employee benefits</b>		
Annual leave entitlements	815,850	807,647
Unconditional long service leave entitlements	1,779,599	1,951,090
<b>Non-current employee benefits</b>		
Conditional long service leave entitlements	25,103	48,497
<b>Total employee benefits</b>	<b>2,620,552</b>	<b>2,807,234</b>
<b>On-costs</b>		
Current on-costs	362,877	389,600
Non-current on-costs	3,506	6,654
<b>Total on-costs</b>	<b>366,382</b>	<b>396,254</b>

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(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:

Fund	Contribution for the year 2013 \$	Contribution for the year 2012 \$	Contribution outstanding at year end 2013 \$	Contribution outstanding at year end 2012 \$
(i) Defined benefit plans:				
State Superannuation Fund – revised and new	171,471	189,498	-	-
Defined contribution plans:				
VicSuper	420,753	437,828	-	-
Private Funds	150,148	195,767	-	-
<b>Total</b>	<b>742,371</b>	<b>823,093</b>	<b>-</b>	<b>-</b>

(ii) The bases for contributions are determined by various schemes.

## Note 11. Leases

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

#### Leasing arrangements

Finance leases relate to motor vehicles with lease terms of 1 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	
	2013	2012	2013	2012
	\$	\$	\$	\$
Not longer than 1 year	73,310	58,425	68,684	52,277
Longer than 1 year and not longer than 5 years	37,284	68,313	35,504	64,587
<b>Minimum future lease payments</b>	<b>110,594</b>	126,738	<b>104,189</b>	116,864
less: Future finance charges	(6,405)	(9,874)	-	-
<b>Present value of minimum lease payments</b>	<b>104,189</b>	116,864	<b>104,189</b>	116,864
Included in the financial statements as:				
Current borrowings (note 8)			68,684	52,277
Non-current borrowings (note 8)			35,504	64,587
			<b>104,189</b>	116,864

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

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

Refer to note 12(b).

## Note 12. Commitments for expenditure

### (a) Grant Commitments

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

	2013 \$	2012 \$
Not longer than 1 year	18,159,775	15,208,050
Longer than 1 year and not longer than 5 years	10,751,331	14,651,313
Longer than 5 years	12,383,800	12,282,600
	<b>41,294,905</b>	<b>42,141,963</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

	2013 \$	2012 \$
Not longer than 1 year	158,716	174,029
Longer than 1 year and not longer than 5 years	103,953	180,685
Longer than 5 years	-	-
	<b>262,669</b>	<b>354,715</b>

a) Please refer to note 14(b) for ageing analysis of finance lease liabilities.

### (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:

	2013 \$	2012 \$
Not longer than 1 year	6,793,185	4,251,484
Longer than 1 year and not longer than 5 years	2,349,656	3,727,628
	<b>9,142,840</b>	<b>7,979,112</b>

## Note 13. Contingent liabilities and contingent assets

### Contingent assets

There were no contingent assets at 30 June 2013 (2012: nil)

### Contingent liabilities

There were no contingent liabilities at 30 June 2013 (2012: nil)

## Note 14. Financial instruments

### (a) Financial risk management objectives

Tourism Victoria's principal financial instruments comprise of:

- cash assets;
- 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 Risk and Audit Committee of Tourism Victoria.

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

	Notes	2013 \$	2012 \$
<b>Financial assets</b>			
Cash and deposits	(i)	14,788,879	22,220,054
Loan and receivables	(i)	817,409	1,161,840
Investments	(ii)	1	1
<b>Total financial assets (a)</b>		<b>15,606,289</b>	<b>23,381,895</b>
<b>Financial liabilities</b>			
Payables	(iii)	4,073,159	5,151,247
<b>Total financial liabilities (b)</b>		<b>4,073,159</b>	<b>5,151,247</b>

### 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

	2013	2012
	\$	\$
<b>Financial assets</b>		
Cash and deposits	771,799	1,128,467
<b>Total Financial Assets</b>	<b>771,799</b>	<b>1,128,467</b>
<b>Financial liabilities</b>		
Finance lease	(7,494)	(7,321)
<b>Total financial liabilities</b>	<b>(7,494)</b>	<b>(7,321)</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;
- For financial asset and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or losses calculated by taking the movement in the fair value of the financial asset or liability.

**(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 Departments (AAA rating)	Other Government Entities (AAA rating)	Regional Tourism Bodies (min BBB credit rating)	Other (not rated)	Total
<b>2013</b>						
Cash and deposits	4,638,560	-	9,900,000	-	250,319	14,788,879
Loan and receivables	10,268	286,233	165,000	35,710	320,198	817,409
Investments	-	-	-	-	1	1
<b>Total contractual financial assets</b>	<b>4,648,829</b>	<b>286,233</b>	<b>10,065,000</b>	<b>35,710</b>	<b>570,518</b>	<b>15,606,289</b>
<b>2012</b>						
Cash and deposits	3,171,736	-	18,800,000	-	248,318	22,220,054
Loan and receivables	25,592	150,700	230,821	513,101	241,626	1,161,840
Investments	-	-	-	-	1	1
<b>Total contractual financial assets</b>	<b>3,197,328</b>	<b>150,700</b>	<b>19,030,821</b>	<b>513,101</b>	<b>489,945</b>	<b>23,381,895</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
<b>2013</b>					
Debtors	570,911	295,571	275,000	340	-
Loan to third party	94,894	94,894	-	-	-
Other receivables	151,604	151,604	-	-	-
	<b>817,409</b>	<b>542,069</b>	<b>275,000</b>	<b>340</b>	<b>-</b>
<b>2012</b>					
Debtors	1,009,930	889,105	118,075	2,750	-
Loan to third party	62,166	62,166	-	-	-
Other receivables	89,743	89,743	-	-	-
	<b>1,161,840</b>	<b>1,041,015</b>	<b>118,075</b>	<b>2,750</b>	<b>-</b>

(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.

### (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.

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.

## Note 14. Financial instruments (continued)

The following table details Tourism Victoria's exposure to interest rate risk as at 30 June 2013.

### Interest rate exposure of financial instruments

				Maturity dates				
				Less than 1 year	1-5 years	More than 5 years		
	Notes	Weighted average effective interest rate	Variable interest rate				Non-interest bearing	Total
2013		%	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash and deposits	15	3.19%	4,888,879	9,900,000	-	-	-	14,788,879
Loan and receivables	16		-	-	-	-	817,409	817,409
Investments	5		-	-	-	-	1	1
			4,888,879	9,900,000	-	-	817,410	15,606,289
<b>Financial liabilities</b>								
Payables	7		-	-	-	-	3,968,970	3,968,970
Finance lease liabilities	8,11	6.62%	-	68,684	35,504	-	-	104,189
			-	68,684	35,504	-	3,968,970	4,073,159
<b>Net financial assets (liabilities)</b>			4,888,879	9,831,316	(35,504)	-	(3,151,560)	11,533,130
2012	Notes	%	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash and deposits	15	4.46%	3,420,054	18,800,000	-	-	-	22,220,054
Loan and receivables	16		-	-	-	-	1,161,840	1,161,840
Investments	5		-	-	-	-	1	1
			3,420,054	18,800,000	-	-	1,161,841	23,381,895
<b>Financial liabilities</b>								
Payables	7		-	-	-	-	5,034,383	5,034,383
Finance lease liabilities	8,11	6.82%	-	52,277	64,587	-	-	116,864
			-	52,277	64,587	-	5,034,383	5,151,247
<b>Net financial assets (liabilities)</b>			3,420,054	18,747,723	(64,587)	-	(3,872,542)	18,230,648



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2013

### 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 2.78%. (2012: 3.56%)
- 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 2,192,124) which would expose Tourism Victoria to exchange rate risk ( 2012: AUD 1,159,697); and
- A parallel shift of +1% and -1% in inflation rate from year end rates of 2.4% (2012: 1.2%) - Tourism Victoria has no financial instruments exposed to inflation risk (2012: 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.

	Carrying amount	2013 Foreign exchange risk				2013 Interest rate risk			
		-10%		+10%		-0.5% (50 basis points)		+0.5% (50 basis points)	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial assets</b>									
Cash and deposits (1)	14,788,879	219,212	219,212	(219,212)	(219,212)	(73,944)	(73,944)	73,944	73,944
Loan and receivables (2)	817,409	-	-	-	-	-	-	-	-
Investments in other entities (3)	1	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>									
Payables (2)	3,968,970	-	-	-	-	-	-	-	-
Finance lease liabilities (4)	104,189	-	-	-	-	-	-	-	-
<b>Total increase/(decrease)</b>		<b>219,212</b>	<b>219,212</b>	<b>(219,212)</b>	<b>(219,212)</b>	<b>(73,944)</b>	<b>(73,944)</b>	<b>73,944</b>	<b>73,944</b>

	Carrying amount	2012 Foreign exchange risk				2012 Interest rate risk			
		-10%		+10%		-0.5% (50 basis points)		+0.5% (50 basis points)	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>Financial assets</b>									
Cash and deposits (1)	22,220,054	115,970	115,970	(115,970)	(115,970)	(111,100)	(111,100)	111,100	111,100
Loan and receivables (2)	1,161,840	-	-	-	-	-	-	-	-
Investments in other entities (3)	1	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>									
Payables (2)	5,034,383	-	-	-	-	-	-	-	-
Finance lease liabilities (4)	116,864	-	-	-	-	-	-	-	-
<b>Total increase/(decrease)</b>		<b>115,970</b>	<b>115,970</b>	<b>(115,970)</b>	<b>(115,970)</b>	<b>(111,100)</b>	<b>(111,100)</b>	<b>111,100</b>	<b>111,100</b>

## Note 14. Financial instruments (continued)

- (1) In 2012/13, \$12,596,755.41 cash and deposits are held in Australian Dollars. \$2,696,755.41 is held on deposit at variable interest rates. \$9,900,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD 2,192,124 is held in 7 overseas currencies. In 2011/12, \$21,060,357 cash and deposits are held in Australian Dollars. \$2,260,357 is held on deposit at variable interest rates. \$18,800,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD 1,159,697 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.

### (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
	2013	2013	2012	2012
<b>Contractual financial assets</b>				
Cash and deposits	14,788,879	14,788,879	22,220,054	22,220,054
Loan and receivables	817,409	817,409	1,161,840	1,161,840
Investments	1	1	1	1
<b>Total contractual financial assets</b>	<b>15,606,289</b>	<b>15,606,289</b>	23,381,895	23,381,895
<b>Contractual financial liabilities</b>				
Payables	4,073,159	4,073,159	5,151,247	5,151,247
<b>Total contractual financial liabilities</b>	<b>4,073,159</b>	<b>4,073,159</b>	5,151,247	5,151,247

## Note 15. Cash flow information

	2013 \$	2012 \$
<b>(a) Reconciliation of cash and cash equivalents</b>		
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:		
Cash at bank and on hand	4,639,360	3,172,536
Short term deposits and investments	9,900,000	18,800,000
Cash advance - (held at overseas offices)	249,519	247,518
Balance as per cash flow statement	14,788,879	22,220,054
<b>(b) Reconciliation of net result for the period</b>		
Net result for the reporting period	(5,348,362)	(3,077,554)
<b>Non-cash movements</b>		
(Gain)/Loss on disposal of non-current assets	(5,846)	(2,344)
Depreciation and amortisation of non-current assets	67,346	78,216
(Gain)/Loss on foreign exchange currency	30,396	(59,855)
<b>Movements in assets and liabilities</b>		
<i>Changes in net assets and liabilities</i>		
<i>(Increase)/Decrease in assets</i>		
Current receivables	338,435	(341,226)
Other current assets	(1,197,926)	20,962
<i>Increase/(Decrease) in liabilities</i>		
Current payables	(1,065,413)	(2,039,134)
Current provisions	(163,288)	242,774
Non-current provisions	(23,394)	(82,266)
Net cash flows from (used in) operating activities	(7,368,052)	(5,260,427)

## Note 16. Receivables

	2013	2012
	\$	\$
<b>Current receivables</b>		
Contractual		
Debtors (a)	570,911	1,009,930
Loan to third party	94,894	62,166
Other receivables	151,604	89,743
	<b>817,409</b>	<b>1,161,840</b>
Statutory		
GST input tax credit recoverable	639,529	633,533
	<b>639,529</b>	<b>633,533</b>
<b>Total current receivables</b>	<b>1,456,938</b>	<b>1,795,373</b>

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

(b) Ageing analysis of contractual receivables, please refer to note 14(b).

(c) Nature and extent of risk arising from contractual receivables, please refer to note 14(b).

## 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. Louise Asher, MP	1 July 2012 to 30 June 2013
Chief Executive	Leigh Harry	1 July 2012 to 30 June 2013
Chairman	Dr Janine Kirk, AM	1 July 2012 to 30 June 2013
Deputy Chairman	Pamela Catty	1 July 2012 to 30 April 2013
Deputy Chairman	Wendy Smith	12 June 2013 to 30 June 2013
Board Member	Chris Woodruff	1 July 2012 to 30 September 2012
Board Member	Alla Wolf-Tasker, AM	1 July 2012 to 30 June 2013
Board Member	John Mitchell	1 July 2012 to 30 June 2013
Board Member	Christopher Brown	1 July 2012 to 30 June 2013
Board Member	Brian Cook	1 July 2012 to 30 June 2013
Board Member	Janelle Boynton	1 July 2012 to 30 June 2013
Board Member	Wendy Smith	1 July 2012 to 11 June 2013
Board Member	Craig Opie	1 July 2012 to 30 June 2013
Board Member	Peter Crinis	12 June 2013 to 30 June 2013
Board Member	Andrew Dwyer	12 June 2013 to 30 June 2013

### Remuneration

Remuneration received or receivable by the Accountable Officer, Chief Executive Officer, in connection with the management of Tourism Victoria during the reporting period was in the range:

\$320,000 - \$359,999 (2012:\$280,000 - \$289,999). The current Chief Executive commenced employment in October 2011.

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

Total Remuneration	2013 No.	2012 No.
\$1,000 - \$19,999	6	7
\$20,000 - \$29,999	3	3
\$40,000 - \$49,999	1	1
	<b>10</b>	<b>11</b>
	<b>\$197,171</b>	<b>\$210,256</b>

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

## Note 17. Responsible persons (continued)

### Related parties

For a number of years, the position of Chief Executive of Tourism Victoria holds a seat on the Board of the Victorian Major Events Corporation (VMEC). All financial transactions with VMEC are at arms length and transacted under normal commercial terms.

In addition to the remuneration outlined above, 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 2012-13, directors, employees or owners/part owners of the organisations.

		2013 \$	2012 \$
Alla Wolf-Tasker	Lake House Restaurant & Boutique Hotel (1)	13,807	11,560
Alla Wolf-Tasker	Daylesford Macedon Produce (2)	6,500	11,000
Alla Wolf-Tasker	Wombat Hill House	-	150
John Mitchell	Montalto Vineyard and Olive Grove (3)	4,449	5,419
Chris Woodruff	Melbourne Airport (4)	135,000	(43,469)
Chris Woodruff	Melbourne Convention Bureau (5)	(13,410)	3,413,792
Janine Kirk	Ernst & Young	-	117,183
Peter Crinis	Crown Melbourne Ltd (6)	115,025	-
Peter Crinis	Melbourne Convention Bureau (7)	(13,410)	-
		<b>247,962</b>	<b>3,515,635</b>

The following notes provide an analysis of the 2012-13 financial transactions:

- (1) Familiarisation programs expenses \$13,807. Tourism Victoria runs both trade and media familiarisations programs. Trade familiarisations programs are to promote Victoria to the tourism industry; Media familiarisations programs are to generate media publicity in pursuit of the marketing objectives of Tourism Victoria.
- (2) Grant payments \$6,500.
- (3) Familiarisation expenses \$4,449.
- (4) Co-operative marketing revenue \$40,000, Grants payment \$175,000.
- (5) Co-operative marketing revenue \$13,410.
- (6) Famils, facility hire, accommodation and hospitality costs \$206,652, Co-operative revenue \$91,627.
- (7) Co-operative marketing revenue \$13,410.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2013

### 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.

In 2012-13, an additional executive officer was engaged as the Director of Tourism Investment Attraction. This resulted in an increase in the total annualised employee equivalent and the consequential increase in the base and the total executives remuneration payments.

Income band	Total remuneration		Base remuneration	
	2013 No.	2012 No.	2013 No.	2012 No.
\$30,000 - \$39,999	-	1	-	1
\$100,000 - \$109,100	1	-	-	-
\$110,000 - \$119,999	-	-	1	-
\$130,000 - \$139,999	-	2	-	-
\$150,000 - \$159,999	-	-	-	1
\$170,000 - \$179,999	-	-	1	-
\$180,000 - \$189,999	2	1	1	2
\$190,000 - \$199,999	-	1	2	1
\$200,000 - \$209,999	2	1	1	1
\$210,000 - \$219,999	1	-	-	-
<b>Total numbers</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Total annualised employee equivalent (AEE)	<b>5.6</b>	4.7	<b>5.6</b>	4.7
<b>Total amount</b>	<b>\$1,114,421</b>	\$963,196	<b>\$1,062,198</b>	\$888,321

There is no payment made for 2012 and 2013 to contractors with significant management responsibilities.

### Note 19. Remuneration of auditors

	2013 \$	2012 \$
Victorian Auditor-General's Office		
Audit of the financial statements	32,930	32,000
	<b>32,930</b>	<b>32,000</b>

### Note 20. Subsequent events

There were no subsequent events at 30 June 2013

## Note 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.

### Amortisation

Amortisation is the expense which results from the consumption or use over time of a non-produced physical asset. This expense is classified as an other economic flow.

### 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 non-owner movements in equity.

### Capital asset charge

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

### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources, 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. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

### Effective interest method

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

### 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.

### 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

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.



## Note 21. Glossary (continued)

### 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 acquisition of non financial assets (from transactions)

Purchases (and other acquisitions) of non financial assets less sales (or disposals) of non financial assets less depreciation plus changes in inventories and other movements in non financial assets. It includes only those increases or decreases in non financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

### 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 non owner changes in equity'.

### 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

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

In simple terms, other economic flows are changes arising from market re-measurements.

### Payables

Includes accounts payable, grants, taxes and interest payable.

### 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 2012-13 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.



15 August 2013

## 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 statements, 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 2013 and financial position of Tourism Victoria as at 30 June 2013.

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 15 August 2013.

**Janine Kirk AM**  
Chairman  
Tourism Victoria

Melbourne  
15 August 2013

**Leigh Harry**  
Chief Executive  
Tourism Victoria

Melbourne  
15 August 2013

**Steve Wilson**  
Chief Finance Officer  
Tourism Victoria

Melbourne  
15 August 2013

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Tourism Victoria

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2013 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 has been audited.

#### *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.

## Independent Auditor's Report (continued)

### *Independence*

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


### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Tourism Victoria as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of Tourism Victoria for the year ended 30 June 2013 included both in Tourism Victoria's annual report and on the website. The Board Members of Tourism Victoria are responsible for the integrity of Tourism Victoria's website. I have not been engaged to report on the integrity of Tourism Victoria's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
19 August 2013

  
for John Doyle  
Auditor-General

# DISCLOSURE INDEX

The Annual Report of 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	Page
<b>Ministerial Directions</b>		
<b>Report of operations</b>		
<i>Charter and purpose</i>		
FRD 22C	Manner of establishment and the relevant Ministers	1 & 5
FRD 22C	Objectives, functions, powers and duties	1
FRD 22C	Nature and range of services provided	1
<i>Management and structure</i>		
FRD 22C	Organisational structure	5
<i>Financial and other information</i>		
FRD 22C	Operational & budgetary objectives and performance against objectives	26
FRD 22C	Employment and conduct principles	22
FRD 22C	Occupational health and safety	22
FRD 29	Workforce Data disclosures	23
FRD 15B	Executive officer disclosures	60
FRD 22C	Summary of the financial results for the year	26
FRD 22C	Significant changes in financial position during the year	26
FRD 22C	Major changes or factors affecting performance	26
FRD 22C	Subsequent events	60
FRD 22C	Application and operation of Freedom of Information Act 1982	24
FRD 22C	Compliance with building and maintenance provisions of Building Act 1993	22
FRD 22C	Statement on National Competition Policy	22
FRD 22C	Compliance with the Protected Disclosure Act 2012 (formerly, the Whistleblowers Protection Act 2001)	24
FRD 25	Victorian Industry Participation Policy disclosures	23
FRD 22C	Details of consultancies over \$10,000	22
FRD 22C	Details of consultancies under \$10,000	22
FRD 12A	Disclosure of major contracts	22
FRD 24B	Reporting of office-based environmental impacts	24
FRD 22C	Statement of availability of other information	23
FRD 10	Disclosure index	66
FRD 8A	Budget Portfolio Outcomes	6
<b>Financial statements</b>		
<i>Financial statements required under Part 7 of the FMA</i>		
SD 4.2(b)	Operating Statement	28
SD 4.2(b)	Balance Sheet	29
SD 4.2(a)	Statement of Changes in Equity	30
SD 4.2(b)	Cash Flow Statement	30
<i>Other disclosures in notes to the financial statements</i>		
FRD 13	Disclosure of parliamentary appropriations	NA
FRD 9A	Departmental disclosure of administered assets and liabilities	NA
FRD 11	Disclosure of ex-gratia payments	40
FRD 21B	Responsible person and executive officer disclosures	58–60
<b>Legislation</b>		
Freedom of Information Act 1982		24
Building Act 1983		22
Compliance with the Protected Disclosure Act 2012 (formerly, the Whistleblowers Protection Act 2001)		24
Victorian Industry Participation Policy Act 2003		23
Financial Management Act 1994		63
Audit Act 1994		64

## TOURISM VICTORIA CONTACTS

---

### **Melbourne** (*Head Office*)

Tourism Victoria  
Level 32, 121 Exhibition St  
Melbourne VIC 3000

GPO Box 2219T  
Melbourne VIC 3001

Tel +61 3 9653 9777  
Fax +61 3 9653 9722

visitvictoria.com  
visitmelbourne.com  
visionsofvictoria.com  
tourism.vic.gov.au  
tourvic@tourism.vic.gov.au

### **People's Republic of China** **Shanghai**

Victoria Trade and Investment Office  
Suite 620, Shanghai Centre  
1376 Nanjing West Road  
Shanghai 200040 China

Tel 0011 86 21 6279 8681  
Fax 0015 86 21 6279 8685  
tourvic.shanghai@tourism.vic.gov.au

### **Guangzhou**

Tourism Victoria  
Room 1328, 13/F, Teem Tower  
208 Tian He Road, Tian He District  
Guangzhou, P.R. China  
Postal Code: 510 000

Tel +86 20 2826 1900  
Fax +86 20 2826 1999  
bella.ruan@tourism.vic.gov.au  
bella.ruan@tourismvic.com.cn

### **Japan**

Tourism Victoria  
c/-Head Office  
kenji.takamari@tourism.vic.gov.au

### **Singapore**

Tourism Victoria  
101 Thomson Road  
#08-01 United Square  
Singapore 307591

Tel 0011 65 6255 6888  
Fax 0011 65 6255 2922  
tourvic.singapore@tourism.vic.gov.au

### **Korea**

c/o Good PR & Marketing Co.,Ltd.  
6F, Sina Bldg, 39-1  
Seosomun-dong, Jung-gu,  
Seoul 100-752, Korea

Tel 0011 82 2 752 4138  
Fax 0011 82 2 752 5049  
chae.han@tourism.vic.gov.au

### **New Zealand**

Tourism Victoria  
Level 3, 125 The Strand  
Parnell  
Auckland, New Zealand  
PO Box 1666  
Auckland, New Zealand

Tel 0011 6428 001 890  
Fax 0015 649 379 4361  
tourvic.auckland@tourism.vic.gov.au

### **North America**

Tourism Victoria  
Suite 1150, 6100 Center Drive  
Los Angeles CA 90045 USA

Tel 0011 1 310 695 3245  
Fax 0015 1 310 695 3246  
leigh@awandassociates.com

### **Europe**

Tourism Victoria  
Neue Mainzer Str 22  
60311 Frankfurt, Germany

Tel 0011 49 2740 0677  
Fax 0015 49 2740 0640  
tourvic.frankfurt@tourism.vic.gov.au

### **United Kingdom/Ireland/Nordic** **Countries**

Tourism Victoria  
Sixth Floor, Australia Centre,  
Melbourne Place  
Strand, London WC2B 4LG,  
United Kingdom

Tel 0011 44 207 438 4645  
Fax 0015 44 207 240 6690  
tvic.london@tvic.australia.com

### **India**

46 Grants Building Annexure  
Next to Strand Cinema  
Colaba Mumba 400 005, India

Tel 0011 9122 3296 1624  
Mob 0011 91 98212 31930  
beena.menon@beautifulplanet.biz

Cover: 300gsm Revive Laser is 70% Recycled, and Certified Carbon Neutral by the DCC&EE under the National Carbon Offset Standard (NCOS), Revive Laser also supports Landcare Australia. Made in Australia by an ISO 14001 certified mill. No chlorine bleaching occurs in the recycling process.

Text: 140gsm Revive Laser is 100% Recycled, and Certified Carbon Neutral by the DCC&EE under the National Carbon Offset Standard (NCOS), Revive Laser also supports Landcare Australia. Made in Australia by an ISO 14001 certified mill. No chlorine bleaching occurs in the recycling process.

Published by Tourism Victoria, Melbourne, Victoria  
September 2013.  
This report is also available online at [tourism.vic.gov.au](http://tourism.vic.gov.au)  
Copyright State of Victoria 2013.  
This publication is copyright. No part may be reproduced by any process, except in accordance with the provisions of the *Copyright Act 1968*.

Authorised by the  
Victorian Government  
**Tourism Victoria**  
Level 32, 121 Exhibition Street  
Melbourne VIC 3000

**Contact:**  
Corporate Communications  
Tel (03) 9653 9777

Designed by DTPLI Design Studio  
Printed by Digital House





*You'll love every piece of Victoria*