



08 | 09

TOURISM VICTORIA
ANNUAL REPORT 2008-09



You'll love every piece of Victoria

Tourism Victoria



The Hon. Tim Holding MP
Minister for Tourism and Major Events
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Dear Minister

Tourism Victoria Annual Report 2008–09

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 2009.

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

Yours sincerely

Dr Janine Kirk AM
Chairman

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ABOUT US

WHO WE ARE

As the Victorian Government's lead tourism agency, we provide a foundation for industry growth. With strong research, policy, strategy and aviation platforms, we're building a framework for greater commercial reach. And with seed investment and infrastructure we're enabling industry to venture into new territories.

WHAT WE DO

As your partner, we share our resources and deep industry knowledge to grow businesses. With creative campaigns we provide a platform for far reaching market exposure. And our industry networks foster collaboration – supporting businesses to etch out new ground.

OUR MISSION

We see Victoria's diversity – our arts industry, our affinity with sport, our food and wine, culture, our raw natural beauty, and our international urban style – as an incredible asset. And as Victoria's dedicated tourism agency, we're inspired to promote our state, to attract more visitors and create greater economic opportunities for our partners. Our work encourages Australia, and the rest of the world, to experience everything Victoria has to offer.



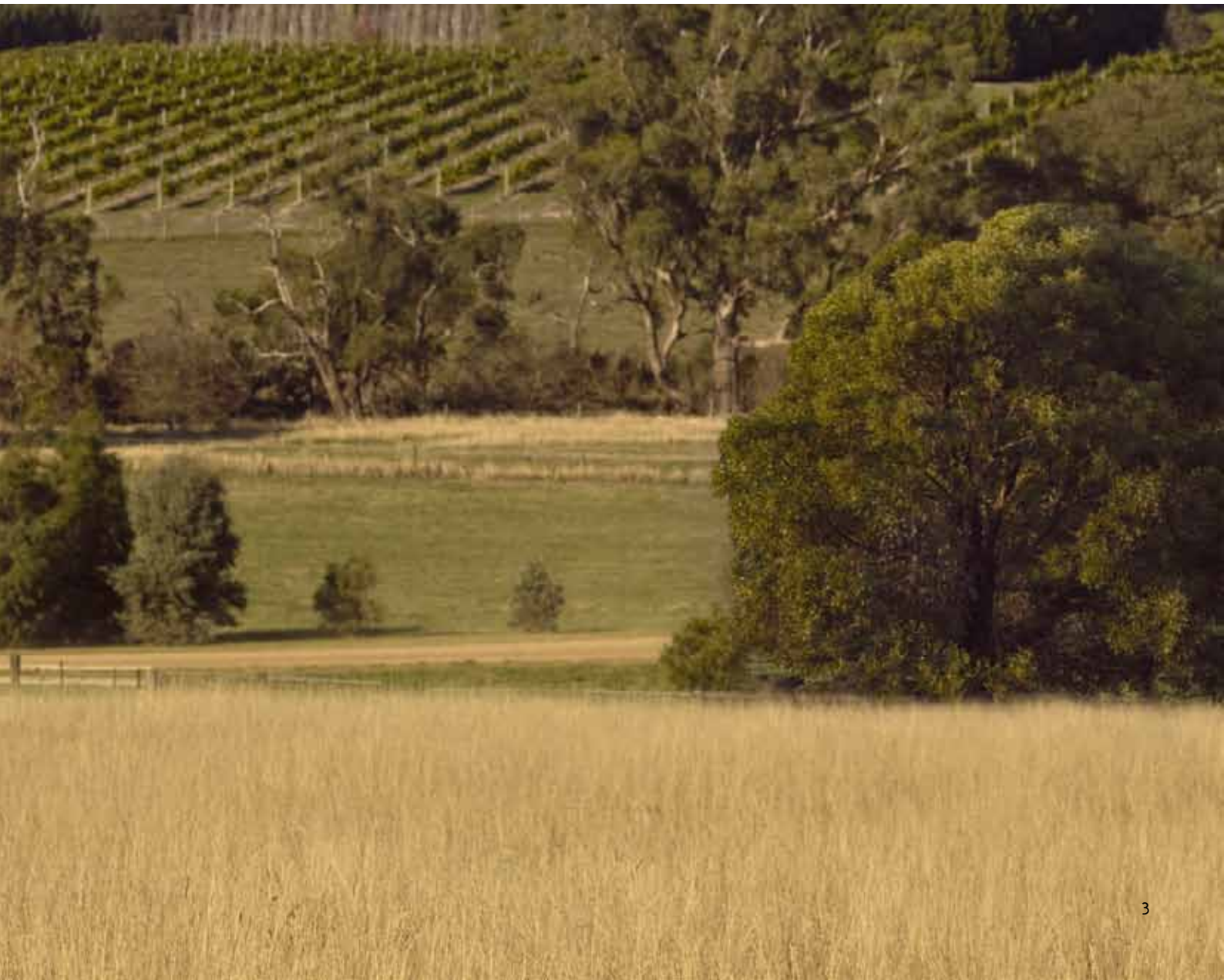


OUR PROFILE

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 current State Government policies as they relate to tourism development in Victoria and contribute to whole of government programs and policy implementation.



OUR COMMITMENT

As industry's partner, we're inspired to develop local and global market potential for Victoria's tourism assets. As part of the Victorian Government, we're working with industry to deliver growth.



To deliver on our promise of growth, we work under the Tourism Victoria Board, which is made up of 10 experienced industry representatives, who focus our business activity on four action goals:

MARKETING

As Australia's culture capital, we're promoting Victoria's rich urban and regional experiences with campaigns reflective of our compact diversity. Ensuring Victoria is a distinctive and competitive tourist destination, we drive visitation, boost expenditure and extend length of stay.

LEADERSHIP

With a view of Victoria's tourism sector, we direct resources to drive cross promotional opportunities, deliver frameworks for improved product and professional standards, and open the door to new markets.

INDUSTRY INVESTMENT & AVIATION

With seed investment and deep industry knowledge, we identify and facilitate new opportunities to support the development of viable, high quality tourism assets, attracting ongoing visitation.

MANAGEMENT

With the commercial insight of our Board, we work to the highest public and private sector principles to maximise resources and funding support to partners.



HIGHLIGHTS

▲ 16.1%

International visitor nights increased
16.1 per cent to 35.8 million nights

▣ 29%

Victoria continued to record its highest ever market share for international visitors — 29 per cent



HIGHLIGHTS

\$3.6b

International overnight visitor spending increased by 13 per cent to reach \$3.6 billion

▲ 40.8%

Chinese visitor nights increased by 40.8 per cent

\$3.7b

Spending by interstate overnight visitors increased to \$3.7 billion



HIGHLIGHTS

Melbourne continues to be
Australia's most lucrative
tourism city

\$281m

Domestic overnight visitors
spent \$281 million more
in Melbourne than in Sydney



Melbourne's newest icon the \$1.4 billion 6 Star Green Star Convention and Exhibition Centre opened



CHAIRMAN'S REPORT

Victoria has maintained its position as a leading international tourism destination, underpinned by the state's compact diversity and compelling offer of natural attractions, unique cultural and urban experiences and unparalleled program of events.

Working across its network of international offices and in collaboration with government and the broader tourism industry, Tourism Victoria continues to engage and support regional tourism committees, operators and industry stakeholders to raise visitation, yield and visitor dispersal throughout the state. Three years into the *10 Year Tourism and Major Events Strategy* the industry remains on track to realise the Victorian Government's ambitious vision to grow the sector into an \$18 billion industry employing 225,000 people by 2016.

Since last year the tourism industry's contribution to the Victorian economy has risen by more than \$4 billion, a feat also reflected in higher expenditure by domestic and international visitors. The industry now commands an economic impact of \$15.1 billion a year while generating 180,000 jobs across Melbourne and regional Victoria. Despite its major contribution to the economy, the tourism industry has been stifled by unprecedented external challenges including global economic pressures, shifting consumption patterns, swine flu and the February bushfires. Yet, in the face of fire, disease and economic volatility, the Victorian tourism industry is showing resilience.

While most other Australian states saw a downturn in tourism, Victoria experienced a growth in interstate overnight visitors to overtake Queensland as the second most visited state by domestic travellers. Victoria's share of international visitors to Australia remained strong at 29 per cent, the equal highest market share ever recorded for the state. In encouraging signs for the industry, the latest figures also show international overnight visitors are staying for longer and spending at record levels.

Coupled with this growth a range of opportunities for future development emerged during the year.

With a focus on strengthening the appeal of regional tourism assets, Tourism Victoria worked with industry to launch and implement the *Regional Tourism Action Plan 2009–2012* in December 2008. The three-year plan provides a clear direction to improve the sustainability of Victoria's regional tourism industry, outlining priority projects and responses to present-day challenges.

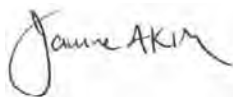
A highlight of the year saw Tourism Victoria host the annual Australian Tourism Exchange in June 2009. Held at the landmark new \$1.4 million

Melbourne Convention and Exhibition Centre, the forum was a distinct platform to showcase Victorian products and communicate our brand to influential overseas buyers. Among the diverse spread of exhibitors it was particularly encouraging to see Victoria's bushfire affected regions prominently represented, reinforcing the message that they are 'open for business'.

Tourism Victoria's ongoing commitment to increasing the state's international air services capacity and direct dialogue with aviation partners produced significant economic wins highlighted by additional airline carriers, routes and more international arrivals. Improved air access will be a key to future tourism growth, as earmarked in the *10 Year Tourism and Major Events Strategy* and a sector that we will continue to invest in and watch with great anticipation.

As we work together to drive more people into Victoria, robust industry performance will be measured by our ability to keep people coming back. Given the increasing competitiveness of the global tourism industry, the capacity to compete – now and in the future – will depend on an ability to consistently deliver quality tourism experiences. With this in mind, Tourism Victoria remains ready to help the industry meet visitor expectations and to tackle challenges head on.

It has been a pleasure and an honour to work with a dedicated team, professional and committed State Government and resilient industry. I strongly believe that the Victorian tourism industry can withstand the challenges it faces and work towards another year of optimism, prosperity and new opportunities.



Dr Janine Kirk AM
Chairman



CHIEF EXECUTIVE'S REPORT

Victoria's tourism industry is operating in a climate influenced by a global economic downturn and the impact of the devastating February bushfires and swine flu. Tourism operators across the state have been doing it tough. Despite these challenges, the Victorian tourism industry is showing its resilience.

Visitor growth has been positive and above the national average. We saw an increase in international visitors, an increase in expenditure and an increase in the average length of stay. Australian tourists continue to spend more in Melbourne than any other capital city. That we are growing in the face of the global economic downturn says much about Victoria as a tourism destination.

With 70 per cent of Victoria's tourism growth over the next decade forecast to come from international markets, we confirmed Melbourne's position as a leading gateway city to Australia securing new aviation services. Victoria now boasts an additional 30 direct international flights to Melbourne per week seeing significant seat capacity and passenger growth.

We welcomed a string of major new developments, such as the Mantra Tullamarine, Hilton South Wharf, and the refurbishment of the Grand Hyatt and Intercontinental Melbourne The Rialto Hotel. Our important recent investment, the Melbourne Convention and Exhibition Centre will inject around \$200 million a year into our economy for the next 25 years and further strengthen Melbourne's reputation as a leading international destination for business tourism. In these challenging economic times, these investments are a vote of confidence in the future of Victoria's \$15 billion tourism industry.

Victoria hosted the Southern Hemisphere's largest travel trade show – Australian Tourism Exchange 2009. The event attracted representatives from around 40 countries, coming from nearly 600 companies and saw the promotion of 80 world-class Victorian companies. The exchange injected an estimated \$10 million into the Victorian economy while delegates experienced first-hand our many strengths as a tourism destination.

New strategy development will play a major role in the growth of Victoria's tourism industry. We launched our *Regional Tourism Action Plan 2009–2012* to underpin our *10 Year Tourism and Events Industry Strategy*. The plan articulates state-wide initiatives and clearly outlines a number of priority projects. In a competitive environment it is imperative that our regional offerings are distinct and tailored to meet the needs of the destination and visitors. With our strategies providing a framework for the tourism industry into the future and support from the State Government, I believe we are well placed to maintain our position in this highly competitive marketplace.

I would like to thank the Chairman Janine Kirk, members of Tourism Victoria's Board and the Minister for Tourism and Major Events Tim Holding for their ongoing support and leadership.

I would like to acknowledge Secretary Howard Ronaldson, and the Tourism Victoria team for their ongoing hard work and commitment in a year of many challenges.



Gregory Hywood
Chief Executive



OUR BOARD

Our Board is responsible for good governance and providing strategic direction for Tourism Victoria.

The Tourism Victoria Board consists of 10 members, appointed in accordance with the Tourism Victoria Act.



DR JANINE KIRK AM
CHAIRMAN



PAMELA CATTY
DEPUTY CHAIR



JANELLE BOYNTON



GEOFFREY CONAGHAN



BRIAN COOK

Janine Kirk is a Partner at Ernst & Young. Prior to this, she was the Chief Executive Officer of the Committee for Melbourne, and Chairman of the Melbourne Convention and Visitors Bureau. Dr Kirk was awarded an AM in the Queen's Birthday Honours List in 2006 for services to the city of Melbourne. She first served on the Tourism Victoria Board in October 2007 and was appointed Chairman in August 2008.

Pamela Catty was the Group General Manager of Corporate Affairs at Coles Myer Ltd until November 2007. Ms Catty is a graduate of the Australian Institute of Company Directors. She was appointed to our Board in April 2000 and is the Chair of our Corporate Governance and Audit Committee.

Janelle Boynton is the co-owner of Boynton's Feathertop Winery, Porepunkah. Janelle has been active in the promotion of the food and wine industry in Victoria, serving as a member of the Victorian Food and Wine Tourism Council and as Chair of the North East Valleys Food and Wine Group. Janelle Boynton was appointed to our Board in August 2008.

Geoffrey Conaghan was, until April 2009, Melbourne Airport's General Manager of Corporate Affairs and International Airlines, responsible for corporate and community image, media, tourism relationships and international air services growth. Mr Conaghan was first appointed to our Board in 1998 and is a member of the Corporate Governance and Audit Committee.

Brian Cook is Chief Executive of the Geelong Football Club, and one of Australia's most respected sporting administrators. During his tenure at Geelong, Mr Cook has overseen the restoration of club finances, and an overhaul of business operations and club branding. In 2007, Geelong's premiership-winning year, Mr Cook was named Australian Sports Administrator of the Year by the Confederation of Australian Sport. He was appointed to our Board in May 2008.

The Tourism Victoria Board met on eight occasions in 2008–09, with three of those meetings held in regional Victoria – in Bendigo, Beechworth and the Mornington Peninsula.



PENNY HUTCHINSON

JOHN MITCHELL

GREG SWORD

BEE HO TEOW

ALLA WOLF-TASKER AM

Penny Hutchinson is the Director of Arts Victoria. Before joining Arts Victoria, Ms Hutchinson was a partner with BDO Nelson Parkhill Chartered Accountants from 1995-2000. Ms Hutchinson was appointed to our Board in October 2007. She is a member of our Corporate Governance and Audit Committee.

John Mitchell is the owner and Managing Director of Montalto Vineyard and Olive Grove at Red Hill. Chairman of Mornington Peninsula Tourism for four years until 2008, Mr Mitchell also holds substantial commercial business expertise having previously worked across Australia, North America and the United Kingdom in senior management roles with Nabisco Brands. Mr Mitchell was appointed to our Board in October 2007.

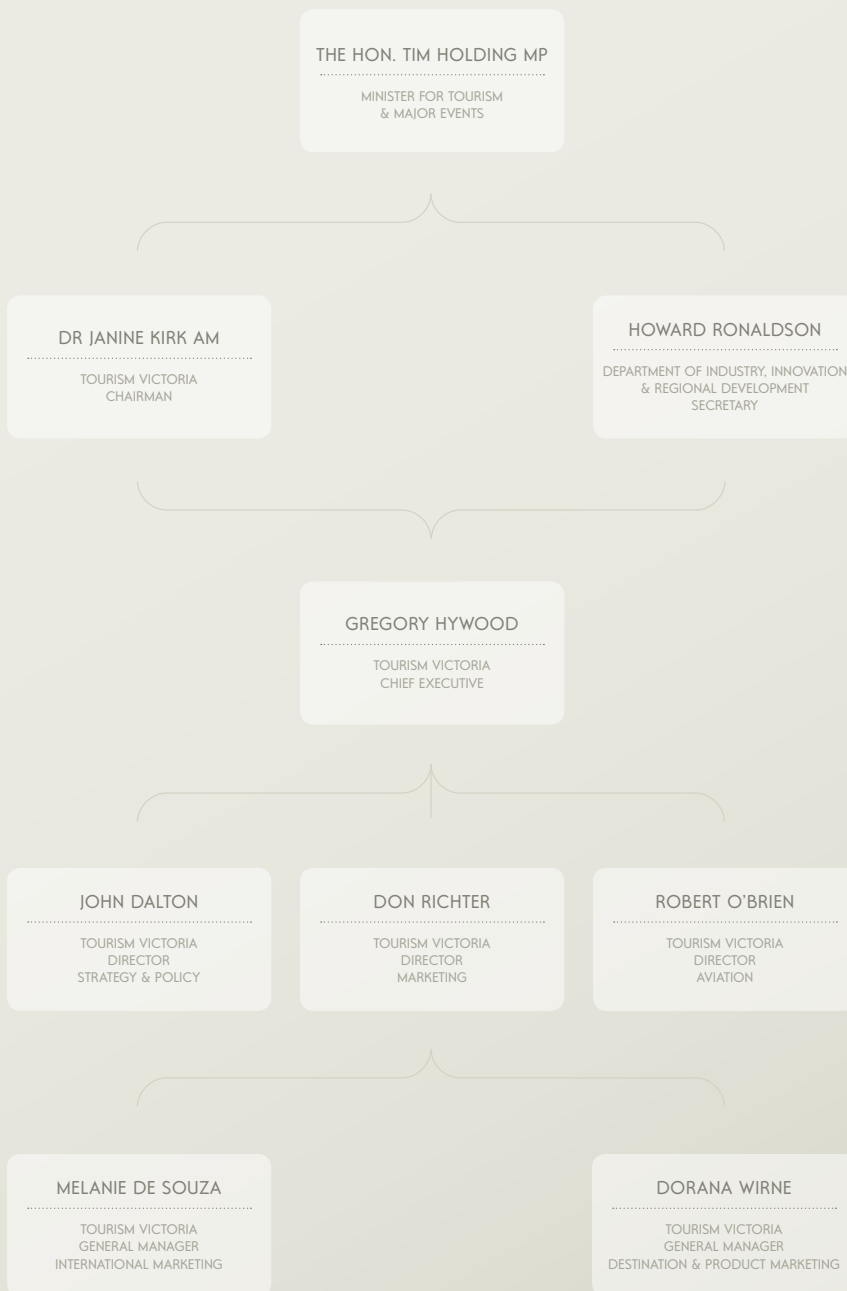
Greg Sword is Chief Executive Officer of the Labour Union Cooperative Retirement Superannuation Fund and Chairman of Melbourne's St Vincent's Public Hospital. In acknowledgement of his dedication to the Australian labour movement, he was awarded Lifetime Recognition for Exceptional Services to the Victorian Manufacturing Industry. He was appointed to our Board in July 2004 and is a member of our Corporate Governance and Audit Committee.

Bee Ho Teow is the Chief Operations Officer of Australian Tours Management Pty Ltd, a member of the Victorian Tourism Awards Hall of Fame and a winner of the Australian National Tourism Award. She first served on our Board from 1995 to 1997 and was reappointed in 2000.

Alla Wolf-Tasker is the Managing Director and Executive Chef of the Lake House Restaurant and Boutique Hotel. A founding member of the Daylesford and Macedon Ranges Regional Campaign Committee, she is also a member of the Melbourne Food and Wine Tourism Council, and Chair of Daylesford Macedon Produce. Amongst many professional accolades, Ms Wolf-Tasker was awarded an AM for more than 20 years of service to the hospitality and tourism industries. She was appointed to our Board in 2001.

OUR TEAM

The Executive Management team is accountable for line management, strategic direction, key organisational functions and the delivery of business activity as outlined in Our commitment.



GREGORY HYWOOD
CHIEF EXECUTIVE

Gregory Hywood is one of the country's most experienced communications industry executives, having managed three of Australia's leading newspapers following a distinguished career in journalism.

Before joining our team in June 2006, Gregory was Executive Director, Policy and Cabinet with the Victorian Government's Department of Premier and Cabinet.



DON RICHTER
DIRECTOR
MARKETING

JOHN DALTON
DIRECTOR
STRATEGY & POLICY

ROBERT O'BRIEN
DIRECTOR
AVIATION

MELANIE DE SOUZA
GENERAL MANAGER
INTERNATIONAL MARKETING

DORANA WIRNE
GENERAL MANAGER
DESTINATION & PRODUCT MARKETING

Don Richter has overseen our marketing for the past 16 years and is responsible for the rollout of our award-winning *Jigsaw* campaign. He is passionate about online marketing and is currently Chairman of the National Online Strategy Committee and the Australian Tourism Data Warehouse.

He has degrees in Electronic Engineering and Philosophy and a Master of Business Administration. Don was awarded the Australian Marketing Institute's Marketer of the Year award in 2005.

With a background in investment, trade, industry and regional policy issues, John Dalton joined the organisation in July 2007 as Director, Strategy and Policy to provide expert policy advice on issues affecting Victoria's tourism and events industry.

John has extensive experience working across the Victorian Government and has also worked in the fields of industrial relations and economic development.

Robert O'Brien's extensive experience in the aviation field includes 22 years with Ansett where he held senior roles in sales, operations and in-flight services including General Manager Victoria and Tasmania.

He has also held positions in the regional and general aviation industry and worked in senior management with Australian Pacific Airports Corporation, the owners of Melbourne Airport. Robert joined our organisation in September 2008.

Melanie de Souza oversees our International Marketing division which includes offices across six key international regions and a Melbourne-based team.

Before joining the team Melanie worked for the Oberoi Group of Hotels both in India and in Australia in regional sales and marketing roles. She has a BA (Hons) in Economics and an MBA.

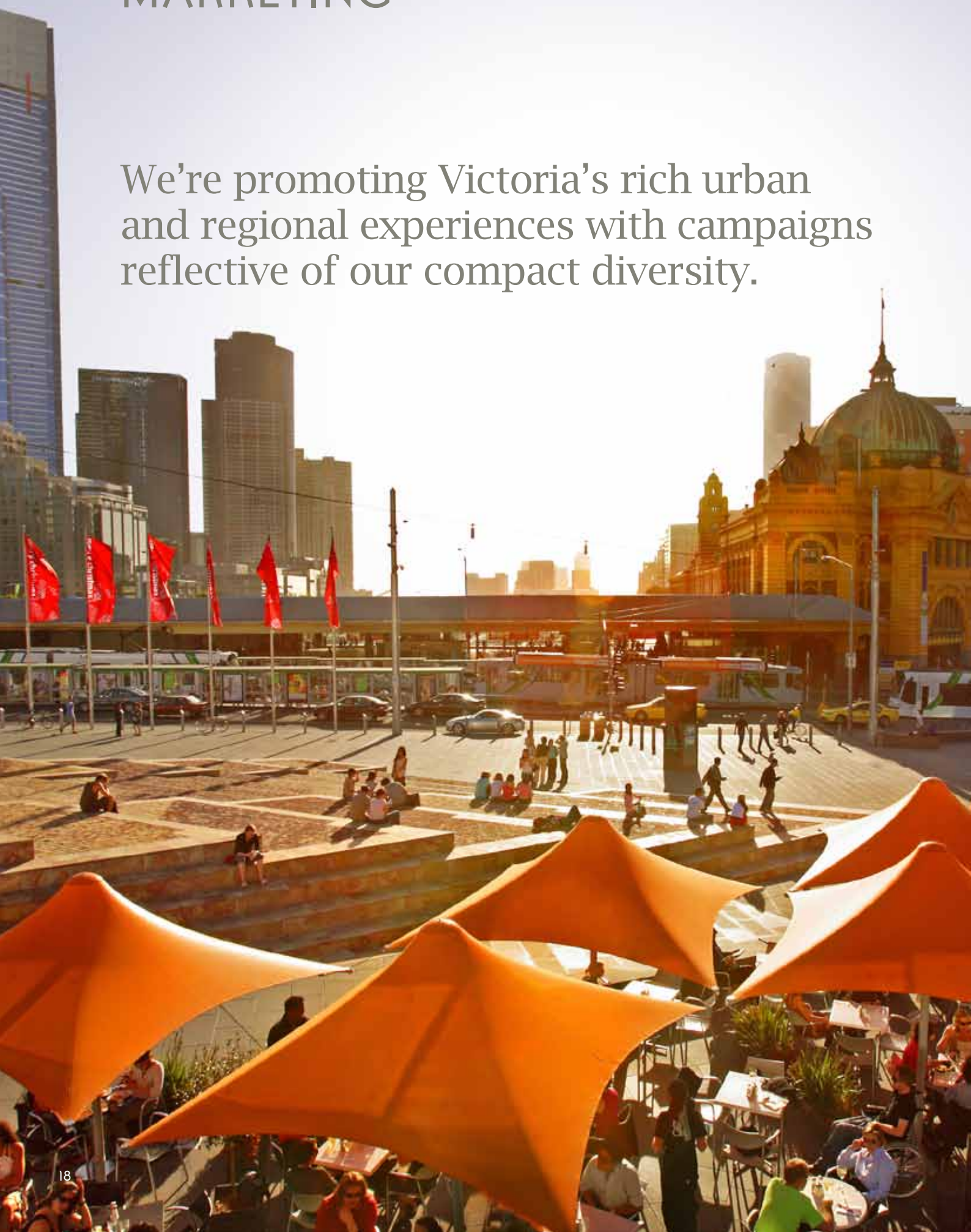
Dorana Wirne is responsible for the brand, product, event and domestic marketing of Tourism Victoria, which includes the management and development of the *It's Easy to Lose Yourself in Melbourne* campaign.

She also manages the relationship with our advertising and media buying agencies, as well as our cooperative marketing partnerships with industry and the national travel trade.

Dorana has degrees in Arts, Social Work and Business Administration. She joined our team in 1989.

MARKETING

We're promoting Victoria's rich urban and regional experiences with campaigns reflective of our compact diversity.





DOMESTIC MARKETING

We supported industry recovery following the devastating Black Saturday bushfires through the *Amazing as Always* campaign

INTERNATIONAL MARKETING

Victoria continued to record significant increases in visitors from China (12.2%) and the emerging markets of India (24.1%) and Malaysia (11.1%) – well above the national average and our key competitors

PRODUCT MARKETING

We leveraged more than \$1.4 million in funding from trade partnerships to support domestic marketing campaigns throughout the year

MELBOURNE MARKETING

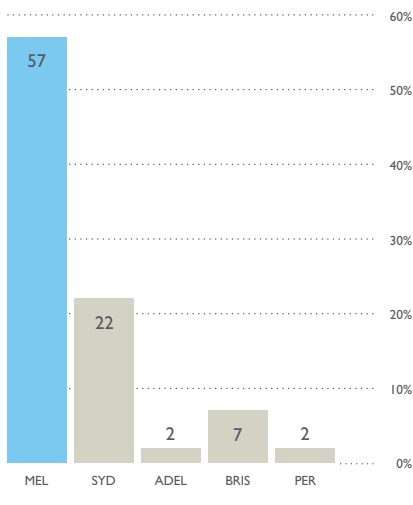
We promote Melbourne's depth, diversity and difference by highlighting the city's precincts, people, arcades and laneways, boutiques, galleries, fine food and wine, arts, culture and architecture.

Three years on from its launch our *It's Easy to Lose Yourself in Melbourne* campaign is still turning heads and having a positive impact on Victoria's tourism industry.

In a first for major Melbourne brand promotions the campaign has successfully integrated television, cinema, magazine, newspaper, online, and public relations activities. We also worked with key travel industry partners to deliver travel industry marketing activities and special offers across Australia and New Zealand. The campaign builds on the city's current brand reputation as stylish, sophisticated and romantic, by adding the attribute of creativity to further differentiate Melbourne from Sydney.

Underpinned by the promotion of a series of signature experiences – Luxury and Indulgence; Cultural Discovery; Cool Hunting; Fashion and Fun; and Relax and Rejuvenate – we encourage visitors to discover the city's hidden secrets themselves.

BRAND HEALTH
AUSTRALIA'S BEST SHOPPING CITY
YEAR ENDED JULY 2009



In the annual *Brand Health Survey* Melbourne continues to be the leading city recognised for shopping.

We continue to roll out our award-winning *It's Easy to Lose Yourself in Melbourne* campaign

Domestic results from recent years indicate that Melbourne is now outpacing Sydney as the number one Australian destination. From our 2009 *Brand Health Survey*, Melbourne continues to be perceived by Australians as the leading city for style and romance, interesting cafes, bars and nightlife, theatre, quality food experiences and world class restaurants, shopping and major international sporting and cultural events.

In terms of domestic yield, Melbourne attracted \$281 million more than Sydney from domestic overnight tourism expenditure for the year ending March 2009. Since March 2003, we have been attracting overnight visitors to Melbourne at an average growth rate of 0.4 per cent each year, outperforming both Sydney (-2.3 per cent) and the Gold Coast (-1.8 per cent).





.....

In highlighting the city as a must-see winter holiday option, we've fostered solid consumer acceptance and strong support from Melbourne tourism operators

.....

LOSE YOURSELF IN MELBOURNE'S WICKED WINTER

We continue to showcase Melbourne's diverse blend of activities and attractions during the cooler months. Through the *It's Easy to Lose Yourself in Melbourne* campaign we work closely with wholesale partners and the accommodation sector to add a unique wintry element to promotional activities. We did this again in 2008 by highlighting Melbourne's abundance of creative and cultural offerings in winter:

Our 2008 winter campaign kicked off with the blockbuster Broadway musical, *WICKED*. The show provided a major tourism boost to Melbourne during its 13-month long season with more than 20 per cent of theatre-goers coming from interstate or overseas, including a strong influx from New South Wales and New Zealand. The *Melbourne Winter Masterpieces* series also returned to the National Gallery of Victoria with *Art Deco: 1910–1939*, proving to be one of the gallery's most successful exhibitions to date.

We generated consumer awareness of blockbuster events through strategically placed media advertisements and public relations activities. Our marketing and PR strategy included:

Television – *It's Easy to Lose Yourself in Melbourne* television commercials broadcast in Sydney, Brisbane and Adelaide on Channels 7 and 9, and nationally on SBS.

National print advertising – A series of Melbourne, *WICKED* and *Melbourne Winter Masterpieces* print advertisements, including a 16-page *Melbourne in Winter* supplement in the *Good Weekend NSW*. An interstate and regional tactical press campaign with Destination Melbourne was also undertaken.

Online/Digital advertising – Targeted banner placements and links to visitvictoria.com were created to raise awareness of the *It's Easy to Lose Yourself in Melbourne* campaign and website. A dedicated campaign ran with *Total Travel* featuring Melbourne as the key sponsor destination. We also launched the

Insiders Guide to Melbourne, an innovative downloadable mobile application providing a seasonal snapshot of events and attractions.

Public relations – Media releases, events listings and editorial copy for mainstream and niche publications were developed and distributed. We also facilitated interstate trade and media launches, and travel and lifestyle media visits to profile winter highlights and signature themes of cultural discovery and cool hunting. Consumer promotions ran with national television programs and major magazines.

Our winter 2008 campaign again performed successfully achieving a strong return on investment. This was indicated by package and holiday sales, room nights sold, media exposure and click-through rates from online media placements and sponsorships.

REGIONAL MARKETING



The *Leave a little richer* campaign

We promote Victoria's regional experiences with campaigns reflective of our compact diversity. Ensuring Victoria is a distinctive and competitive destination, we drive visitation, boost expenditure and extend length of stay.

In partnership with the Regional Tourism Boards and campaign committees we developed and refreshed several regional brand campaigns during the year and extended some successful existing campaigns and initiatives.

To leverage off the Goldfields' collective strengths in culture, history and heritage and to maximise tourism visitation across the past year we developed a new *Leave a little richer* marketing campaign. The campaign captures the rich artistic culture of the region and the diverse range of activities and attractions on offer and also educates consumers on the new and contemporary products in the region.

Implemented in key interstate markets of South Australia and regional New South Wales the campaign targets families and older couples who are interested in food and wine; history and heritage and art and culture.

Featuring interstate print, radio and online advertising and public relations support the campaign ran until 30 July 2009.

The campaign was originally planned to be launched in January 2009 but was placed on hold following Black Saturday. We committed \$200,000 to develop the campaign and an additional \$500,000 was committed via the 2007–09 Regional Marketing Program including contributions from the City of Bendigo, the City of Ballarat and local tourism operators.

The *Leave a little richer* campaign won acclaim at the 2009 Melbourne Advertising and Design Club Awards winning the silver awards for Best Press Campaign and Best Photography Campaign, and a bronze for Best Art Direction.

Building on the success of Daylesford's *Live Happily Ever After* campaign, we worked with the regional campaign committee to develop an intrastate brand campaign extension to highlight the product strengths of the Macedon Ranges. The campaign showcases the key experiences of the region – villages, rejuvenation, natural attractions,



events and food and wine. Through the campaign we aim to raise intrastate awareness of the region; connect the Macedon Ranges with Daylesford; and profile the region's close proximity to Melbourne. Developed and implemented in partnership with Daylesford and Macedon Ranges Tourism Inc and key stakeholders in the region, the six-week campaign was launched in April 2009. The online focused campaign featured on leading websites including Herald Sun, The Age, Gourmet Traveller, Men's Health SBS, Women's Health and Bigpond.

We also collaborated with the campaign committee to continue the implementation of the *Live Happily Ever After* campaign. A key feature included a *Tasty Little Pocket Guide* sent to all *Delicious* subscribers based in New South Wales.

From May 2009 Yarra Valley and the Dandenong Ranges Marketing rolled out the famous Yarra Valley Run Rabbit Run advertisement in Melbourne metropolitan and key interstate markets of Sydney and Brisbane. The \$400,000 campaign featured online, television and cinema activity. In addition the Yarra Valley also launched a tactical winter campaign in 2009 which included executions in the press, radio and online mediums.



We recommended the Dandenongs *Visit Make Believe* brand activity in June 2009. The \$100,000 campaign saw print executions in press, including the *Herald Sun*, *The Age*, *Melbourne Magazine* and *Leader* newspapers across Melbourne.

To assist the Murray-based industry we are working with the campaign committee to implement a research project which investigates the effect drought has had on the region. This project also includes contributions from Tourism New South Wales, South Australia Tourism and Tourism Research Australia.

Victoria's touring routes provide a competitive strength in the State's tourism offerings. The promotion of touring via regional alliances has proved successful. Sydney Melbourne Touring, the Great Southern Tourism Route and Melbourne Southeast Touring all continue to market to western and eastern hemisphere markets through the training of trade and agents, online marketing, website development, media familiarisations, attendance at trade and consumer shows and media relations.

Regional Marketing Program

Victoria's regional tourism industry benefits from the strategic Regional Marketing Program that provides funding for regions to deliver integrated marketing



campaigns. The philosophy of the program is a partnership between the State Government, industry, regional campaign committees and local government to ensure integration of marketing campaigns and the maximisation of available funds. The two-year program provided \$6.5 million over 2007–2009 to Victoria's tourism campaign committees toward integrated brand campaigns and tactical marketing initiatives.

Our regional marketing team works directly with the regional campaign committees to provide advice on the development and implementation of the region's marketing plans and campaigns.

To bolster the tourism sector in the Murray a new *Murray Holiday Planner* was launched by the local campaign committee. This is the first guide of its kind in a decade and allows for the Murray region's tourism industry to be promoted as a whole.

Together with industry the second phase of the Grampians *Space to Breathe* campaign was implemented with a tactical winter Stay, Taste and Play burst, featuring over 30 local operators.

REGIONAL MARKETING



Gippsland also chose to focus on winter activity with brand advertisements running in May and tactical campaigns running concurrently.

Victoria's High Country – *Adventures Happen* and Great Ocean Road – *Nature's Invigorating Journey* campaigns were also implemented during the year.

The Mornington Peninsula food and wine commercial appeared on SBS television in the lucrative Sydney market; on subscription television nationally and in cinemas in Sydney and Brisbane.

For Phillip Island the focus across the year was working with the region on a combined public relations strategy. Along with this activity the Phillip Island *Real Entertainment* campaign continued to be rolled out across the year.

To highlight the unique and intimate offerings of regional Victoria we produced destination-based videos for visitvictoria.com and local regional sites. The 90-second vignettes were completed for Geelong, Queenscliff, Port Fairy, Port Campbell, Warrambool, Benalla, Beechworth, Yarrawonga and Phillip Island.

Phase 9

Across the year we undertook the development of a major new interstate advertising campaign highlighting the village of Daylesford and Victoria's competitive strengths in spa and wellbeing. The campaign will seek to build interstate awareness of Daylesford as a village dedicated to your wellbeing while also providing a state-wide platform to promote the villages of Victoria. This next phase of the *Jigsaw* campaign will focus on promoting Victoria's offerings to the ageing Baby Boomer market as they move toward a greater focus on their own health and wellbeing. The campaign, to be launched in August 2009, will hero Daylesford and provide opportunities for the broader Daylesford and the Macedon Ranges region. This activity will be supported a villages of Victoria marketing initiative which will highlight the unique personalities of the State's village destinations and a spa and wellbeing project that will promote the spa and wellbeing products of Victoria's regions.





BUSHFIRE RESPONSE & RECOVERY

The devastating February bushfires saw 78 Victorian towns impacted by fire; 400,000 hectares of land burnt; 460 kilometres of roads damaged and 100 tourism businesses suffering from direct fire damage. Even regions that didn't burn suffered through a downturn in visitor numbers.

In response we activated the Tourism Victoria Crisis Response Plan and established the State-wide Bushfire Tourism Response and Recovery Committee which included industry representatives from bushfire affected regions, Tourism Alliance Victoria, Parks Victoria and government departments.

With major fire fronts in the Yarra Valley, Gippsland, Daylesford and Macedon Ranges and Victoria's High Country, Regional Tourism Response and Recovery Committees were established in each of these regions. A combined effort by the regional response groups and our committee saw the coordination of industry recovery plans. We continue to provide ongoing support to the strategy implementation.

The Commonwealth and State Governments jointly funded a \$10 million Victorian Bushfire Tourism Industry Support Package. It consisted

of \$6 million for marketing to promote visitation to economically-affected areas; \$1 million to bring forward postponed events and marketing of existing events and \$3 million for tourism and visitor facility infrastructure in national, state and regional parks.

An immediate priority was working with industry colleagues to restore tourism to regional Victoria. On behalf of the state-wide and regional committees we implemented our multi-pronged response and recovery plan. The three main components of the immediate activity was a consumer campaign targeting the intrastate market, public relations activities and a corporate campaign.

The *Victoria. Amazing as Always* consumer advertising campaign communicated that tourist towns, villages and parks that were once again open for business. This state-wide campaign included live radio advertisements on major radio networks and premium advertising placements in the *Herald Sun*. In the lead up to Easter further marketing was rolled out to support and promote major regional events.

Public relations activities were a major driver generating positive media coverage and dispelling negative perceptions of the regions

in both the intrastate and interstate markets. To highlight the first class offerings in the regions we sponsored three live weather crosses on Channel Nine's national program – *The Today Show*.

A corporate *We're Open for Business Events* campaign urged businesses and government agencies to hold conferences, seminars, business events and retreats in bushfire affected regions. The business events market was targeted through a print, online and radio campaign which highlighted the many convention and meeting facilities available in affected regions.

The campaigns had an immediate impact with operators reporting a bumper Easter. Regional Victoria experienced significant visitor numbers, strong expenditure and low vacancies over the four-day long weekend.

In addition to this initial activity funding was provided to the regions for campaign activity for Victoria's High Country, Gippsland, Yarra Valley and Dandenong Ranges, Goldfields, Grampians and Daylesford and the Macedon Ranges. The industry is showing resilience and our regional marketing team continue to assist the regions as the roll out their respective recovery plans.

PRODUCT MARKETING

We work in partnership with industry to develop tourism experiences for Melbourne and Victoria and promote our distinct tourism assets to the world.

Unique products provide our industry with a clear competitive advantage. Through them we distinguish ourselves from other destinations and impart memorable travel experiences that will resonate with our visitors long after they have left.

That's why we encourage collaboration between our industry colleagues to form strategies and segment campaigns that continue to promote our state's distinct – yet broad – appeal.

ABORIGINAL TOURISM

During the 2008–09 financial year we produced a series of five *Identities* short films which profiled 11 of Victoria's leading Indigenous personalities.

The films were created to meet growing domestic and international demand from visitors wanting to engage with locals. The films shared personal stories and insights of the people and their connection to the land and local history, with footage aired

on Qantas Inflight, at Federation Square and available on visitvictoria.com.

Sixteen Victorian Aboriginal businesses were featured in the third edition of the *National Indigenous Tourism Product Manual* which was launched at the Australian Tourism Exchange in Melbourne. The manual showcases export and market-ready businesses that are Aboriginal owned and/or operated.

Another highlight of the year saw us assist two Aboriginal tourism businesses attend the USA Roadshow in 2009. Aden Ridgeway, representing Tourism Australia, led a delegation of Aboriginal tourism operators and performers throughout the USA and Canada to engage in a series of trade, media and consumer workshops to promote Aboriginal tourism experiences.

ALPINE

We continue to work with the Alpine Resorts Coordinating Council (ARCC) and the Board for Alpine Resorts Tourism (BART) to increase visitation to Victoria's resorts, alpine valleys and villages across all four seasons.

To identify and diversify products, infrastructure priorities and recreational facilities for Victorian resorts, BART commissioned a *Non-winter Nature-based Tourism Destination Development Study for the Alpine Resorts*. The study sets out a vision for 'four season, vibrant, sustainable resorts' under the Victorian Government's *Alpine Resorts 2020 Strategy*.

In 2008, we continued to roll out the highly successful *Victoria's Snowfields. Never Come Down* campaign. Using print and online advertising we targeted regular skiers in primary interstate markets, including Queensland and Western Australia, and secondary markets, including New South Wales and South Australia. To generate further interest in Victoria's alpine resorts we developed cooperative trade marketing, public relations and online strategies.

BART also implemented an international marketing strategy to further extend its reach in key international markets of Singapore, Malaysia, India and the Gulf.



Budj Bim National Heritage Landscape. Photo: Robert Blackburn

To grow the new ski market BART continued the Victorian *Grade 5 Ski Free Pass* for the 2009 ski season. This entitled Grade Five students to one free lift ticket or snow play pass with the purchase of an adult lift ticket or ski lesson for the same day.

The pass was valid at five Victorian alpine resorts – Falls Creek, Lake Mountain, Mount Baw Baw, Mount Buller/Mount Stirling and Mount Hotham – and was co-branded with the State Government's *Go For Your Life* campaign.

This year's activity resulted in an excellent 2008 snow season for Victoria's alpine resorts attracting 690,836 visitors over 1,371,225 visitor days. Significantly, visitation increased by nine per cent and visitor days were 12 per cent above the 10-year average from 1997 to 2008.

ARTS & CULTURAL HERITAGE

Melbourne Winter Masterpieces has changed the face of winter. It has proven to be a major drawcard for tourists since 2004 and has attracted 1.6 million people with almost 25 per cent from interstate or overseas. The fifth instalment *Art Deco 1910–1939* opened in June 2008 at the National Gallery of Victoria. The exhibition was the most comprehensive collection of Art Deco design ever to be presented in Australia. Comprising more than 330 major works from London's famed Victoria and Albert Museum, as well as public and private collections around the world. To capitalise on the exclusive exhibition we undertook cooperative marketing interstate and in New Zealand. *Art Deco 1910–1939* proved to be one of the National Gallery of Victoria's most successful exhibitions to date drawing 240,751 visitors over 14 weeks and yielding an economic impact of \$15.1 million. More than 27 per cent of attendees were from interstate or overseas.



Top: *A Day in Pompeii* © Soprintendenza Speciale per i Beni Archeologici di Napoli e Pompeii
Above: Salvador Dali, *Liquid Desire*. Above right: *Art Deco 1910–1939*.

In 2008 Melbourne was named a UNESCO City of Literature

The next two chapters of *Melbourne Winter Masterpieces* were launched in June 2009, featuring blockbuster exhibitions, *Salvador Dalí: Liquid Desire* (13 June to 4 October 2009) at the National Gallery of Victoria and *A Day in Pompeii* (26 June to 25 October 2009), the first *Melbourne Winter Masterpieces* exhibition to be held at the Melbourne Museum. Marketing of this year's exhibitions in the key markets of Sydney, Brisbane, Adelaide and New Zealand commenced in May 2009. This activity was complemented by a Qantas Holidays tactical offer encouraging interstate visitors to see both exhibitions.

Following the success of *Lost & Found Volumes 1* and 2, we unveiled *Lost & Found Volume 3* in winter 2008. The publication targets creative opinion leaders and the culturally and socially aware through electronic direct mail and online advertising. In 2008–09 a *Lost & Found* mini-magazine was also produced and distributed to key interstate markets through Avant Cards. *Lost & Found* has been one of Tourism Victoria's most successful emarketing campaigns, generating a database in excess of 7,900 names and above average open and click-through rates.

PRODUCT MARKETING

CRUISE SHIPPING

Year-round, we collaborate with the Port of Melbourne Corporation and other shipping and tourism bodies to highlight Victoria as an ideal destination for cruise ships.

Over the recent 65-day season Victoria hosted 56 cruise ship visits, a 27 per cent increase on the number of ships that docked here in the previous season. We welcomed over 139,694 cruise passengers and crew to our shores, including eight turnaround visits by the Dawn Princess, 12 days of simultaneous visits by two ships and repeat stops from the 2600-berth Diamond Princess.

The annual number of cruise ships visiting Victorian ports is steadily increasing with consistent growth since the 1991–92 season when only 14 cruise liners visited Victoria.

In 2009 Princess Cruises ranked Melbourne as the best facility in the world to conduct turnarounds, reflecting the port's efficient operations, comfortable terminal facilities and free-flowing interaction between all stakeholders.



FOOD & WINE

During the year we released our ninth edition of the *Wine Regions of Victoria* guide. At 166 pages and with a print run of 120,000 copies, this publication is one of our key marketing tools for wine tourism. The guide remains Victoria's most popular and requested publication and is an indispensable call to action for food

afternoon program showcased the work of some of Victoria's most passionate primary producers.

The Mornington Peninsula episode aired in March on Channel 7 in Melbourne and regional affiliate station Prime Television. It featured local producers, a local brewery, butcher and stunning winery. The Gippsland episode aired in May, and took in some of the best produce in the region, including seafood, organic lamb and asparagus, and visits to a remote but coveted restaurant and an eel farm.

To help promote Victoria's dynamic culinary scene and bolster our online coverage we negotiated with *The Age* to feature *The Age Good Food Guide* hatted restaurants on visitvictoria.com.

Our new interstate food and wine campaign, which focuses on the strength and individuality of Victorian regional food and wine product, is currently being developed and will be released in late 2009.

GOLF

Acknowledging the economic value and community benefits of golf tourism we rolled out cooperative marketing campaigns for two key golf regions – the Mornington Peninsula and the Murray. These campaigns, utilising print and online mediums, showcased the regions' premium golf experiences.

A record 1.6 million people attended Melbourne Museum, Scienceworks and the Immigration Museum

In August 2008 we teamed up with the Port of Melbourne to host the 2008 Cruise Down Under Conference in Melbourne. The conference theme Cruise Shipping – Are We Delivering? included keynote addresses from top international cruise executives representing Princess Cruises, Carnival UK and Fred Olsen Line. Conference delegates from Australia and New Zealand included representatives from cruise lines, inbound tour operators, ports and tourism businesses.

and wine destinations. It is distributed through the Victorian Tourism Information Service and events such as the Good Food and Wine Shows in Melbourne and Sydney and the Federation Square Regional Showcases.

To tease the tastebuds of a national and international audience, in 2009 we sponsored two Victorian episodes of the successful television show *Mercurio's Menu*. The Mornington Peninsula and Gippsland episodes of the Saturday

After extensive industry consultation we finalised *Victoria's Golf Tourism Action Plan 2009–2012*. The new plan will be launched in the 2009–10 financial year. This is our second Golf Tourism Action Plan and follows the successful implementation of the previous strategy.

NATURE-BASED TOURISM

Victoria's pristine and diverse natural icons are the focus of *Victoria's Nature-based Tourism Strategy 2008–2012* which was launched in September 2008. This is the first major inter-agency strategy for nature-based tourism. The strategy was jointly funded and guided by Tourism Victoria, Parks Victoria and the Department of Sustainability and Environment.

The strategy aims to provide a coordinated and strategic approach to policy, planning, sustainable development and marketing of the nature-based tourism sector; and to optimise the economic, social and environmental benefits to our state, particularly regional Victoria.

Initial nature-based tourism expansion in Victoria will focus on well-known areas and attractions to capitalise on our existing strengths. The strategy identified five priority

areas in Victoria – the Great Ocean Road, Phillip Island, the Grampians, Gippsland and the High Country with major projects and activities planned for each region.

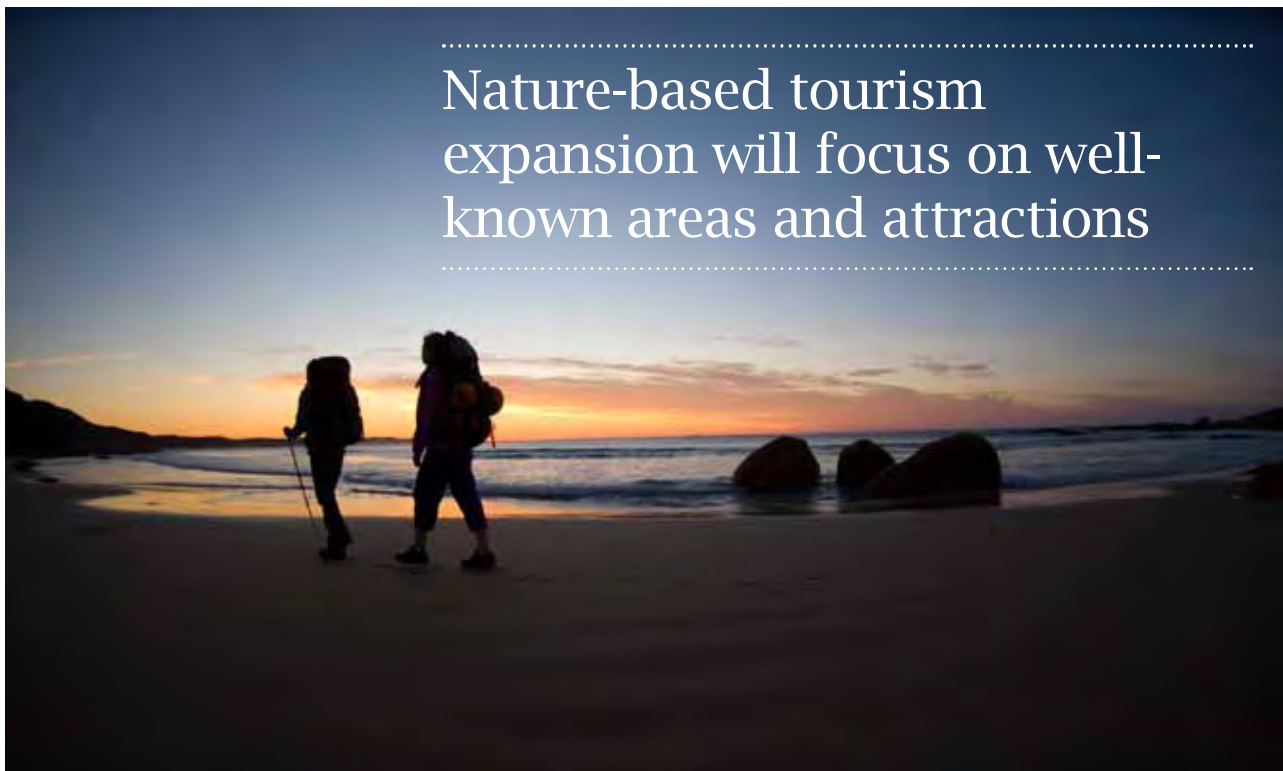
The strategy includes a three-year \$2.1 million joint marketing campaign for the Great Ocean Road region, bushwalking and the Great Ocean Walk as the respective hero destination, activity and product in the new nature-based campaign.

To facilitate nature-based tourism investment while maintaining the integrity of the natural environment, we reviewed the *Crown Land (Reserves) Act 1978* and the *Forests Act 1958*. The legislation increased maximum lease terms to 65 years and increase maximum licence terms for tour operators to 10 years.

Victoria's natural attractions are a feature of our brand campaigns for the High Country, Gippsland and the Grampians. In addition to this regional marketing we continued with a second adventure marketing campaign in September 2008. This \$70,000 burst of the campaign included print and online marketing to drive visitors to visitvictoria.com/adventure

A documentary on the Australian Alps National Landscape, produced and presented by travel industry personality Sorrel Wilby, was included in the January–March 2009 issue of *Australian Geographic*. The edition also promoted huts of the High Country and included a detailed map of the Australian Alps. The project was an initiative of Australian Alps National Landscape, Inc. which has regional and state representation across the Australian Alps. The DVD was part of the *Best of Australia* series which showcased leading natural landscapes around Australia. The program aired on Channel 9 in December 2008.

Nature-based tourism expansion will focus on well-known areas and attractions



PRODUCT MARKETING

WICKED was seen by more than 140,000 interstate and overseas visitors

THEATRE

Melbourne's reputation as the theatre capital of Australia was upheld with the Australian premieres of *WICKED the Musical*, *Guys and Dolls*, *Shane Warne the Musical* and *Avenue Q*. The city also hosted *Billy Elliot the Musical* and the *Rocky Horror Show* adding to its rich tapestry of cultural events. International blockbusters help draw a steady flow of interstate and international tourists during traditionally quieter months, ensuring hotels are occupied and visitors always have a range of activities to experience.

WICKED opened at the Regent Theatre in July 2008. With the tourism market being a key element of the overall marketing strategy for *WICKED* the production was publicised in all interstate markets and New Zealand.

The musical featured in a major tactical campaign with Qantas Holidays and other key trade partners, brand advertising, promotional activities and media and trade familiarisations. When the Melbourne season of *WICKED* closed on 9 August 2009, over 600,000 people will have seen the show, including more than 140,000 interstate and overseas visitors.

We also supported top Broadway musical *Billy Elliot*. Through targeted campaigns the 26-week season production was marketed to South Australia, Tasmania and regional Victoria. *Billy Elliot* went on to break all box office records at Her Majesty's Theatre, becoming the venue's most successful show ever in terms of weekly sales revenue.

We began marketing *Jersey Boys: the Story of Frankie Valli and the Four Seasons* in March 2009 involving interstate advertising with travel trade partners, trade incentives and consumer promotions.

Throughout the year we also promoted *Guys and Dolls*, *Avenue Q* and the *Rocky Horror Show*.

TRAVEL INDUSTRY & PARTNERSHIPS

Theatre remained a crucial selling point for the domestic travel industry for the 2008–09 financial year. *WICKED*, *Billy Elliot* and *Jersey Boys* all delivered strong results with theatre proving the decisive catalyst for consumer travel to Melbourne. Events were also a driving force in many of our campaigns with marketing activity designed to promote Football Federation Australia soccer matches, the Melbourne Food and Wine Festival, and the Spring Racing Carnival, just to name a few.

In partnership with domestic airline partners we delivered influential tactical campaigns nationally. We delivered a couple of campaigns with Tiger Airways which included outdoor billboard and print advertisements in South Australia



Australian Cast of *Jersey Boys*. Photo: Jeff Busby



Melbourne Theatre Company Theatre and Melbourne Recital Centre Photo: Peter Glenane Photography Major Projects Victoria 2009

and New South Wales. We also ran a Virgin Blue and Blue Holidays campaign to promote *Pay 2, Stay 3* accommodation offers in Melbourne, including a special offer with Hidden Secrets Tours over the winter period.

The messages from our *It's Easy to Lose Yourself in Melbourne* campaign, were reinforced in a fully integrated winter marketing program in 2009. A campaign highlight saw Qantas Holidays join with Tourism Victoria, the National Gallery of Victoria and Melbourne Museum for the first time to deliver *Melbourne Winter Masterpieces* travel packages for the interstate market. The packages offered entry to *A Day in Pompeii*, or *Salvador Dali: Liquid Desire* and a discounted combined ticket to both exhibitions.

We also negotiated a national Qantas Holidays campaign that combined Melbourne's key product attributes over the winter period. Entitled *Only in Melbourne*, the campaign emphasised Melbourne's position as a city for premiere events. A cross-section of media buying took place, including national television (subscription TV, Channel 7 and SBS),

metrolites, Qantas Inflight TV, newspaper, magazine and online advertisements. The campaign featured *Jersey Boys*, *WICKED*, *Billy Elliot*, *Melbourne Winter Masterpieces* and *Chicago*.

A number of regional campaigns ran throughout the period. This included Virgin Blue Rip Curl Pro; Virgin Blue High Country Food and Wine; Blue Holidays Falls Creek; Jetstar Great Ocean Road; Fly-drive campaigns with Virgin Blue and QantasLink and a Travepoint Great Southern Touring Route campaign.

Cooperative marketing campaigns with national travel industry partners across the year enabled Tourism Victoria to leverage more than \$1.4 million in funding from partners to support domestic partnership campaigns. In 2009, our domestic trade marketing team were finalists in the Best Tourist Office category at the prestigious National Travel Industry Awards.

Industry development is one of our key priorities to foster an innovative, competent and committed tourism workforce. Travel Academy, Australia's only independent industry training program for travel consultants and tourism students, was successfully launched in 2008–09. We supported the program by providing educational modules for students to learn about Victorian products and destinations.

INTERNATIONAL MARKETING

We're working to deliver on the global market potential for Victoria's tourism assets. With creative campaigns and strong partnerships we provide a platform for far reaching market exposure.

Our work has yielded an increase in international visitors, an increase in expenditure and an increase in the average length of stay. Our share of international visitors to Australia is at its highest level in 15 years, and the past year has seen visitor numbers and expenditure grow more than any other state. In fact, Victoria outperformed the national growth rate on all key international indicators.

TIER ONE

China

With Asia expected to be our primary source of international growth in future years, we continue to maximise opportunities to build awareness of Victoria as a destination.

In 2008 we welcomed 160,000 Chinese tourists to Melbourne, the second most popular city destination for Chinese visitors in Australia. China is one of Australia's fastest growing tourism markets

crowned the 'most popular ladies holiday destination' in a media poll by leading Chinese lifestyle magazine *Pin Wei* (circulation 430,000). The campaign was complemented with travel packages and consumer promotions with Melbourne cosmetics company Natio, and a media familiarisation which led to a 28-page media supplement in *Pin Wei*.

Targeted public relations provided significant exposure for Victoria, generating more than \$10 million AUD in publicity value. Our media activities centred on a quarterly media e-newsletter, monthly media releases and 13 media trips which saw 80 journalists visit Melbourne. We also capitalised on the Victorian Roadshow to China which was supported by 11 Victorian industry suppliers.

Our integrated *Across Australia* campaign was distributed to more than 370,000 people through the *World Traveller Magazine* network and via taxi television units, documentary television stations and television programs broadcast throughout greater Shanghai and Beijing train systems. This campaign ran in partnership with Tourism Australia, other state tourism

Working with Tourism Australia and VISA International we also launched the 2009 instalment of a decade-long *Australia Prefers VISA* consumer campaign targeting platinum VISA card holders. Nine Victorian operators are included in the campaign, which features travel experiences and unique offers to VISA's 500,000 Platinum and Infinite credit cardholders.

Strategic partnerships with key travel and portal sites such as sina.com and ctrip.com, coupled with search engine marketing helped our Chinese language variant website increase traffic by 93.6 per cent this year.

New Zealand

In its second year our *It's Easy to Lose Yourself in Melbourne* campaign was the key focus for brand activity. Highlights included print advertising in newspapers and magazines, online banner advertising, cinema and television advertisements.

To complement this brand activity, we ran a Red Thread competition in conjunction with the *Herald on Sunday* to promote Melbourne as a travel destination.

We engaged with the travel industry to stage the first annual New Zealand mega familiarisation in September 2008. Fifty-five New Zealand retail, wholesale and corporate travel agents travelled to Melbourne to engage with our local industry and learn more about Melbourne and Victoria's key regions. Two travel trade journalists also participated resulting in a feature article in the *NZ Travel Trade* showcasing Melbourne and Mildura.

United Kingdom

Over two weeks 2.5 million listeners on Absolute Radio's Breakfast Show were inspired to visit Victoria via Etihad Airways' new service to Melbourne. The campaign delivered a media value of over \$300,000 AUD. A corresponding competition attracted record entries via the station's Melbourne microsite and delivered over 400 Melbourne bookings to the TUI group, with a 25 per cent increase on average passenger spends for those bookings.

Melbourne was showcased to a television audience of 10 million Chinese viewers

and Victoria's third largest inbound market with arrivals increasing steadily.

We secured a Chinese film production company to produce a 30-episode TV drama, *Rich Dad Poor Dad*. The mini-series featured high profile Chinese actors and key Victorian tourism destinations. Reaching an audience of 10 million people the program aired on 12 different television stations across eight Chinese provinces.

Melbourne reaffirmed its reputation as a high end food and wine, shopping and spa destination when the city was

offices and 14 travel agent partners in Beijing and Shanghai.

Tourism Victoria has formed a partnership with China UnionPay, the largest credit card provider in China with over 1.8 billion cards in circulation. This partnership enables tourism businesses to promote their products to cardholders across China through joint marketing initiatives. The partnership will also make it easier for Chinese travellers to make withdrawals while visiting Victoria by increasing the recognition and acceptance of China UnionPay in the state.

To reinforce our successful 2008 *Discover the other Oz* partnership we again worked with the South Australian Tourism Commission, Tourism Northern Territory and Flight Centre UK on a new campaign. Using a dedicated microsite, direct mail activity and eMarketing the campaign saw more than 7,000 passengers book travel to Melbourne between September 2008 – April 2009. A corresponding 25 per cent increase in land bookings increased Victoria's market share of Flight Centre UK's Australia sales.

We also promoted *Discover the other Oz* with the Gold Medal Travel Group and their three brands: Gold Medal Travel, NetFlights and Pure Luxury. Marketing activity provided a broad audience reach incorporating tactical eMarketing activity, national newspaper advertising and trade press. Victoria's market share of passengers with the group grew 2 per cent with over 3,000 flights to Melbourne and an 11 per cent increase in room nights. A microsite will stay online for a further 12 months.

The raw natural beauty of the coastline between Melbourne and Sydney was highlighted in our *Sydney to Melbourne Coastal Drive* campaign. Partnered with Flight Centre UK, Singapore Airlines and Tourism New South Wales the promotion included a dedicated microsite and eNewsletter to over 150,000 Flight Centre clients, direct mail and distribution of a supplement in the *Mail on Saturday* alongside national press advertising and retail features.

The youth and working holiday market was targeted in an innovative campaign which saw three travellers employed for two week periods by the Melbourne Cricket Ground and Bright Brewery in the High Country. People followed the travellers' experiences on networking sites and travel blogs. The activity was delivered in partnership with STA Travel, Tiger Airways and Tourism Western Australia and promoted through STA Travel retail branches, newspaper advertising and eMarketing activity.



North America

Tourism Victoria, a key partner for Tourism Australia's *One Week Walkabout* targeted the West Coast short break traveller and aimed to change perceptions about travelling to Australia. The campaign generated sales of one-week vacations to the participating destinations – Melbourne, Sydney and Brisbane. Highlights included inserts into the *Los Angeles Times*, *Budget Travel* and *San Francisco Magazine*, as well as live television broadcasts on morning television programs in Los Angeles and San Francisco. This was supported by a dedicated campaign microsite on australia.com and banner advertisements on other travel websites.

Phillip Island's natural attractions were showcased on America's number one morning show, NBC's TODAY Show. An appearance on the show is the gold standard of media coverage reaching more than nine million people in North America. TODAY Show leading co-anchor Meredith Vieira visited various natural attractions at Phillip Island including the Penguin Parade and the Philip Island Koala Conservation Centre. The island featured as part of the *Ends of the Earth* series which focused on environmental issues.

TIER TWO

Germany

Working with industry partners we showcased Melbourne and Victoria in the German marketplace in a campaign with Munich radio station Radio Charivari. The promotion, in partnership with Etihad Airlines and Australia Plus (of the Best of Travel Group), included interviews on the station's travel show and an on-air competition to coincide with Etihad's inaugural flight to Melbourne.

We ran a Southern State campaign to capitalise on Germany's most popular travel magazine *Geo Saison*. Produced in conjunction with South Australia, New South Wales and DERTOUR, the 16-page supplement highlighted Victoria's touring routes. More than 200,000 copies were printed and additional copies were distributed through DERTOUR channels.

Working with Etihad and Explorer Fernreisen we ran an online competition themed *kopfstehen-in-melbourne* (meaning standing upside down). The website was promoted via banner advertising on *Abenteuer & Reisen*, *t-online*, *Australien-info.de*, *Marco Polo*, *fly-to-australia.com*, and a link from our German language website, which was supported by search engine marketing.

INTERNATIONAL MARKETING



AirAsia X Chief Executive Mr Azran Osman-Rani and team.

We generated \$720,000 in media coverage in the Indian marketplace

India

India's significant potential for market growth over the next decade is one of our biggest opportunities. To drive visitation to our state we generated \$720,000 in media coverage in the Indian marketplace via the activities of our locally based representatives.

In conjunction with Singapore Airlines we launched a new tactical campaign with attractive airfares to Melbourne. The phase one campaign was complemented with advertisements in high profile publications and online marketing placements. Working with Crown Towers and Crown Promenade we also introduced a highly successful pay for two nights, get the third night free promotion which generated 570 bookings during the promotion period.

To support destination coverage of Melbourne we worked with travel agency Kuoni to launch a four-page supplement in the *Economic Times*. This work was further bolstered by emarketing activities and tactical advertisements in *Mumbai Mirror* and *Delhi Times*.

Japan

Banner advertising on popular tennis website Tennis 365.net, linking to a custom-built microsite, drove visitation to one of Victoria's hallmark events, the Australian Open Tennis Championships. The initiative, delivered in partnership with Tennis Australia and Qantas Airways, saw licensed tour operators Qantas Holidays International and HIS welcome 380 Japanese visitors to Melbourne for the event.

Korea

The youth segment in Korea has been very active in overseas travel with working holiday makers now the second largest market for Australia.

In South Korea we developed an integrated campaign with popular social networking site, *Cyworld*. The campaign consisted of a consumer competition, familiarisation trip for selected bloggers and the production of a Melbourne travel guide booklet in Korean language. This campaign attracted over 300,000 visitors to *cyworld.com/tourismvic* over four months. We also launched a new

Korean website, targeting backpackers and working holiday makers, at backpackmelbourne.com/korea.

Malaysia

The launch of AirAsia X direct flights from Kuala Lumpur to Melbourne has seen the emergence of Malaysia as our most rapidly growing source of visitors. Victoria enjoys a one-third market share of Malaysian visitors to Australia, the largest of any state. We are working strategically with the Malaysian travel industry and airlines to increase visitation by 5.5 per cent each year, with a goal of reaching 82,000 visitors annually from Malaysia by 2017.

To capitalise on Melbourne's position as Australia's capital for fashion and sport we developed a high profile brand campaign with AirAsia X and upmarket Malaysian fashion brands, *Salabianca* and *Philosophy MEN*. Prominent retail displays and print advertisements were developed, while the campaign highlight was a fashion premiere in one of Kuala Lumpur's premier shopping malls, KLCC. Over 300 media and business representatives attended, resulting in extensive media coverage.

To coincide with low-cost airline AirAsia X's first flight to Victoria we supported a media familiarisation which generated more than \$394,000 AUD worth of media coverage across various Malaysian media outlets.

We again joined with AirAsia X to launch an *Autumn in Melbourne* campaign. The campaign commenced with a double-page advertorial in *The STAR* and an online component that focused on promoting AirAsia X's special fare of RM250 across key portals. The campaign coincided with *Travel 3Sixty's* (AirAsia X's in-flight magazine) May feature on Melbourne and the *Autumn in Melbourne* full-page brand advertisement.

To target first-time experienced seekers and repeat visitors we launched our *Best of Melbourne Journeys* with Tourism Australia, other State/Territory tourism organisations and a consortium of 11 leading Aussie Specialist agencies. With every booking, consumers received a specially developed



ATE 2009 saw a
6 per cent increase
in Victorian sellers

AUSTRALIAN TOURISM EXCHANGE 2009, MELBOURNE

The Australian Tourism Exchange (ATE) is Australia's premier tourism trade event and the largest international travel trade show of its kind in the Southern Hemisphere.

The annual forum is a crucial opportunity for Australian tourism businesses to exhibit their product, meet overseas contacts and clinch business deals in a spirited week of industry networking and product showcasing, buying and selling.

From 13–19 June we had the honour of hosting ATE 2009 at our new Melbourne Convention and Exhibition Centre, the first event held at the venue following its grand opening only a few days ahead of the event. As the host state, brand messages were strongly communicated during six official ATE functions hosted by Tourism Victoria across the week.

Specific brand messages for Victoria were devised for the event, each reflecting and reinforcing a different dimension of our overall brand. To welcome our delegates Melbourne's streets were boldly dressed with a suite of outdoor banners and gateway advertisements. The visual signage, along with community service announcements, also provided a platform to educate the broader public on the value of tourism to our state.

ATE was divided into two modules – the Eastern Hemisphere, attended by 52 Victorian companies, and the Western Hemisphere which drew 72 companies. This year's event attracted 50 specialist retail agents and nearly 700 buyers in total from over 40 countries. Together these buyers represent the world's leading travel distributors who cumulatively account for more than 2.5 million international tourists to Australia.

Throughout ATE 2009 more than 100,000 business appointments took place on the trade show floor. The week saw 1,500 sellers promoting their products. Of these, 82 leading Victorian tourism operators represented our state, up from 77 operators last year. The 6.1 per cent increase meant Victoria had its highest-ever number of sellers in attendance at an ATE to date, and the second largest number of sellers at the event – behind Queensland.

Approximately 40 international and 20 Australian travel trade media attended ATE. In addition to covering the event itself, they reported on a range of tourism products and services to help promote Victoria and Melbourne as competitive travel destinations to a global audience.

More than 50 per cent of ATE buyer and media delegates participated in familiarisation trips throughout Victoria. The extensive familiarisation program, attended by 418 participants, provided further direct and indirect benefits to regional Victoria and its tourism businesses by showcasing regional tourism products.

ATE directly injected an estimated \$10 million into the local economy with over 13,000 room nights spent in 40 of Melbourne's top hotels. Delegates enjoyed excellent food and wine experiences and were able to witness first-hand many of Melbourne's strengths as a tourism destination.

INTERNATIONAL MARKETING

Lonely Planet *Great Australia Drives* while the australiaroadtrips.com website enabled consumers to view Victorian touring routes.

To build awareness of our assets and regional Victoria's quality tourism product we sent six regional tourism bodies to Kuala Lumpur for a workshop with travel agents. This activity coincided with the National Association of Travel Agents Singapore tradeshow.

Singapore

Victoria's status as the romantic capital of Australia was profiled when Melbourne featured in supplements in Singapore's key lifestyle publications *ESCAPE* and *Women's Weekly*. This media coverage, which coincided with the launch of *Australia, The Movie*, was valued at \$85,000 AUD.

Women's lifestyle publication *NUYOU Singapore* sent Asia's pop princess, Stefanie Sun to profile Melbourne's shopping and diverse regional experiences. The media visit resulted in an estimated \$250,000 AUD of coverage in print, television and online. We capitalised on this publicity by partnering with retail jewellery chain *SK Jewellery* to sponsor a Valentine's Day promotional prize to Melbourne. The competition exceeded targets with more than 2,100 entries received in four weeks.

Melbourne's world-class food and wine scene gained valuable media coverage through our promotion for the Melbourne Food and Wine Festival. We held a Singapore-based event for 25 media representatives with leading chef Raymond Capaldi.

Events in Victoria's year-long major events calendar and the state's snowfields featured in our *Chill Out in Melbourne* campaign. Working with Singapore Airlines the print, online and radio campaign commenced with a full page advertorial in *The Sunday Times*. This integrated campaign saw travel agents report increased consumer enquiries about Victoria's winter activities.

In conjunction with the Chan Brothers and Tourism Australia we ran a cooperative campaign promoting fun and educational attractions in Melbourne for families and 'three-tier generation travel'. The campaign included print advertisements in major daily newspapers and a specially developed trailer on MediaCorp Kids Central. Delivering a total airtime value of an estimated \$152,000 AUD, the promotion generated over 50 bookings for six-day travel packages to Melbourne.

To maximise leverage from the Melbourne Convention and Visitor Bureau's Asia Roadshow, held in Singapore, we hosted a trade networking lunch and presentation event for leisure-based agents. This opportunity gave nine Victorian operators the chance to meet with more than 30 travel agencies and provide updates on their products.

Hong Kong

As one of the more mature Asian markets, a key element of this year's strategy in Hong Kong was to utilise Victoria's major events to increase consumer awareness and stimulate travel demand for Victoria. The 2008 Melbourne Cup gala event at the Hong Kong Jockey Club generated significant publicity while a cooperative marketing campaign with Hong Thai Travel saw the launch of group travel packages to Melbourne to join the World's Longest Lunch as part of the Melbourne Food and Wine Festival.

TIER THREE

Europe

Our work in the European market saw six Victorian regions attend our regional sales mission to the United Kingdom and Europe. The group trained more than 600 agents across Europe in addition to conducting one-on-one business sessions with product managers in London and Paris. In addition, four Victorian operators participated in Tourism Australia's New Product Mission. Over three days, Bothfeet Walking Tours, Bunyip Tours, Melbourne Private Tours, and the Great Walhalla Alpine Trail presented to over 60 product managers on their product offerings.

France

In France we developed a promotional microsite and competition with one of the country's e-tourism leaders, *opodo.fr*, and *Australie a la Carte*. Online promotional activity resulted in an additional 4000 names signing up for our French newsletter database and Opodo's sales to Melbourne increasing by 274 per cent.

Gulf Countries

To maximise the benefits of Etihad's new services between Abu Dhabi and Melbourne we implemented consumer and trade marketing activities in the United Arab Emirates. The hub of this promotion was a three-week radio promotion. The activity culminated in nine hours of live coverage by a popular radio DJ and two prize winners as they explored Melbourne and regional Victoria.

Taiwan

We etched out new ground in Taiwan by hosting the inaugural Taiwan workshop and mega familiarisation. We saw 30 key wholesale and retail travel agents and 10 VIP delegates travel to Melbourne for a four-day mission. Their program of events included business workshops, regional familiarisations and a range of industry events.



Media coverage of Melbourne as a top food and wine destination reached 160 million Americans

EPCOT® INTERNATIONAL FOOD & WINE FESTIVAL

Melbourne took centre stage at the world's largest and longest food and wine festival, the 2008 Epcot® International Food & Wine Festival, headlining our activities in the North American market.

Staged at the World Showcase in Epcot® at the Walt Disney World® Resort in Florida, from 26 September to 9 November 2008, the six week festival attracted 1,318,000 food and wine enthusiasts to experience Victoria's food and wine offerings.

The event featured a purpose built Melbourne pavilion which offered Melbourne and regional Victorian food and wine, tasting opportunities, demonstrations and interactive cultural and regional touring experiences.

Reflecting Tourism Victoria's award winning *It's Easy to Lose Yourself in Melbourne* campaign the pavilion featured Melbourne's intriguing laneways and arcades, iconic city locations such as Federation Square, and marketplace scenes from the thriving Queen Victoria Market.

Top chefs representing Victoria's food industry included:

- Ian Curley (Executive Chef, The European)
- Guy Grossi (Executive Chef and owner, Grossi Fiorentino)
- Paul Wilson (Chef Director, The Botanical)
- Mark 'The Black' Olive (Indigenous Chef and TV personality)
- Andrew Blake (Chef and Consultant, Blakes Feast)
- Nicky Riemer (Executive Chef, The Trunk Food and Wine Precinct)
- Tami McAdam (Food Stylist and Culinary Consultant).

Participating wineries included Rutherglen Estates, Coldstream Hills, T'Gallant, St Huberts, Yellowglen, Seppelt and Yabby Lake Vineyard, with Domaine Chandon presenting their still wine, Green Point.

The Festival presented an opportunity to promote Melbourne and Victoria as premier food and wine destinations to an international audience. Our Melbourne pavilion was the media highlight of the festival generating an estimated three million media impressions from event coverage. An extensive media schedule of print interviews, radio and broadcast

appearances generated media to the value of \$444,000 AUD with coverage of Melbourne as a top food and wine destination reaching 160 million Americans.

The Festival also provided the platform to showcase Victoria's food and wine to key trade representatives and buyers which has the potential to increase our export markets. The promotion was complemented by a North American media and consumer tour, featuring notable Victorian chefs and winemakers at events in Los Angeles, San Francisco, Philadelphia, Toronto and New York City. The comprehensive schedule saw us host 256 events over seven weeks in North America.

The exhibition was a joint partnership between the Victorian Government, Tourism Australia, Foster's, Great Southern Touring Route and the wineries.

eMARKETING

We use a range of innovative digital platforms to market Victoria online and engage audiences in Australia and overseas.

The growth of new media has opened up a suite of convenient and accessible ways to stay in touch with our stakeholders. By keeping up with new trends we ensure that our visitors, industry partners and media stay up-to-date with 24/7 access to our latest campaigns, destination attractions and tourism industry news.

We support all of our marketing campaigns with online components, including dedicated campaign pages on visitvictoria.com. We also encourage repeat website visitation through e-marketing promotions such as email, banner advertising, search engine marketing and other online initiatives.

Search engine marketing campaigns were a key feature of eMarketing activities during the year. The highly successful campaigns engaged more than 100 million consumers worldwide, generating over 400,000 visits to our consumer websites. They included domestic campaigns to support Melbourne and regional activity, and international search engine marketing campaigns in UK, Germany, Korea, India, Japan, China and New Zealand.

Our 10 specialised consumer newsletters reach an audience of more than 150,000 people.

Ahead of the 2009 snow season, we launched a new-look version of our online ski widget, the skidget. The popular application enabled skiers and boarders around Australia to keep track of conditions at their favourite Victorian alpine resort and featured links to snow cams and a What's On section highlighting ski season events

and activities. Nine variations were released, including an 'all resorts' skidget, and customised versions for each individual resort. At the time of publication the skidget had recorded 450,000 views on skivic.com since its launch. Designed to be easily accessed and shared by users, almost 1,400 skidgets had been installed on resort websites, computer desktops and blogs, along with popular networking sites such as Facebook, MySpace and iGoogle.

CONSUMER WEBSITES

We manage a range of consumer sites – visitvictoria.com, backpackvictoria.com, skivic.com, visitmelbourne.com – and their nine English language and seven foreign language variants: Korean, Japanese, Chinese (simplified), Chinese (traditional), German, French and Italian.

Across the year our consumer websites recorded 6.4 million visits. Over the same period, visitors viewed 28 million pages.

visitvictoria.com GLOBAL ACTIVITY

NUMBER OF VISITS AND TIME (IN MINUTES) SPENT ON VISITVICTORIA.COM



A stand out market for increased international website visitation was China. Website visitor numbers from China grew by 845 per cent from 22,852 in 2006–07 to 193,186 in 2008–09 through a significant search engine marketing campaign.

According to Hitwise, an online measurement company, visitvictoria.com outperformed all other state and federal tourism websites in terms of its Australian internet audience share for three months of the financial year.

ONLINE BOOKING

To encourage the use of online booking facilities by tourism operators, we launched a four-year online booking initiative. In 2008 we found that almost 70 per cent of international visitors to Victoria used the internet to research their visit and 43 per cent booked some component of their visit online. Around 15 per cent of the industry currently offers online booking to consumers. The program provides a range of industry training workshops and guides to increase the online competitiveness of the Victorian industry. As part of this program online booking went live on visitvictoria.com in June 2009 with 83 accommodation products bookable with immediate confirmation of purchase.

MOBILE TECHNOLOGY

A mobile version of visitvictoria.com was developed as part of the 2009 *Melbourne in Winter* campaign. This new site m.visitvictoria.com, initially focused on Melbourne, replaces the mobile *Insiders' Guide to Melbourne* which had to be downloaded and had limited compatibility with phone devices. The site was developed especially for mobile phone web browsing and features information about some of Melbourne's bars, restaurants, shops, cafes and events.



AUSTRALIAN TOURISM DATA WAREHOUSE

Our continued involvement in the Australian Tourism Data Warehouse ensures that Victorian tourism businesses are represented on other travel and tourism websites, including Tourism Australia's australia.com. We recently assumed the management of some destination content on australia.com to ensure the right messages reach our international audience.

CORPORATE WEBSITE

Our corporate website tourism.vic.gov.au remains an important portal for news and media information, tourism and travel industry resources, development advice and assistance. Across the year, our corporate website recorded 308,000 visits and more than 678,000 page views.

Our consumer websites recorded 6.4 million visits with people viewing 28 million pages



BRAND SERVICES

Through our suite of brand tools we continue to capture Victoria's individuality, strengths and regional diversity.

Using Brand Victoria as our destination marker, we build international awareness of our distinct tourism offering, inviting people to see, embrace and identify with our vibrant lifestyle and culture through a range of brand elements.

Our Brand Services unit manages Brand Victoria, a Victorian Government initiative that helps our overseas audiences easily identify Melbourne and Victoria as a great place to visit, study, work and invest. Through sound management and appropriate use of the brand, we position our state internationally as the destination of choice for investors, migrants, tourists and students.

In addition to being Tourism Victoria's international landmark, Brand Victoria has been applied to Study Melbourne, Skilled and Business Migration, and Industry and Trade branding. In 2008-09 we continued to work across the whole of government to manage the Brand Victoria strategy, delivering a coordinated approach to international marketing.



L'Oréal Paris 2008 AFI, courtesy of sap-photo.com

With responsibility for Tourism Victoria's creative output, the Brand Services Unit has this year managed collateral design and production, as well as our still and moving image libraries.

Across the year, the Brand Services unit managed the production and design of marketing material for the 2009

Major events like these provided money-can't-buy audience exposure around the globe with a publicity value calculated in the billions.

Once again, we closely monitored our international reputation as leading destination.

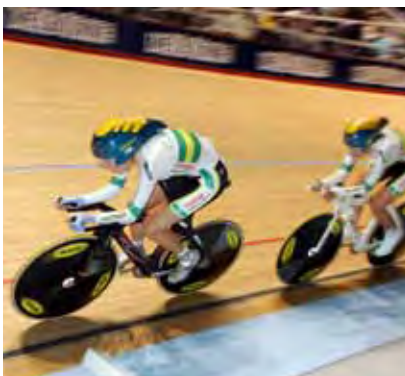
Melbourne stood at the forefront of global liveability stakes, placing third behind Vancouver and Vienna in the 2009 Economist Intelligence Unit's Most Liveable Cities ranking. Our compact capital also retained its ninth position – four spots ahead of Sydney – in *Monocle* magazine's 25 Most Liveable Cities list, highlighting brand assets such as cuisine, culture and festivals among our major drawcards.

Melbourne achieved further brand visibility points in Anholt-GfK's annual City Brand Index. The overall city-to-city comparison ranked Melbourne fifteenth out of 50 cities, while our reputation as a friendly and welcoming destination was reflected with a bronze position in the people category.

Brand Services' ongoing efforts to showcase Melbourne and Victoria will continue to ensure we don't go unnoticed as a dynamic and stimulating destination.

Once again, Melbourne stood at the forefront of global liveability stakes

Collaborating with other departmental agencies and service providers we ensure consistent and appropriate use of the brand across all mediums.



UCI Track Cycling World Cup

Australian Tourism Exchange (ATE) – the Southern Hemisphere's largest tourism trade show. Exhibition signage, publications, and city dressing, such as flagpole banners and super-sized city gateway ads, transformed Melbourne into a virtual ATE display centre for a captive audience of leading international tourism buyers and media.

A major focus has been working closely with key partners to place the brandmark at internationally renowned events. These included the 2009 Australian Open Tennis Championships, FORMULA 1 ING Grand Prix, Australian Film Industry Awards, Australian Masters Golf tournament and the Bledisloe Cup, just to name a few.



EVENTS

The State's year-round calendar of sporting and cultural events continues to draw hundreds of thousands of visitors to our state every year, cementing Victoria's position as the major events capital of the world.

Major events are a key tourism platform for Victoria with visitors staying in accommodation, going to restaurants and bars; visiting regional locations and major attractions. Melbourne's major events include the Spring Racing Carnival, Australian Formula 1 Grand Prix, Australian Open Tennis, Boxing Day Test and the AFL Final Series. Events thrust Melbourne and Victoria into the national and international spotlight and elevates our appeal as an attractive tourism destination.

We are committed to ensuring our state remains the events leader by helping to attract, develop and market first-rate events to Melbourne and regional Victoria. We work closely with the Victorian Major Events Company to identify suitable events that carry strong economic benefits. In addition to enhancing their economic impact, we maximise the associated tourism potential by addressing visitation, length of stay, visitor satisfaction and branding opportunities.



Melbourne International Comedy Festival Photo: Andrew Lloyd

Melbourne Winter Masterpieces has attracted 1.6 million visitors and delivered an estimated \$100 million boost to the Victorian economy

Melbourne reinforced its status as a culinary hot pot when it hosted the Melbourne Food and Wine Festival, an annual event which showcases the sights, aromas and mouth-watering tastes of our diverse food and wine scene. Featuring 200-plus events between 7 and 23 March, the festival attracted food and wine experts from around the world. We supported the event by overseeing its contract management and conducting a range of marketing and promotional activities to improve attendance rates, particularly from interstate and international markets. Sixty international and interstate media visited the festival, contributing a record \$19 million in media coverage – a \$4 million increase on 2008. Increased interstate marketing activities in the lead-up to the event combined to entice 300,000 attendees in total, 23 per cent of whom originates from outside of Victoria.

The Melbourne International Comedy Festival remains one of our biggest events, and is one of the three largest comedy festivals in the world. This year's festival attracted an audience of 490,000, up nearly 10 per cent on 2008. Seventeen per cent of attendees were from outside of Melbourne. The festival has an unmistakable tourism impact with 73 per cent of interstate visitors specifically making the trip to Melbourne to attend the festival. Nearly 60 per cent of visitors remained in the city for one to three days further contributing to the Victorian economy by eating out and going shopping.

Melbourne's title as the ultimate sporting destination was reiterated when interstate and overseas fans flocked to the city throughout the year to sample our iconic sporting culture. A bumper crowd of rugby fans travelled to Melbourne for the Rugby Union International Test and the first game of the 2009 ARL State of Origin series, cementing our strong reputation for hosting major sporting events.

The Spring Racing Carnival, known as Australia's biggest sporting and social event, attracted 396,000 racegoers in 2008 and provided an economic benefit of more than \$548 million. The benefits of the carnival also flowed into regional Victoria with attendance figures hitting a 10 year high, with an estimated 200,000 people attending country race meetings during the 2008 Spring Racing Carnival. This builds on the encouraging figure that attendances at country race meetings have grown almost 25 per cent in the past five years.



The Golden Age of Couture: Paris and London 1947-1957 Photo: Dean Loomis



Melbourne Food and Wine Festival

For the tenth consecutive year the Australian Open Tennis Championships attracted more than half a million patrons with an official tournament attendance of 603,160 in 2009. The Open provides global exposure of our city, with more than 240 million television viewers worldwide. Australian and international media interest in the Australian Open remained high with 1,733 broadcast, print and radio media attending the event. The first week of play saw the tournament achieve the highest ever day/night attendance in Grand Slam history, setting the new record at 66,018.

During the year, Tiger Woods, the world's leading golfer, committed to play at the Australian Masters Golf Tournament in Melbourne in November 2009. This is a real coup for Victoria and it not only endorsed our *10 Year Tourism and Major Events Strategy*, but also *Victoria's Golf Tourism Action Plan 2009-2012*. Ticketek reported strong interstate and overseas interest in the event with around 60 per cent of pre-registrations coming from outside the state. The Victorian Government also struck a four-year

partnership with Football Federation Australia to secure Soccerroos World Cup qualifiers until 2013. Major international Soccerroos matches showcase our state to a worldwide audience and have already generated more than \$21 million in economic benefits for Victorian tourism.

Melbourne Winter Masterpieces continued its outstanding run of driving tourism to Victoria in 2008-09. The *Art Deco 1910-1939* exhibition proved to be one of the National Gallery of Victoria's most successful exhibitions to date, while 2009 saw the opening of two popular new exhibitions, *Salvador Dalí: Liquid Desire* at NGV International and *A Day in Pompeii* at Melbourne Museum. Around a quarter of visitors to the *Melbourne Winter Masterpieces* have come from interstate or overseas confirming that the exhibitions have become must-see events for Victorians, and interstate and international visitors alike.

Successful exhibitions also made their mark on regional Victoria. In a major achievement for regional events tourism, Bendigo Art Gallery drew extraordinary crowds to its exclusive exhibition *The*

Golden Age of Couture: Paris and London 1947-1957. The exhibition ran from December 2008 to March 2009 and explored one of the most glamorous and remarkable decades in fashion history. A strong marketing campaign and extensive media coverage, coupled with our support helped to attract 75,000 visitors to Bendigo over the 15-week exhibition. In addition, attendance records showed that 79.4 per cent of visitors specifically travelled from Melbourne, regional Victoria and interstate to see the display. The positive figures emphasise the depth and allure of arts and cultural events both inside and outside of Melbourne.

CORPORATE & DESTINATION COMMUNICATIONS

To support industry we are dedicated to increasing the profile of Victoria's tourism industry in the international and Australian media marketplace.

DESTINATION COMMUNICATIONS

Our work encourages coverage of Victoria's incredible tourism assets and through our range of activities the Destination Communications team generated more than 1,800 media stories this year. This coverage delivered the advertising value equivalent of \$23.9 million. Through campaigns reflective of our compact diversity over 70 per cent of coverage focused on regional Victoria.

We drive innovative PR campaigns that position Victoria's diverse destinations and experiences in our key markets. Originally themed media familiarisations – offering a variety of powerful story angles – continue to be one of our most successful means of generating prominent coverage of Victoria's tourism offerings.

With Melbourne being Australia's major events capital across the year we hosted a range of familiarisations coinciding with key events. Our Cool Hunting familiarisation centred around the opening of *Art Deco 1910-1939*; the premiere of *WICKED* was the focal activity of the Cultural Discovery visit; media on the Fashion and Fun familiarisation attended numerous events

of Melbourne Spring Fashion Week and a highlight of a media visit in early 2009 was the action from the Australian Tennis Open.

We also hosted a range of strategic familiarisations to raise the profile of our first-class tourism offerings in regional Victoria.

On a dedicated familiarisation Victoria's iconic walking track, the Great Ocean Walk and the Great Ocean Road was captured by Australia's leading panoramic landscape photographer Ken Duncan. Duncan led a group of photographers from six leading media agencies to capture the natural beauty of attractions and wildlife in the region. The four-day photographic expedition was one of the first initiatives of our nature-based tourism campaign.

In partnership with the new Goldfields *Leave a little richer* campaign we focused on driving media coverage of the region's hidden gems. Visiting media profiled the region's history and contemporary vibrancy, creativity and style from visiting Heathcote, Maldon, Castlemaine, Maryborough, Talbot, Clunes, Bendigo and Ballarat.

Coinciding with the opening of the refurbished \$10.6 million Hepburn Mineral Springs Bathhouse we gained exposure for the region's signature spa and wellbeing offerings.

To foster media coverage for tourism offerings in the Murray we partnered with Virgin Blue and Tourism New South Wales to profile the world-class food and wine product in the region.

In partnership with the Board of Alpine Tourism, we hosted a media familiarisation at Mt Buller which generated editorial coverage giving valuable exposure to snowfield's offerings.

In a Tourism Victoria first to bolster market exposure for our tourism assets in March 2009 we appointed Sydney-based company PLAY Communications. PLAY's strategic campaigns underpin and complement our existing PR activity in the lucrative Sydney marketplace.

In March 2009, together with PLAY, we launched our *Nourish to Flourish Food and Wine* campaign. The campaign highlighted the quality food and wine experiences on offer in two of Victoria's bushfire regions – the Yarra Valley and High Country. *Nourish to Flourish* encouraged Sydneysiders to take a bite of some of Australia's best regional produce and taste world-class wines, and aid the bushfire recovery at the same time. Leveraging off Victoria's strength in food and wine experiences the campaign also proactively promoted that Victoria's bushfire affected regions were open for business.

The month-long campaign saw food and wine from these regions feature on the menus of eight leading Sydney restaurants including Otto, Rockpool, Glass, Icebergs, Manta, Kingsley's, North Bondi Italian and Gazebo. Sydney's leading chefs created a signature dish using produce from the two regions and Victorian wines from the High Country and Yarra Valley were offered by the glass.

Sydney-based foodies took up the opportunity with over 3,400 glasses of wine sold and 1,000 dishes using Yarra Valley and High Country produce consumed. This integrated campaign was also supported by the *Sydney Morning Herald*, *Sunday Telegraph*, *Daily Telegraph* and *Travel + Leisure* magazine.

We generated more than
1,800 media stories valued
at \$23.9 million



Melbourne Match campaign





Great Ocean Walk familiarisation Photo: Ken Duncan

To etch out new ground with our successful Melbourne in Winter promotion PLAY created an original campaign, *Melbourne Match*. With Melbourne set for a blockbuster winter of cultural events, theatre productions and exhibitions this inventive campaign highlighted Melbourne's tourism offerings and got people talking.

Linking Melbourne's creative credentials and its reputation as Australia's most romantic city the campaign proposed that Melbourne was the answer to Sydney's unofficial man drought. Roy Morgan Research underpinned the campaign showing that Sydney was going through a man drought, especially in the segment of creative opinion leaders, while 32.5 per cent of Australia's single creative leaders call Melbourne home.

The concept was brought to life with 10 creative eligible Melbourne men matched with 10 Sydneysiders and together they experienced 10 romantic dating experiences in Melbourne. We engaged eight key female media personalities in the Sydney market to drive word of mouth about Melbourne. Two single women also had a chance to look for love in Melbourne by winning a creative date and a weekend trip through a competition on melbourne-match.com. The matches were orchestrated by Australian matchmaker and popular blogger Emma Kate Dobbin.

The dates occurred over two key weekends with couples experiencing Melbourne in Winter products and experiences first hand. They went to the opening of *Salvador Dali: Liquid Desire*; the Australian premiere of *JERSEY BOYS – The story of Frankie Valli & The Four Seasons*; experienced ancient *Pompeii* at Melbourne Museum along with boutique shopping, cool wine bars and intimate restaurants.

To drive talkability a dedicated blogsite Melbourne-match.com was created. Housing all of the key tactical elements – videos, participant profiles, photos and promotional information on Melbourne's cultural experiences. The blogsite attracted over 17,000 hits.

Participants kept people up to date with their Melbourne romantic adventures via Facebook, Youtube and Twitter. Thousands of people logged on to learn more about Melbourne Match with 15,000 hits recorded on YouTube.com. The benefits of *Melbourne Match* were far reaching with the campaign creating a stir and gaining valuable publicity through television, magazines, newspapers, radio and websites.

CORPORATE COMMUNICATIONS

With a full view of Victoria's tourism sector our Corporate Communications team maximises resources to keep our industry up-to-date on our strategic directions, local and international programs and campaigns, Federal and State Government initiatives and future industry trends.

The team was instrumental across the 2008–09 bushfire season coordinating our Statewide Bushfire Tourism Response and Recovery committee. Throughout the year we provided a key link between our stakeholders and the State Government's emergency services.

Regular industry bulletins, updated website copy and key message documents for trade partners, international offices, Visitor Information Centres, hotel concierges and car rental companies ensured our local industry was consistently updated on the implementation of Victoria's Response and Recovery Plan.

Through these channels we also communicated our strategic direction and actions to encourage return visitation to Victoria's regions. Our Corporate Communications team also managed national and international media enquiries and disseminated key messages for distribution through our international offices.

We managed key launches across the year including Melbourne's participation at the Epcot International Food and Wine Festival; AirAsia X's new Kuala Lumpur-Melbourne services; and the Goldfields *Leave a little richer* brand campaign.

Other significant events included the launch of; the *Nature-based Tourism Strategy 2008–2012* which was held in conjunction with the Department of Sustainability and Environment and Parks Victoria; the *Regional Tourism Action Plan 2009–2012* and the *Backpacker Tourism Action Plan 2009–2013*.

LEADERSHIP

With a view of Victoria's tourism sector, we direct resources to drive opportunities, deliver frameworks for improved standards, and open the door to new markets.



RESEARCH

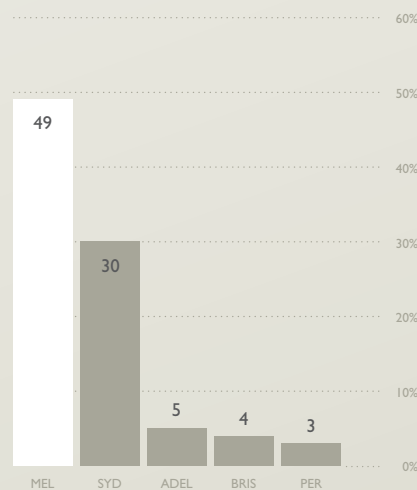
Melbourne increased its lead as a city associated with theatre, quality food and world class restaurants, and international sporting and cultural events

Domestic overnight visitor expenditure in Victoria increased by 6.8 per cent from 2007 to reach \$9 billion

STRATEGY & POLICY

Working with industry we set the direction for regional Victoria with the launch of the *Regional Tourism Action Plan 2009-2012*

BRAND HEALTH
QUALITY FOOD & WORLD CLASS RESTAURANTS
YEAR ENDED JULY 2009



In the annual *Brand Health Survey* Melbourne increased its lead position in the consumer mindset as the city associated with quality food and world class restaurants.

STRATEGY & POLICY

With strong strategy and policy platforms we're building a framework for Victoria's tourism industry to realise its potential. And with deep industry knowledge and market insight, we provide sound advice to support industry growth across the state.

GROWING REGIONAL VICTORIA

In December 2008 we launched our *Regional Tourism Action Plan 2009–2012* which underpins a major direction of our *10 Year Tourism and Events Industry Strategy*, to develop regional Victoria's tourism industry.

In this highly competitive environment it is imperative that our regional offerings are distinct and tailored to meet the needs of the destination and visitors alike.

Focusing on four key state-wide initiatives: improving regional industry structures; improving the supply and quality of tourism experiences; increasing consumer demand for regional tourism experiences; and addressing skills, service standards and environmental sustainability, the plan also outlines specific priorities for each of Victoria's ten regions.

The plan identifies how state-wide initiatives can be actioned and clearly outlines a number of priority projects and funding that will be implemented in the future.

Major initiatives from the Regional Tourism Action Plan include:

- \$6 million over three years for an enhanced regional marketing program
- \$7.3 million over four years for a new major interstate advertising campaign highlighting the village of Daylesford and Victoria's competitive strengths in spa and well-being
- \$2.1 million over the next three years to promote Victoria's nature based tourism strengths
- \$900,000 over three years to market regional Victoria's strengths in food and wine
- \$650,000 to address skills shortages facing the tourism industry by expanding the successful Tourism Excellence program
- Securing and advancing priority investment projects around Victoria's natural asset base and the tourism strengths of each region



The plan also articulates how Regional Tourism Boards will develop to set and lead each region's overarching strategic vision and direction. This follows the success of this model in Gippsland, which has now been adopted in the Grampians. Our team is working with campaign committees, volunteers, business owners and local government to establish these



Boards across each of our regions. To guide the evolution of current industry structures we are undertaking stakeholder consultation in priority regions including Daylesford and the Macedon Ranges, the Murray, the Great Ocean Road and Victoria's High Country. In each of these regions an implementation committee has been established to manage the development of the Board. To create more effective liaison and decision-making a member of our executive management team is working with each of our regions throughout the process. To further bolster the implementation of the *Regional Tourism Action Plan 2009–2012* an Industry Reference Group has been established.

To shape the new four-year plan we consulted extensively with regional stakeholders throughout Victoria including the regional tourism industry, councillors, local governments, and other State Government agencies. Each action outlined in this document was a result of consultation with tourism operators, local councils and regional stakeholders. We also took into consideration recommendations from the recent Parliamentary Inquiry into Rural and Regional Tourism.

As part of the plan we have developed a series of Regional Marketing and Development Plans (RMDPs) to enable industry to effectively leverage from and participate in our marketing activity.

WORKING ACROSS GOVERNMENT

As the Victorian Government's lead tourism agency we work closely across all tiers of government to place tourism at the forefront of government decision making. As industry's partner we collaborate with other government agencies to address issues including climate change, crises management, international education, alpine resort management and liquor licensing.

We recognise the current economic environment has significant implications for the industry. We are monitoring the economic environment on an ongoing basis to allow us to adjust our activities to reflect market conditions. As a result



Eagles Brothers perform at Victoria's Nature-based Tourism Strategy launch

A key platform of the *Regional Tourism Action Plan* is our new \$6 million three-year Regional Marketing Program

we have reprioritised marketing activities to increase tactical marketing and focus on areas with the strongest potential for growth.

Our work with the Department of Sustainability and Environment, Parks Victoria, Department of Planning and Community Development and Regional Development Victoria, through the Tourism Taskforce Group, facilitates accelerated tourism investment in Victoria.

Working across government we coordinated the Victorian Government's response to the *Final Report for the Inquiry into Rural and Regional Tourism*.

To drive the growth potential of Victoria's tourism industry we contributed to the development of the National Tourism Strategy. We also continue to be an active participant of the Australian Standing Committee on tourism and the Tourism Ministers Council.

We provide advice to State Government regarding major events, as well as coordinating and overseeing all funding submissions for the acquisition of major events and business events for the state. To date 50 major international conventions have been announced for the new Melbourne Convention Centre which is expected to attract an estimated 101,100 delegates to the State.

In addition to the *Regional Tourism Action Plan 2009–2012*, across the year we also launched Victoria's *Nature-based Tourism Strategy 2008–2012* and the *Backpacker Tourism Action Plan 2009–2013*.

RESEARCH

With strong research we support improved decision making; policy and strategy platforms; and our marketing and tourism performance for local industry.

We connect our research to industry and promote the important role research plays in supporting informed decision making for all levels of industry stakeholders.

Our multi-disciplinary team, with industry expertise and technical knowledge, provides data for industry operators, government and other stakeholders.

We publish research materials to identify, quantify, develop insights and track performance of domestic and international visitor numbers, visitor expenditure, and visitor profiles such as origin, purpose of visit, visitor activities, travel party and accommodation.

We assess our reputation and consumer perceptions of our regions, Melbourne and Victoria by measuring our brand attributes to provide a yardstick for campaign success.

INTERNATIONAL VISITOR FIGURES¹

Victoria experienced sustained growth in international overnight visitor numbers between 1999 and 2008.

The average annual growth rate of 3.6 per cent for the period is above the national average growth (2.5 per cent per annum) and key competitors Queensland (0.5 per cent) and New South Wales (1.7 per cent).

Victoria attracted 1.5 million (28.6 per cent) of the 5.2 million international overnight visitors (aged 15 years and over) who came to Australia in 2008.

International overnight visitor numbers to Victoria increased by 1.2 per cent for the year ending December 2008 compared with the previous year.

International overnight visitors spent 33.7 million nights in Victoria in 2008, giving the state a 20.1 per cent market share of all international overnight visitor nights.

The average length of stay of international overnight visitors to Victoria has steadily increased from 16.7 nights in the year ending December 1999 to 22.7 nights in the year ending December 2008.

International overnight visitors to Victoria spent \$3.4 billion during 2008, or 20.6 per cent of all international visitor expenditure in Australia.

Over the period 1999 to 2008 international overnight visitor expenditure in Victoria has increased at an average annual rate of 9.9 per cent. This outperforms the national total (up 6.8 per cent per annum), key competitors New South Wales (up 7.2 per cent per annum) and Queensland (up 4.8 per cent per annum). In 2008 international overnight visitors to Victoria spent \$2.0 billion more than in 1999.

Performance of international markets

China delivered the strongest growth for the key markets, of 12.2 per cent for the year ending December 2008, compared with declines in the other key markets: New Zealand (down 5.9 per cent); United States of America (down 1.8 per cent) and the United Kingdom (down 1.2 per cent).

Since 1999, all major origin markets have increased: China (17.1 per cent per annum), New Zealand (5.4 per cent), the United Kingdom (3.5 per cent) and the United States of America (0.7 per cent).

¹ Figures provided are for the year ending December 2008, to ensure statistical continuity across the time series reported. Although the year ending March figures are available, and are referenced elsewhere in this report,

the time series can include variations in the year on year comparisons, depending on when the Easter break falls. In addition to this, expenditure results were not available on a quarterly basis prior to December 2004.

Sources: *International Visitor Survey*, year ending December 1999–2008, Tourism Research Australia; *International visitor expenditure in Australia's tourism regions*, year ended December 1999–2008, Tourism Research Australia

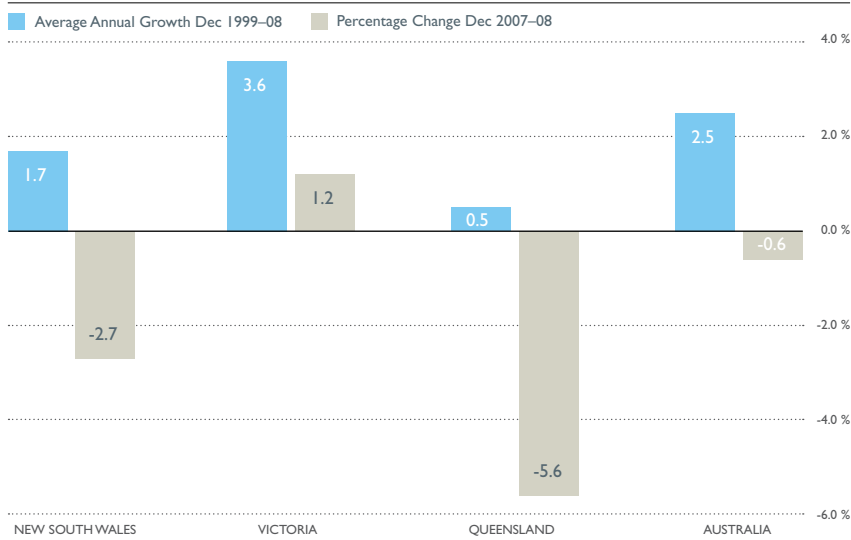
International holiday market

In 2008, there were 696,100 international holiday visitors to Victoria, a decrease of 2.0 per cent over the previous year. Of all international holiday visitors to Australia, 29 per cent visited Victoria. The number of nights spent by international holiday visitors in Victoria decreased by 5.7 per cent to 8.5 million nights, compared to key competitors New South Wales (-5.4 per cent) and Queensland (1.7 per cent) and the national average (-0.9 per cent).

International backpacker market

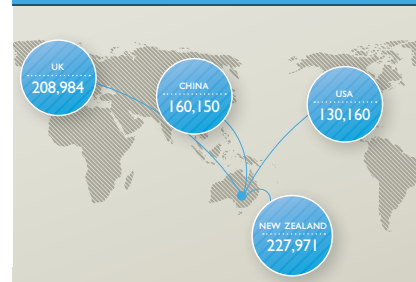
In 2008, 250,600 backpackers visited Victoria, a 2.8 per cent decrease over the year ending December 2007. Almost 45 per cent of all international backpackers to Australia visited Victoria. The largest source markets were Europe (38.4 per cent) and the United Kingdom (21.8 per cent). Backpacker length of stay in Victoria was 24 nights, longer than international visitors on holiday or visiting friends and/or family.

INTERNATIONAL OVERNIGHT VISITORS



INTERNATIONAL VISITORS TO VICTORIA			
Origin market	Visitors to Victoria	% Average Annual Growth 1999-08	% Change 2007-08
TIER ONE			
China	160,150	17.1%	12.2%
New Zealand	227,971	5.4%	-5.9%
UK	208,984	3.5%	-1.2%
USA	130,160	0.7%	-1.8%
TIER TWO			
Canada	39,815	3.7%	2.8%
Germany	59,711	1.4%	-0.7%
Hong Kong	38,268	5.7%	17.2%
India	40,179	n/a	24.1%
Japan	44,863	-6.2%	-27.0%
Korea	38,676	10.8%	3.2%
Malaysia	52,853	4.0%	11.1%
Singapore	68,291	-0.1%	10.7%
TIER THREE			
France	25,192	n/a	-11.7%
Indonesia	30,139	2.4%	17.5%
Italy	22,479	n/a	3.3%
Netherlands	20,690	n/a	16.3%
Nordic	27,086	n/a	2.3%
Switzerland	14,596	n/a	-15.1%
Taiwan	20,110	-9.0%	-13.8%
Thailand	22,486	3.3%	-6.2%
Total Asia (Ex. Japan)	510,627	6.1%	10.6%
Europe	237,635	2.5%	1.3%
Total	1,479,351	3.6%	1.2%

ORIGIN & NUMBER OF VISITS FROM TIER ONE INTERNATIONAL VISITORS TO VICTORIA



RESEARCH

DOMESTIC VISITOR FIGURES²

Victoria received 16.7 million domestic overnight visitors in 2008, a decrease of 3.9 per cent compared with the previous 12 months. The state achieved a 23.7 per cent market share of all domestic visitors in 2008.

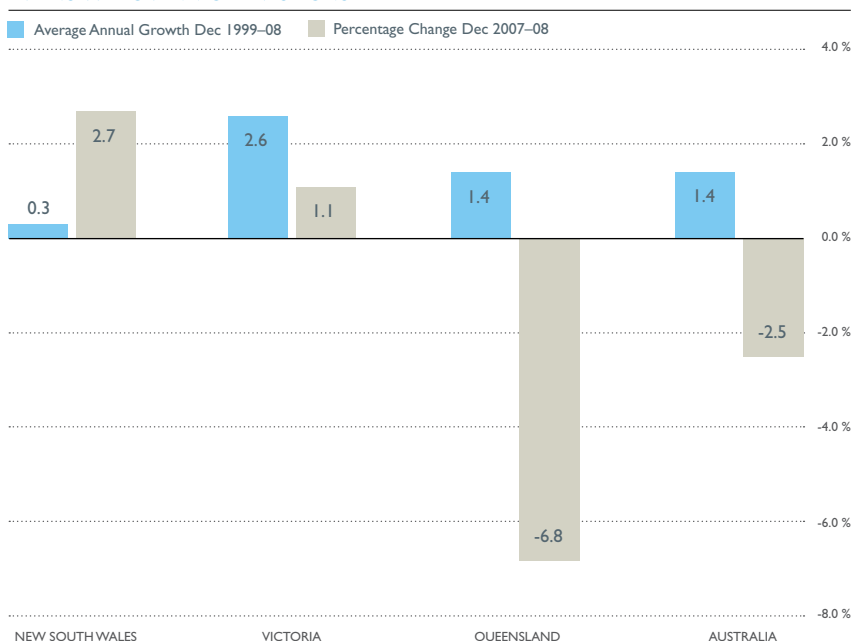
Growth in Victoria's domestic overnight visitor market has been stagnant since 1999, slightly above the national market (-0.4 per cent per annum) over the same period.

Interstate overnight visitor numbers to Victoria increased (+1.1 per cent) in the past 12 months with 5.5 million visitors in 2008. This percentage change is above the national average (-2.5 per cent) and key competitor Queensland (-6.8 per cent), however is behind key competitor New South Wales (+2.7 per cent).

Interstate overnight visitors represent 33 per cent of total domestic overnight visitors to Victoria.

Since 1999, the state's average annual growth rate of 2.6 per cent for interstate overnight visitors outperforms the national average (1.4 per cent per annum) and key

INTERSTATE OVERNIGHT VISITORS



competitors New South Wales (0.3 per cent) and Queensland (1.4 per cent).

Interstate visitors spent 22.3 million visitor nights in Victoria in 2008, a 17.4 per cent share of all interstate nights. During this period Melbourne had more interstate visitors than any other city (4.2 million).

Intrastate overnight travel (Victorians holidaying in Victoria) accounted for 11.2 million visitors in 2008. Intrastate overnight travel comprises over two thirds (67.3 per cent) of all domestic overnight travellers in Victoria.

DOMESTIC VISITATION BY CAMPAIGN REGION

Year Ending December 2008	Total Victoria	Regional Victoria	Daylesford and the Macedon Ranges	Gippsland	Goldfields	Grampians	Great Ocean Road	Melbourne	Mornington Peninsula	Murray	Phillip Island	Victoria's High Country	Yarra Valley and Dandenong Ranges
Domestic Overnight Visitors (000s)	16,724	10,759	466	1,430	1,132	600	2,367	6,506	1,122	1,901	714	852	609
Domestic Visitor Nights (000s)	52,070	32,981	1,223	4,469	2,661	1,413	6,829	19,090	4,086	5,642	2,316	2,532	1,603
Average Length of Stay	3.1	3.1	2.6	3.1	2.4	2.4	2.9	2.9	3.6	3.0	3.2	3.0	2.6
Domestic Daytrip Visitors (000s)	34,592	22,932	1,319	2,770	3,153	511	4,912	11,660	2,859	2,834	1,035	850	2,639

² Sources: National Visitor Survey, year ending December 1999-2008, Tourism Research Australia; Domestic overnight visitor expenditure in Australia's tourism regions, year ended December 1999-2008, Tourism Research Australia

Victorians spent 29.7 million visitor nights in their home state during 2008, a decrease of 3.8 per cent compared to the previous year. Since 1999 there has been an average annual decrease of 1.1 per cent, compared with decreases of 1.4 per cent nationally, 2.1 per cent for New South Wales and 0.6 per cent for Queensland.

In 2008, total domestic overnight visitor expenditure in Victoria increased by 6.8 per cent over the previous year to reach \$9.0 billion or 20.1 per cent of all domestic tourism expenditure in Australia.

In 2008 domestic overnight visitors to Victoria spent \$2.8 billion more than in 1999.

Domestic visitors to regional Victoria

There were 10.8 million domestic overnight visitors to regional Victoria in 2008, representing 64.3 per cent of all domestic visitors to Victoria. The average number of nights spent in regional Victoria was 3.1.

Domestic overnight expenditure in regional Victoria in 2008 is estimated to have been \$4.0 billion, an increase of 2.4 per cent from the previous year with an average annual growth of 4.5 per cent since 1999.

Tourist accommodation sector³

Victoria's accommodation sector is performing strongly, driven by continued growth in demand and supply for hotels, motels and serviced apartments. According to the *Survey of Tourist Accommodation*, Victoria experienced increases across many indicators in the December 2008 quarter, driven in particular by strong growth in supply and demand for regional Victoria.

Compared to the same quarter in the previous year, Victorian hotels, motels and serviced apartments had increases in the number of establishments (up 4 to 800); room available (up 831 to 38,666); room

nights occupied (up 0.9 per cent to 2.3 million); and takings (up 3.1 per cent to \$364 million), in contrast to the decline in employment (down 0.8 per cent to 21,855); and occupancy rates (down 0.4 percentage points to 65.4 per cent). The decline in employment for Victoria was lower than the national rate (-2.0 per cent) and key competitors New South Wales (-2.1 per cent) and Queensland (-5.0 per cent).

For the same period, Melbourne experienced growth in establishments (up 2 to 288); rooms available (up 319 to 23,463); room nights occupied (up 0.4 per cent to 1.6 million); and takings (up 1.9 per cent to \$285 million), in contrast to the decline in employment (down 1.9 per cent to 15,442); and occupancy rates (down 1.4 percentage points to 75.7 per cent).

Regional Victoria experienced growth across all major indicators with the exception of occupancy rates (down 0.5 percentage points to 46.9 per cent). These included growth in establishments (up 2 to 512); rooms available (up 512 to 15,203); room nights occupied (up 2.3 per cent to 655,800); takings (up 8.0 per cent to \$79 million); and employment (up 2.2 per cent to 6,413).

Brand Health⁴

Tourism Victoria has conducted a Brand Health survey annually since 1996 to assess consumer perceptions of Victoria's product strengths.

Highlights from the 2009 survey:

- Melbourne maintained the lead position as the city associated with style and romance (34 per cent), reflecting brand attributes in the *It's Easy to Lose Yourself in Melbourne* interstate brand campaign.
- Melbourne increased its lead as the leading city recognised for international sporting and cultural events (53 per cent).

- Melbourne maintained its lead position as the city associated with shopping (57 per cent), whilst increasing its lead position as the city associated with theatre (51 per cent), quality food experiences and world class restaurants (49 per cent), and cafes, bars and nightlife (49 per cent).
- Victoria continues to be the leading state recognised as a great place to tour by car (22 per cent). Home states rank first among the interstate markets, as a great place to tour by car, with Victoria ranking second in each.
- Victoria continues to be the leading state or territory offering quality regional food and wine experiences (27 per cent), supported by a reputation of offering many boutique wineries to visit (18 per cent).
- Victoria ranked highest (18 per cent) as a destination with a variety of interesting and unique villages.
- Victoria ranked highest as a destination offering spa and wellness experiences, with 22 per cent. This equalled the percentage of respondents who could not name any State or Territory, reflecting the emerging nature of this product segment which is not truly owned by any single destination.
- Prompted awareness of Daylesford and the Macedon Ranges reached 48 per cent in 2009. A marketing campaign launching in August 2009 aims to continue to increase awareness of the region in the interstate market.
- Prompted awareness of Yarra Valley and the Dandenong Ranges reached 89 per cent in 2009. Prompted awareness of Mornington Peninsula was 85 per cent in 2009.

³ Source: *Survey of Tourist Accommodation*, December quarter 2008–2009, Australian Bureau of Statistics. Includes hotels, motels and serviced apartments with 15 rooms or more

⁴ Source: *Brand Health Survey*, Roy Morgan Research 2008–2009

OUTPUT TARGETS & PERFORMANCE

Performance Indicator	Unit of Measure	2008–09 Target	2008–09 Result	Comment on Target
Quantity				
Investment projects facilitated	\$ million	250–300	385	Tourism Victoria facilitated four private sector projects during the 2008-09 financial year with a total value of \$385 million.
Number of visitors (international)	number (million)	1.5–1.8	1.5	Target met. Result is for year ending March 2009. (latest available)
Visitor expenditure (domestic)	\$ billion	12.0–13.0	12.3	Target met. Result is for year ending March 2009. (latest available)
Visitor expenditure (international)	\$ billion	3.2–3.6	3.6	Target met. Result is for year ending March 2009. (latest available)
Visitor expenditure in regional Victoria (domestic)	\$ billion	5.8–6.3	6.1	Target met. Result is for year ending March 2009. (latest available)
Visitor expenditure in regional Victoria (international)	\$ million	230–280	279	Target met. Result is for year ending March 2009. (latest available)
Visitvictoria.com annual visits to site	number ('000)	5,400	6,380	Above target. This result was caused in part by a change to the analytics software used to measure online visitation to visitvictoria.com. Tourism Victoria moved from AC Nielson Netratings to Google Analytics in July 2008. The new methodology is more accurate and recognised by the industry.
Quality				
Target market awareness of advertising in Victoria: interstate	per cent	16–21	16.2	Target met.
Target market awareness of advertising in Victoria: Victoria	per cent	14–19	14.2	Target met.
Value of media coverage generated: domestic	\$ million	20–25	23.9	Target met.
Value of media coverage generated: international	\$ million	80–120	59.4	Target not met. The total value of international media coverage generated for Victoria is influenced by Tourism Australia's visiting journalists program (VJP). The VJP delivered significantly less coverage for Victoria for the period due to the focus around the launch of the movie Australia, which primarily heroes the Northern Territory, Western Australia and Queensland. Additionally, the increasing fragmentation of media channels has influenced the value of advertising across print, radio, television and online. The focus of international public relations activities has shifted from traditional print and television channels to online in an effort to broaden the reach of destination messaging. Consequently the value attributed to exposure via the online channel has reduced the overall value of media coverage in international markets.

TOURISM EXCELLENCE

Our Tourism Excellence Program enhances industry connections and creates a competitive advantage for Victoria through improved service standards and visitor satisfaction.

Quality visitor experiences are essential to maintaining and growing our reputation as a desirable tourism destination. As industry's partner, we're dedicated to supporting our tourism businesses to build a reputation for excellence.

While Tourism Excellence has entered its third year, we're constantly enhancing our program offering by improving learning programs and tools, and identifying new gaps to be addressed. By doing this we keep the program topical and beneficial for participants year in, and year out.

A key focal point for this year was regional tourism practice. Tourism Excellence received a boost in May 2008 when the Minister for Regional and Rural Development and Minister for Skills and Workforce Participation, the Hon. Jacinta Allan, announced funding for a two-year Tourism Innovation Fund. The fund was established to drive new product development and tourism excellence in regional Victoria, as highlighted in the *10 Year Tourism and Events Industry Strategy and Moving Forward Strategy: Update – The Next Two Years 2008 to 2010*. Our *Regional Tourism Action Plan 2009–2012* also outlined product development and tourism excellence as significant issues impacting the growth of the industry.

A highlight of the year was the introduction of the Tourism Excellence Grants program. Regional Campaign Committees and Regional Tourism Boards can access funding to support tourism operators under the grant, which provides Tourism Excellence workshops and training programs. The second element of the grants program involved a series of business audits throughout the state. Our aim was to benchmark the service delivery of tourism businesses through mystery shopper exercises. The grant was



Tourism Excellence Steering Committee Chair, Jeremy Johnson joined by guest speaker, Steve Moneghetti and the Minister for Tourism and Major Events, The Hon. Tim Holding MP.

another tangible approach to increasing business performance, developing career pathways, and refining the skills and knowledge of the tourism workforce.

In an exciting development, Tourism Victoria, Tourism Alliance Victoria and the Victorian Employer's Chamber of Commerce and Industry teamed up to bring Tourism Excellence content to life in a series of 10 training modules. Qualified trainers and facilitators deliver course content and other resources, providing an invaluable opportunity for the industry to engage with each other in a group learning environment. We're passionate about providing the industry with the tools it needs to grow and prosper.

The training is a decisive step in educating our businesses to raise the bar and achieve repeat visitation.

The Tourism Excellence website tourismexcellence.com.au attracted an average of 630 unique users per month, recording an average of 2134 page impressions. The website receives continual updates and is currently undergoing a full review. The latest update, which will also include the addition of a search engine, is scheduled for completion in the latter half of 2009.

Striving for tourism excellence is a continual and ongoing process in the promise, offer and ultimate delivery of a quality experience

MELBOURNE AIRPORT 2008 VICTORIAN TOURISM AWARDS



The Victorian Tourism Awards recognise leading businesses and individuals for their contribution to the Victorian tourism industry.

In 2008 we celebrated the 24th instalment of the Victorian Tourism Awards, honouring businesses for their rigorous 'attention to detail'. The theme captured our goal to promote industry growth by fostering and rewarding industry excellence in all forms; from day-to-day tourism operations to award submissions.

We encouraged entrants to nominate for categories that best reflected their core tourism focus or innovation in a particular business segment. Tourism businesses competed across 27 categories, with another three categories open to individual nominations. For the first time, Qantas established a major accolade for Sustainable Tourism and awarded a cash prize for the state and national winners. The prestigious new honour was designed to promote excellence in sustainability practices and showcase Australia as one of the world's top sustainable tourism destinations.

More than 130 operators participated in the awards, taking advantage of skill development and networking opportunities through our Mentor Program, information sessions and workshops. In addition, we refined our industry assistance and marketing support programs and introduced new initiatives which received positive responses from our participants.

The highly popular Mentor Program supported 73 entrants in 2008, an increase on 2007. As part of the program, mentees enjoyed one-on-one time to discuss their awards submission with one of 15 experienced industry leaders. Our 2008 Mentor Panel was lead by Derek Shepherd, Director of Arbold Consulting.

An 18-member Judging Panel chaired by Stuart Ord, Parks Victoria, was appointed to ensure a fair and transparent awards competition.

This year we embraced the contributions of new program partners Skybus, William Angliss Institute, HOSTPLUS and Destination Melbourne. They joined platinum partner Melbourne Airport, and

long term partners RACV and RoyalAuto, Herald Sun, 3AW, Crown Melbourne, Parks Victoria, Victoria University, City of Melbourne, Tourism Alliance Victoria, OAMPS Insurance Brokers and Tourism Australia in delivering another successful awards program.

Media coverage of this year's awards began in March. The exposure helped us and our partners to encourage more entrants, raise the profile of the awards and emphasise the value of the tourism industry. Our strong media partnerships with the Herald Sun and 3AW further increased the impact of our overall marketing activities within the industry and broader community.

In line with tradition, the Melbourne Airport 2008 Victorian Tourism Awards culminated in a spectacular gala presentation and ceremony at the Crown Palladium in November. We worked closely with our ticketing partner, Showbiz, to ensure the awards ceremony reached capacity with 1,200 guests in attendance.



Tourism operators who win their category for three consecutive years are saluted with admission into the Hall of Fame. The accolade highlights consistent and quality performance. In 2008, we welcomed eight businesses into the Victorian Tourism Awards Hall of Fame:

- Federation Square
- Phillip Island Nature Park
- Geelong Otway Tourism
- Melbourne BIG4 Holiday Park
- Crown Promenade Hotel
- The Westin Melbourne
- Boroka Downs
- Mineral Spa at Peppers Springs

Our team manages the Victorian Tourism Awards on behalf of the industry, in partnership with platinum sponsor, Melbourne Airport, which has supported the Awards for the last 15 years.

QANTAS 2008 AUSTRALIAN TOURISM AWARDS

Our awards winners went on to represent Victoria at the national level at the Qantas 2008 Australian Tourism Awards. Hosted in Victoria with Qantas and National Tourism Alliance in February 2009, the tourism industry's night of nights attracted nearly 1,000 tourism operators and industry leaders from across Australia. The theme for the occasion was 'The Big Event' – a reflection of Victoria's prestigious and diverse major events calendar. Minister for Tourism and Major Events Tim Holding, led a 300-strong Victorian delegation in which five Victorian tourism operators were acknowledged for their outstanding quality and professionalism.

THE WINNERS

- ▶ **OLD MELBOURNE GAOL CRIME & JUSTICE EXPERIENCE – NATIONAL TRUST OF AUSTRALIA**
Heritage & Cultural Tourism
- ▶ **FUN4KIDS FESTIVAL**
Festivals & Events
- ▶ **DE BORTOLI WINERY AND RESTAURANT**
Tourism Wineries

HIGHLY COMMENDED

- ▶ **GEELONG VISITOR INFORMATION CENTRES**
Visitor Information Services
- ▶ **NOVOTEL FOREST RESORT CRESWICK**
New Tourism Development

In exciting news for the Victorian tourism industry, the Fun4Kids Festival was inducted into the National Hall of Fame, having prevailed in their category for three consecutive years straight.

The outstanding quality of the Victorian entrants in the Victorian Tourism Awards make it clear why our industry is so strong and continues to deliver such significant economic benefits to the state.

INDUSTRY INVESTMENT & AVIATION

With seed investment and deep industry knowledge, we identify and facilitate new opportunities to support the development of viable, high quality tourism assets, attracting ongoing visitation.



INDUSTRY INVESTMENT

To support our local tourism industry we launched *Tourism Investment Guidelines: Your Guide to Tourism Investment in Victoria*

The \$150 million five-star Hilton Melbourne South Wharf opened its doors

AVIATION

Victoria's aviation industry grew with new routes and carriers, record international arrivals and growing passenger capacity

Working with air carriers yielded new airline services, resulting in over 30 additional flights into Victoria per week

INDUSTRY INVESTMENT

To deliver our promise of tourism growth, we identify and facilitate new infrastructure opportunities to support the development of viable, high quality tourism assets, attracting ongoing visitation.

With seed investment and deep industry knowledge our team of investment and development specialists attract and maximise new investment in Victoria.

We focus on new projects that will provide net benefit to Victoria.

In Victoria, tourism development has grown dramatically over the last year. We have seen the opening of the world's most advanced and greenest convention centre and Melbourne's newest icon, the Melbourne Convention and Exhibition Centre. This landmark \$1.4 billion infrastructure investment includes the convention facility, a major retail development and the new five-star Hilton Hotel. The Melbourne Convention Centre will help Victoria to become one of the most sought after business tourist destinations in the world.

The Hilton Melbourne South Wharf opened its doors in April 2009. The

\$150 million, 20-storey hotel is part of the Melbourne Convention Centre and an impressive addition to Victoria's tourism infrastructure. The luxury establishment includes 396 rooms, a café, restaurant, a tapas and wine bar, and will provide five-star accommodation to Melbourne's visitors.

YHA Victoria officially opened its new 208-bed youth hostel, Melbourne Central YHA on Flinders Street. The fully restored, heritage-graded hostel in Melbourne's CBD offers visitors private rooms or unique rooftop terrace rooms.

The Melbourne Recital Centre is the latest addition to Victoria's cultural landscape. The \$74.5 million centre is part of the vision for Victoria to be home to the world's best sports and arts precinct linked to Melbourne CBD.

The opening of the Mantra Tullamarine reinforced Mantra as a leading accommodation supplier for the State. The 4.5 star hotel includes hotel-style apartments, executive spa and deluxe studios, suites, a penthouse, state-of-the-art conference and function facilities, and an onsite lap pool, sauna and gymnasium.

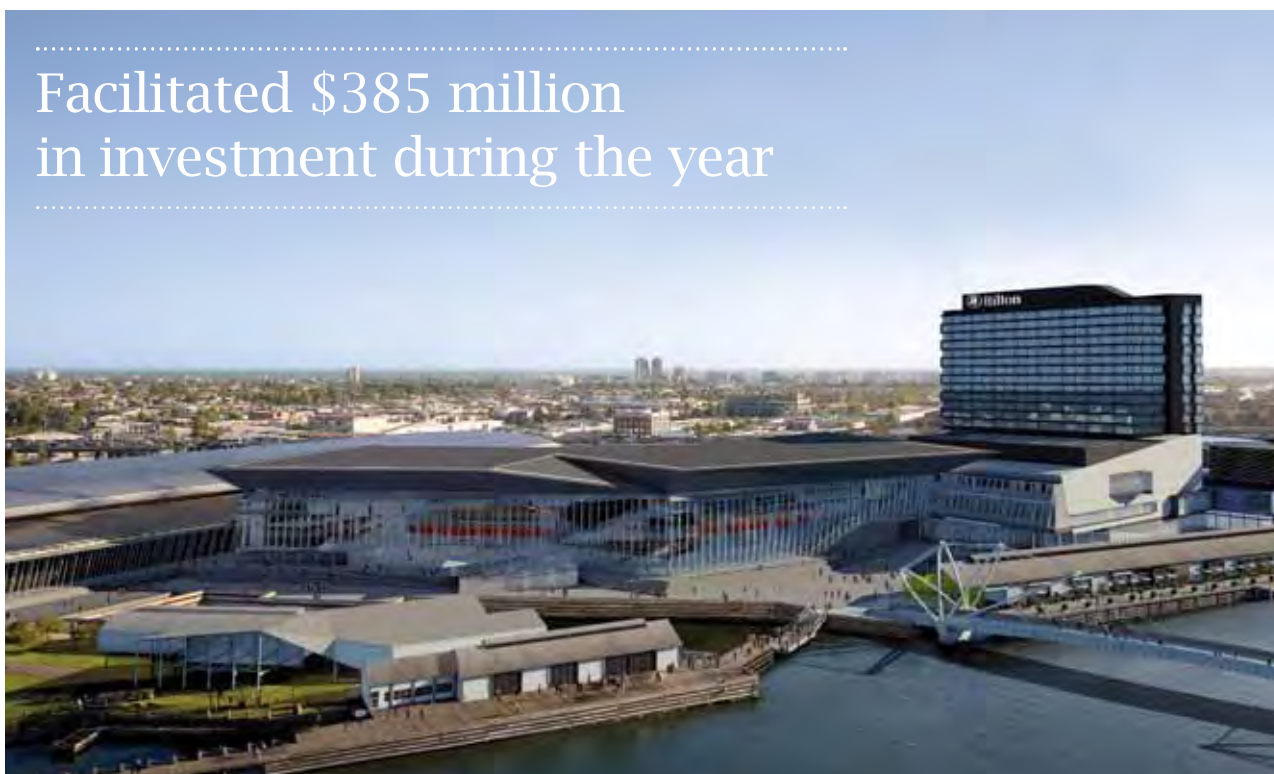
Mantra already has a strong presence in Victoria with two hotels on the Great Ocean Road and six hotels in the heart of Melbourne. Together, these sites make a very significant contribution to our tourism industry.

Quay West Resort & Spa Falls Creek is a new five-star trans-seasonal apartment hotel which delivers luxury accommodation and a vibrant retail mix. It includes a range of visitor facilities, including a day spa and restaurants, and is a significant addition to year-round alpine tourism investment.

State Government projects

With motivation to develop local and global market potential for Victoria we continue to seek new tourism opportunities for the state. One of our key projects is the scuttling of the decommissioned Royal Australian Navy warship, the HMAS Canberra, to create a major new diving attraction off the shores of Barwon Heads. Each year approximately 150,000 dives are undertaken in Victoria which will significantly increase when the ex-HMAS Canberra is added to our underwater landscape. Our studies estimate the net economic benefit of the dive site to the

Facilitated \$385 million
in investment during the year



Melbourne Convention and Exhibition Centre and Hilton Hotel, South Wharf.



HMAS Canberra

state, through spending by new visitors, to be around \$1.3 million per annum.

Since the warship was towed from Western Australia to Geelong in 2008, the vessel has been stripped with all fixtures, pipes and cables removed. The ship was gifted to Victoria by the Commonwealth Government and, as the Victorian Government's coordinating agency, we have worked extensively with State and Federal Government agencies and stakeholders to gain approvals for the scuttling. The new site will add to our reputation as one of Australia's premier year-round dive destinations delivering a high quality dive experience that will attract interstate and international visitation.

Across 2008–09 our team provided strategic input to: State Government working groups responsible for the Bays and Maritime Initiative; the *Boating Coastal Action Plan* for Victoria's central coastal region; the transfer of the Point Nepean Quarantine Station; the Mildura Riverfront Redevelopment; the Grampians National Park Long Distance Trail; the Winton Wetlands Committee of Management; the Geelong Marine Industry Project (formerly Osborne House); the Frankston Safe Boat Harbour; the Cowes-Stony Point Ferry; Nature-Based Tourism Design Guidelines; the extension of the City Circle Tram to Waterfront City; the Bastion Point

Ocean Access Mallacoota; the Apollo Bay Harbour Redevelopment; and the Queenscliff Ferry terminal infrastructure upgrades.

Master Plan and Feasibility Studies

We share our knowledge and resources and are an active participant in various master plans and feasibility assessments involving local government and key stakeholders. Across the year our investment advice enabled businesses to venture into new territory with a number of successful outcomes and milestones achieved, including:

Grampians Overnight Walk Feasibility

Development of a long distance trail experience which highlights the natural and cultural values of the area, and capitalises on associated commercial tourism opportunities.

Apollo Bay Harbour Redevelopment

The redevelopment of the Apollo Bay Harbour to reinvigorate the harbour and waterfront precinct with development prospects including the provision of a public open space and park, improved boating and port related facilities, tourist accommodation and conference facilities, retail and a range of quality waterside dining.

Frankston Safe Boat Harbour

The development of significant additional development approval opportunities including short-stay accommodation, dry boat storage and a commercial space to facilitate this key marina development.

Mildura Riverfront Redevelopment

As a second stage to the Mildura Riverfront Master Plan completed in 2005, we are assisting Mildura Rural City Council with detailed precinct feasibility for Mildura's riverfront redevelopment. The feasibility work clarifies design and development investment outcomes for the central precinct to provide a connection to the Murray River. Feasibility studies are anticipated to conclude in the latter half of 2009 leading to planning scheme amendment proposals that will leverage new investment.

Puffing Billy Upgrades

As industry's partner we have been working with Puffing Billy Railway to complete a business plan with recommendations on key strategic directions and projects required to grow the iconic railway's tourism performance. The business plan provides an essential platform to leverage key new investment including interpretation experiences and visitor accommodation for ongoing sustainability.

INDUSTRY INVESTMENT



Hepburn Bathhouse. Photo: Peter Glenane Photography Major Projects Victoria 2009

Slaughterhouse and Point Grey Precincts, Lorne

We assisted the Great Ocean Road Coast Committee to commence master planning work for the Slaughterhouse and Point Grey Precincts. This master plan provides an essential basis for the establishment of new public infrastructure and private investment at one of Victoria's significant tourism destinations.

Gulf Station, Yarra Valley

Our investment team is helping the National Trust of Australia (Victoria) to review the feasibility of proposals to reinvigorate one of the Trust's significant heritage properties into a quality tourism destination. Gulf Station was one of the Yarra Valley's first farming properties and provides significant opportunity for regional farm stay accommodation, events and functions, heritage interpretation and visitor engagement with a working farm.

Private Sector Project Assistance

Our investment team work to improve Victoria's tourism assets by identifying economically and socially sustainable infrastructure opportunities, which will maintain the state's competitive edge.

Our strategic objectives include the expansion of private sector investment in tourism projects to gain optimum benefits for our local tourism industry. We have been involved in a number of important tourism investments across 2008–09 including:

- Planning facilitation of:
 - Clearwater Resort, Daylesford
 - Lorne Country Club Hotel
 - Queenscliff Ferry Terminal Upgrade
 - Japanese Mountain Retreat, Montrose
 - Dromana Estate Winery and Resort
 - 80 Collins Street Melbourne Hotel Development
 - RACV Torquay Golf Club
 - Wyndham Cove Marina Development
 - Nagambie Lakes Resort, Nagambie
 - Melbourne Yacht Club, Docklands

Advisory Services

In September 2008 we launched our *Tourism Investment Guidelines: Your Guide to Tourism Investment in Victoria*. These guidelines assist individuals and organisations to become part of the Victorian tourism industry and support the state's growth through investment and development of a tourism project. This resource aims to assist proponents with small to medium scale investment projects to conceptualise, plan and develop their projects. We distributed the publication to all our industry stakeholders and the broader investment community.

As part of the rebuilding process since the February bushfires, the division has been providing ongoing investment advice to the Victorian Bushfire Reconstruction and Recovery Authority to assist with the facilitation of new tourism investment in both the Marysville and Kinglake regions.

AVIATION

Aviation is a key focus for us as the State Government's lead agency on air services. We work alongside airports, government departments and airline planners to develop new network agreements, enabling us to serve more tourism markets.

Victoria secured a series of major aviation wins throughout the year. We welcomed new carriers on new and existing routes and expanded capacity from existing carriers. We are committed to seeing airlines operate sustainable air services to benefit our visitors and achieve tourism growth by improving air access to our state.

Through direct dialogue with airlines and government bodies, we continue to help improve air rights, facilitate market studies and prepare comprehensive international and domestic proposals to expand our air service options. Our Aviation and Policy teams also assisted in the development of the Victorian whole of government response to the *National Aviation Policy Green Paper*, which supported the recognition of aviation as a driver of economic prosperity.

In March 2009 we managed the Victorian Government stand at the Australian International Airshow. Our presence at the event assisted more than 75 Victorian companies and their guests.

In a major aviation coup, Melbourne won the bid to host the International Air Transport Association Conference in November 2010. The conference, which is expected to draw more than 1,100 delegates from 300 airlines and 200 airports worldwide, is expected to enhance our global profile among key airline planners.

We attracted new airlines with 23 international carriers now servicing Victoria

INTERNATIONAL AIR SERVICES

Melbourne Airport performed ahead of other major Australian airports in delivering international passenger growth, making it a key gateway for visitors to Australia. For the year ending June 2009, international passenger numbers at Melbourne Airport rose three per cent from 2007–08 to reach 4.9 million passengers. This compares positively with Sydney's international figures, which fell 4.2 per cent. The result highlights sustained growth in visiting international guests and Melbourne's resilience as a key tourism and business city.

Melbourne Airport's curfew-free status, low passenger charges and single terminal layout continued to be an attractive option for airlines to commence and increase their services. The total number of international airlines serving our state has now increased to 23, with AirAsia X introducing a new service between Melbourne and Kuala Lumpur, and Etihad establishing a new route between Melbourne and Abu Dhabi and beyond to the UK/Europe. In addition to increasing the capacity from existing carriers, the new services have resulted in over 30 additional flights per week into Victoria, compared to the same time last year. This is on par with a 17 per cent year-on-year growth in international seat capacity.

Major outcomes and highlights for other international carriers included:

New services

- AirAsia X commencing four services per week between Kuala Lumpur and Melbourne in November 2008, which increased to daily services in March 2009. AirAsia X also launched services from Kuala Lumpur to Stanstead, London, effectively becoming the first low cost carrier to offer services between Melbourne and the UK.
- Etihad Airways' launch of Airbus A340 direct services between Melbourne and Abu Dhabi, and beyond, in March 2009.
- Qantas launching its A380 services between Melbourne and Los Angeles in October 2008. The airline now operates the 450-seat service twice weekly between Melbourne and Los Angeles, adding 31 per cent additional capacity to the route.
- Singapore Airlines to introduce new A380 services between Melbourne and Singapore from September 2009.
- Qatar Airways' announcement of new direct air services between Melbourne and Doha, beginning in December 2009.
- V Australia to begin flying between Melbourne and Los Angeles three times weekly from December 2009.
- Pacific Blue introduced daily Boeing 737-800 Melbourne-Auckland services and commenced Melbourne-Denpasar and Melbourne-Nadi services.

AVIATION

Increased services

- Chinese Carriers: Air China, China Eastern and China Southern all increased or announced increases to their services.
- Emirates increased its service frequency to provide 21 services per week between Melbourne and Dubai, and beyond, from February 2009.
- Garuda Indonesia increased its services to offer daily flights. These included three Melbourne–Jakarta services per week from August 2009, in addition to its five existing services per week between Melbourne and Bali.
- Malaysia Airlines' enhanced capacity to offer two extra services per week in July and September. These services were in addition to the airline's 14 existing services per week.
- Philippine Airlines' move to daily services in December 2008. Four weekly services are now available between Manila–Melbourne–Sydney while the remaining three services operate between Manila–Sydney–Melbourne.
- United Airlines' operation of direct daily services from Melbourne to Los Angeles during the Christmas period. This service was in addition

The aviation and aerospace industry contributes an estimated \$600 million to the Victorian economy, employing more than 20,000 people

to the airline's daily Melbourne–Sydney–Los Angeles service.

- Due to high demand Vietnam Airlines increasing its services between Melbourne–Hanoi–Ho Chi Minh City from three to four times a week from December 2008.

Existing carriers continue to service Melbourne including Singapore Airlines, Cathay Pacific, Malaysian Airlines, Thai Airways and significant Qantas and New Zealand services.

In the face of global economic challenges Melbourne enhanced its profile as an international air services destination. We continually participate in discussions with a variety of carriers on current and future air services proposals, with the expansion of air access to priority markets, such as China and India, on the horizon.

DOMESTIC AIR SERVICES

Victoria remains a major centre for Qantas, Virgin Blue, QantasLink, Jetstar, Tiger Airways and Regional Express (REX) services. We continue to focus on increasing domestic airline connections in and out of Melbourne, which significantly allows international visitors to use Melbourne as their gateway to Australia. Melbourne Airport saw 19.7 million domestic passengers pass through its terminal gates in the 2008–09 financial year, with a two per cent growth from last year.

During the year we strengthened our position as a low cost carrier hub, with Tiger Airways expanding its services to offer Melbourne–Sydney flights from July 2009. Tiger also announced that Melbourne will also be home to the airline's fifth aircraft from October 2009.





Melbourne Airport CEO, Chris Woodruff and Etihad Airways CEO, James Hogan.

Additional highlights on the domestic front included:

- Jetstar's increased capacity between Melbourne and Townsville/Gold Coast and between Avalon and Sydney.
- QantasLink increasing capacity to Mildura and recommencing services between Sydney and Mt Hotham for the 2009 ski season.
- Virgin Blue's commencement of new services between Mildura and Melbourne from October 2008.

With the Jetstar and Tiger Airways offices based in Melbourne and plans for both to continue delivering low cost seats into Victoria, the outlook for domestic passenger growth remains promising.

There was some sobering news for the domestic airline industry with the withdrawal of some routes including Jetstar's Melbourne–Ballina services and Tiger Airways' Melbourne–Darwin services. Potential ad hoc capacity reductions across the domestic network have been announced following a softening of forward bookings.

INDUSTRY DEVELOPMENT

We are helping to propel our aviation industry and our state economy by supporting local aviation jobs and learning opportunities for our workforce.

In June 2009 we successfully completed an Aviation Trade Mission to China and Mongolia.

We partnered with SkillsVictoria to secure \$3 million in the first phase of a \$50 million Expenditure Review Committee (ERC) bid to develop an internationally accredited whole of industry aviation training initiative at Melbourne Airport. The bid will see our aviation team provide strategy input which will include linking investment from industry, plus technical and tertiary institutes. To accelerate the construction of an aviation training academy, consultants to assist the Department of Industry, Innovation and Regional Development in the next stage of preparations.

Kangan Batman TAFE (KBT) purchased a B737 aircraft for training purposes which arrived at Melbourne Airport in December 2008. The aircraft will help support local trade training, and will bolster the relationship KBT has with

Lufthansa Technical Training. The initiative is expected to attract new training activities to our state.

AVIATION SERVICES

We are passionate about assisting aviation companies, including airlines, to expand and promote their businesses in Australia. In the 2008–09 financial year we developed a successful Investment Support Committee of Cabinet proposal to support John Holland Aviation Services (JHAS). As a unique aviation provider, JHAS is the only independent aircraft maintenance, repair and overhaul centre that services wide and narrow bodied aircraft for domestic and international airlines. The submission helped JHAS to secure a 10 year contract with Virgin Blue, employing 249 new staff to service the airline's new fleet of 170 and 190 Embraer aircraft.



MANAGEMENT

With the commercial insight of our Board, we work to the highest public and private sector principles to maximise resources and funding support to partners.



OUR STRUCTURE

Tourism Victoria is a State Government statutory authority that supports the Department of Innovation, Industry and Regional Development. We report to The Hon. Tim Holding MP, the Minister for Tourism and Major Events.

We share our knowledge and resources, build industry networks and develop campaigns for far reaching market exposure. Our strong research, policy and strategy platforms support commercial certainty, with seed investment enabling businesses to venture into new product territories.

Four key areas shape our work: Marketing; Leadership; Industry Investment and Aviation; and Management.

MARKETING

Brand Services delivers creative output including design, production, and management of the Visions of Victoria image library. It fosters consistent and appropriate usage of the Tourism Victoria brand and is the primary liaison for Tourism Victoria's advertising agency, Publicis Mojo. The unit also manages the Victorian Tourism Information Service.

Brand Victoria is the international destination brand for Melbourne and Victoria. The team provides a consistent means to showcase our key international export sectors, positioning Victoria internationally as the destination of choice for investors, migrants, tourists and students.

Corporate and Destination

Communications conducts extensive public relations activities to reinforce marketing campaigns and showcase Victoria's diverse attributes worldwide. The team delivers strategic advice, internal and corporate communications, crisis and issues management functions.

eMarketing employs online communications and technology to effectively market Victoria's tourism assets to Australian and international travellers.

Events is dedicated to attracting, developing and marketing events in Melbourne and regional Victoria, to highlight our tourism destinations and provide economic benefits to host locations.

International Marketing and Familiarisations delivers international marketing strategies to influence key consumer segments through brand initiatives, public relations and online marketing. The Familiarisations team arranges and leads international domestic trade and media visits.

National Trade Marketing shares its breadth of industry expertise and coordinates national consumer and travel trade marketing activities for Melbourne and regional Victoria.

Product Marketing promotes and develops a range of Tourism sectors including the arts, theatre, cultural tourism, Aboriginal, nature-based, food and wine, backpacker, golf and spa and wellbeing.

Regional Marketing collaborates with the 10 regional campaign committees, the Board for Alpine Resorts Tourism and the Melbourne and Surrounds Strategic Marketing Alliance to generate marketing campaigns and drive visitor numbers to regional Victoria.

INDUSTRY INVESTMENT & AVIATION

Aviation leads the State Government's air services negotiations to improve air travel to Victoria. The team works in partnership with airports and other stakeholders to influence aviation policy and strengthen our airline options.

Investment supports the development of viable tourism opportunities that enable industries to etch out new ground; assisting private and public sector projects and providing strategic input to priority projects.

LEADERSHIP

Tourism Excellence enhances industry connections and creates a competitive advantage for Victoria through improved service standards and visitor satisfaction.

Victorian Tourism Awards manage the awards program on behalf of the industry, in partnership with sponsors

Strategy and Policy conveys new insights and market intelligence to inform Tourism Victoria strategies and grow the industry. The team creates accountability across the organisation and provides policy support and advice to the Minister for Tourism and Major Events and other government stakeholders to advocate tourism issues.

Research analyses information to monitor and evaluate Victoria's tourism performance. The team undertakes a variety of qualitative and quantitative research to better understand key market and product segments and evaluate the performance of campaigns and other initiatives.

MANAGEMENT

Executive Services fulfils support roles to the Minister for Tourism and Major Events, the Chairman of Tourism Victoria, the Board and its committees and the Chief Executive. The team performs financial and records management, corporate governance, asset management and audit and risk management activities.

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.

OTHER RELEVANT INFORMATION

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

I, Janine Kirk certify that Tourism Victoria has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Corporate Governance and Audit Committee 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

WORKFORCE DATA

(AS AT 30 JUNE 2009)

Class	Gender		Total
	F	M	
VPS G1	0.00	0.00	0.00
VPS G2	2.00	1.00	3.00
VPS G3	11.83	6.00	17.83
VPS G4	22.60	4.00	26.60
VPS G5	17.90	8.00	25.90
VPS G6	6.00	12.00	18.00
VPS G7	0.00	1.00	1.00
EO 3	2.00	2.00	4.00
EO 2	0.00	1.00	1.00
EO 1	0.00	1.00	1.00
Total	62.30	36.00	98.30

OTHER RELEVANT INFORMATION

Legislation

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

Merit and equity statement

In accordance with Government policies and guidelines, all appointments to Tourism Victoria in 2008–09 were made on the basis of merit. Employees' Health and Safety

Tourism Victoria's policy was provided and implemented by the Department of Innovation, Industry and Regional Development during 2008–09. The department has reported on this matter:

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 2008–09 in relation to legislation relating to Tourism Victoria.

Application of the Competition Test to New Legislative Proposals

No new legislation was introduced during 2008–09 relating to Tourism Victoria.

Application of Competitive Neutrality (CN) principles to significant Government business activities

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

Application of Competitive Neutrality Principles to In-House Bids

There were no in-house bids relating to Tourism Victoria in 2008–09.

Engagements of Consultants for 2008–09 in excess of \$100,000

Nil.

Engagements of Consultants for 2008–09, \$100,000 and under

Tourism Victoria engaged seven consultants, each with a total consultancy cost of less than \$100,000, during 2008–09. The total cost of these consultancies in the financial year was \$242,421.

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.

Summary of additional information available on request

The following information is available on request:

- a statement that declarations of private interests have been duly completed by all relevant officers
- details of publications produced during 2008–09
- details on any major external review carried out during 2008–09
- details of any major research and development activities
- details of overseas visits undertaken
- details of major promotional, public relations and marketing activities undertaken during 2008–09

The information is available from:

Group Manager,
Business Services
Tourism Victoria
Level 32, 121 Exhibition Street
Melbourne
Victoria 3000
Tel 9653 9721

CULTURAL DIVERSITY, WOMEN, YOUTH, INDIGENOUS AFFAIRS & ENVIRONMENTAL MANAGEMENT

CULTURAL DIVERSITY

Tourism Victoria aims to ensure that individuals from culturally and linguistically diverse backgrounds have equal access to programs, services and initiatives.

At the same time, Tourism Victoria aims to utilise the culturally and linguistically diverse features of Victorian society to inform the development of programs and external campaigns which benefit Victorians across all regions.

In 2008–09 Tourism Victoria undertook a number of activities that involved, or were targeted towards, culturally and linguistically diverse groups, including:

- Screening Tourism Victoria advertisements on SBS during prime time in order to reach its diverse audience
- The development of a Spanish language variant of visitmelbourne.com
- Employment of locally based foreign language guides for international familiarisation activities for translation and cultural exchange
- Ongoing management of language variants of our consumer websites
- Providing assistance to regional events that facilitate community building and which directly and indirectly benefit diverse ethnic and cultural groups
- A majority of these events have a multicultural focus. Events that received support in 2008–09 included the Australian World Music Expo, National Celtic Festival, Beechworth Celtic Festival and Echuca Moama Celtic Festival
- Highlighting cultural diversity in food and wine campaigns.

All of the above activities will continue in 2009–10.

WOMEN

Tourism Victoria's Board is 60 per cent female, 63 per cent of Tourism Victoria's staff are female and women are well represented in regional tourism organisations.

Women are strongly represented in the tourism industry and are increasingly occupying a leadership role. There is opportunity to further enhance the role of women in future years.

YOUTH

Tourism is an industry dominated by young people, particularly in areas such as hospitality. One of the major priorities in *Respect: the Government's Vision for Young People* is involving young people in community building activities. Tourism is one of the sectors providing significant employment in regional Victoria.

Specific initiatives undertaken in 2008–09 included:

- Tourism Victoria employs up to four students per year as part of a 40-week work experience program. This will continue in 2009–10.
- Tourism Victoria provides financial support to Services Skills Victoria to undertake the Developing Tourism Business Leaders business skills development program. Initiatives in 2008–09 will focus on the employment and retention of young people in the industry.
- Sponsorship and support for the Young Tourism Network.

INDIGENOUS AFFAIRS

Tourism Victoria continued its support for Aboriginal tourism during 2008–09.

Other initiatives included:

- Tourism Victoria continued to support Aboriginal tourism through Aboriginal Tourism Victoria
- Aboriginal tourism experiences are included in Tourism Victoria's international familiarisation programs with approximately one in every six tours including an Aboriginal component
- Tourism Victoria continued to convene an Aboriginal Tourism Reference Group to provide advice on Aboriginal tourism development.

ENVIRONMENTAL MANAGEMENT

Tourism Victoria is part of the Department of Innovation, Industry and Regional Development. The department has reported on this matter in its 2008–09 Annual Report.

WHISTLEBLOWERS PROTECTION ACT 2001

The *Whistleblowers Protection Act 2001* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Tourism Victoria does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. We are committed to ensuring transparency and accountability in our administrative and management practices and support 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. We will also afford natural justice to the person who is the subject of the disclosure.

Reporting procedures

Disclosures of improper conduct or detrimental action by Tourism Victoria or our employees may be made to the following persons:

Tourism Victoria's Protected Disclosure Coordinator is:

Gregory Hywood
Chief Executive
Level 32, 121 Exhibition Street
Melbourne VIC 3000
Email gregory.hywood@tourism.vic.gov.au

Tourism Victoria's Protected Disclosure Officer is:

Bernie Stewart
General Manager, Executive Services
Level 32, 121 Exhibition Street
Melbourne Victoria 3000
Tel 03 9653 9826
Email bernie.stewart@tourism.vic.gov.au

You can also make your complaint or provide information directly to the Ombudsman.

The Ombudsman, George Brouwer
Level 22, 459 Collins Street
Melbourne VIC 3000 (DX 210174)
Tel 03 9613 6202
Toll Free 1800 806 314
Email ombudvic@ombudsman.vic.gov.au
ombudsman.vic.gov.au

Disclosures can be made in writing or made orally. You may also provide information anonymously.

A copy of Tourism Victoria's Whistleblower Protection Procedures can be obtained by contacting Tourism Victoria on (03) 9653 9777 or from our website at tourism.vic.gov.au

FREEDOM OF INFORMATION

Freedom of Information Act 1982 – Section 7

Publication Requirements

The Victorian Freedom of Information Act gives individuals the right to request information held by Tourism Victoria. During the year, Tourism Victoria received five Freedom of Information requests, two from members of Parliament and three from the public.

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:

Bernie Stewart
Freedom of Information Officer
GPO Box 2219T
Melbourne VIC 3001
Tel (03) 9653 9826
Fax (03) 9653 9722

Requests can also be lodged online at foi.vic.gov.au

From 1 July 2009, the required application fee per request is \$23.40.

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, foi.vic.gov.au

FIVE YEAR COMPARISON

FINANCIAL COMPARISON					
	2004/05	2005/06	2006/07	2007/08	2008/09
	\$000	\$000	\$000	\$000	\$000
Total assets	14,625	17,434	16,265	20,406	31,535
Total liabilities	6,714	6,693	5,919	7,163	15,120
Net assets	7,911	10,741	10,346	13,243	16,415
Surplus/(Deficit)	2,214	2,830	(395)	2,897	3,172
State Government contributions	44,886	44,690	42,786	59,869	66,066
Property, plant and equipment (WDV)	846	782	623	499	246

Significant changes in financial position 2008–09

An operating surplus of \$3,172,322 was recorded in 2008–09. This surplus was primarily a result of the accounting treatment of Government grant funding which was recorded as being received in full during the 2008–09 year, but which will be expended over a number of years.

Special projects grant funding is provided annually to Tourism Victoria to deliver specific Government initiatives, usually over two to four years. In principle, net assets represent the activities and consequent expenditure, relating to these special projects, to be completed and incurred after year end.

Funding for the acquisition of international business conventions at the Melbourne Convention Centre are held by Tourism Victoria. Due to the nature of bidding for these business events, funds are committed three to five years in advance and are held in trust by Tourism Victoria until funds are required closer to the event.

The 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.

A summary of major changes or factors which have affected the achievement of the operational objectives for the year.

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

Tourism Victoria is a Statutory Authority of the State of Victoria.

Tourism Victoria was established under the *Tourism Victoria Act 1992*.

Its principal address is: Tourism Victoria, 121 Exhibition Street Melbourne VIC 3000.

A description of the nature of Tourism Victoria's operations and its principal activities is included in the annual report.

For queries in relation to our reporting please call 9653 9777.

FINANCIAL REPORT

OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
INCOME			
Revenue			
Grant income	2(a)	66,065,556	59,869,251
Other revenue	2(b)	5,697,661	3,625,084
Total revenue		71,763,217	63,494,335
Other income	2(c)	(67,708)	(48,603)
Total income		71,695,509	63,445,732
EXPENSES			
Grants and other payments	3(a)	(20,430,997)	(21,347,837)
Employee benefits	3(b)	(9,134,478)	(10,710,926)
Depreciation	3(c)	(99,125)	(232,262)
Capital asset charge		(47,004)	(47,004)
Impairment of financial assets	5	(65,009)	–
Supplies and services	3(d)	(34,064,123)	(22,685,061)
Administration charges	3(e)	(4,650,836)	(5,515,116)
Finance cost		(31,614)	(10,108)
Total expenses		(68,523,187)	(60,548,313)
NET RESULT FOR THE PERIOD		3,172,322	2,897,419

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

BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalents	15	21,790,256	16,411,824
Receivables	4	3,030,999	2,495,615
Prepayments		691,505	934,224
Financial asset	14 (f)	5,777,000	–
Total current assets		31,289,759	19,841,663
NON-CURRENT ASSETS			
Other financial assets	5	1	65,010
Property, plant and equipment	6	245,718	499,284
Total non-current assets		245,719	564,294
Total assets		31,535,478	20,405,957
CURRENT LIABILITIES			
Payables	7	7,079,070	4,461,498
Interest bearing liabilities	8	60,710	144,032
Provisions	9	1,848,240	2,305,067
Financial liability	14 (f)	5,777,000	–
Total current liabilities		14,765,020	6,910,598
NON-CURRENT LIABILITIES			
Interest bearing liabilities	8	112,593	64,635
Provisions	9	242,464	187,455
Total non-current liabilities		355,057	252,090
Total liabilities		15,120,077	7,162,688
NET ASSETS		16,415,401	13,243,269
EQUITY			
Accumulated surplus/(deficit)		16,415,401	13,243,269
TOTAL EQUITY		16,415,401	13,243,269
Contingent liabilities and contingent assets	13	–	–
Commitments for expenditure	12	–	–

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 2009

	Notes	2009 \$	2008 \$
Total equity at the beginning of the financial year		13,243,269	10,345,850
Equity transfers to other government entities (Vic Fleet)		(191)	–
Net result for the period		3,172,322	2,897,419
Total equity at the end of the financial year		16,415,401	13,243,269

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 2009

	Notes	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Government		66,318,109	59,543,725
Receipts from other entities		4,641,173	2,176,839
Payments to suppliers and employees		(70,579,134)	(63,893,397)
Net goods and services tax recovered from the ATO		4,100,212	2,751,039
Capital assets charge		(47,004)	(47,004)
Interest and other cost of finance paid		(31,614)	(10,108)
Interest received		1,068,369	1,563,730
Net cash flows from/(used in) operating activities	15(c)	5,470,111	2,084,824
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(128,882)	(178,969)
Proceeds from sale of property, plant and equipment		72,758	27,806
Net cash flows from/(used in) investing activities		(56,124)	(151,163)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment and disposal of finance leases		(142,178)	(44,575)
New finance leases		106,622	99,867
Net cash flows from/(used in) financing activities		(35,556)	55,292
Net increase/(decrease) in cash and cash equivalents		5,378,431	1,988,953
Cash and cash equivalents at the beginning of the financial year		16,411,824	14,422,871
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15(a)	21,790,256	16,411,824
Non cash financing activities	15(b)		

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

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NOTE 1. SUMMARY OF ACCOUNTING POLICIES

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards and Interpretations (AASs). AASs include Australian equivalents to International Financial Reporting Standards.

The financial report also complies 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 preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

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.

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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented for the year ended 30 June 2008.

Where practicable comparative amounts are presented and classified on a basis consistent with the current year.

(c) Reporting entity

The financial report covers 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
Victoria 3000

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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) Events after reporting date

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.

(f) Goods and services tax (GST)

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

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

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

(g) Income recognition

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 of the underlying assets. Where grants are reciprocal, income is recognised as performance occurs under 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.

Cooperative revenue

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

Interest revenue

Interest revenue includes interest received on bank term deposits, interest from investments, and other interest received. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

NOTE I. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(h) Expenses

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 benefits

Employee benefits include all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions. These are recognised when incurred, except for contributions in respect of defined benefit plans.

Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

The amount charged to the operating statement in respect of defined benefit plan superannuation 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 plans based on the relevant rules of each 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 centrally recognises the defined benefit liability or surplus of most Victorian government employees in such funds.

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. The expected useful lives are as follows:

Plant and Equipment

- Computer equipments 3 years (2008: 3 years)
- Others 5 years (2008: 5 years)

These rates are reviewed on an annual basis.

Voluntary change of accounting policy

In conjunction with the Department of Innovation, Industry and Regional Development, Tourism Victoria reviewed the asset capitalisation policy and determined that the \$1,000 capitalisation threshold was no longer material or appropriate. Accordingly, and consistent with the Department, the capitalisation threshold was increased to \$5,000 effective from 1 July 2008. Therefore in 2008/09 depreciation is charged on all Tourism Victoria's assets with acquisition costs greater than or equal to \$5,000. (2008: \$1,000). The quantified effect of this change is identified in note 6.

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.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs. The charge is calculated on the budgeted carrying amount of non-current physical assets.

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;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

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 (i).

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Supplies and services

Supplies and services generally represent the day-to-day running costs, including maintenance costs, incurred in the normal operations of Tourism Victoria. These items are recognised as an expense in the reporting period in which they are incurred.

(i) Assets

All non current assets controlled by Tourism Victoria are reported in the balance sheet.

Financial Assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable.

All debtors are recognised at the amounts receivable as they are due for settlement at no more than 30 days from the date of recognition. The collectability of debtors is reviewed on an ongoing basis.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Forward foreign exchange contracts

All derivatives (other than those designated as an accounting hedge) are recognised as a financial asset or financial liability at fair value through profit and loss. In June Tourism Victoria purchased forward exchange contracts to fix the costs of the budgeted foreign currency activities for 2009/10. Consistent with Treasury recommendation FRD 114A, Tourism Victoria has not adopted hedge accounting.

Other financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Interests in listed and unlisted securities other than controlled entities are brought to account at the lower of cost and recoverable amount.

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

Available-for-sale financial assets

Other investments held by Tourism Victoria are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 14.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership 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 lease assets are amortised on a straight-line basis over the estimated useful life of the asset.

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.

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 (2008 – 8 years).

Non Financial Assets

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.

NOTE I. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(j) Liabilities

Payables

Payables consist predominantly of creditors and other sundry liabilities.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to Tourism Victoria prior to the end of financial year that are unpaid, and arise when Tourism Victoria becomes obliged to make future payments in respect of the purchase of these goods and services.

Interest bearing liabilities

Interest bearing liabilities are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, interest bearing liabilities are measured at amortised costs 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.

Employee benefits

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and 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.

- **Current Liability – unconditional LSL** (representing 7 or more years of continuous service for VPS staff and 10 and more years of continuous service for executives) is disclosed 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 component of this current LSL liability is 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.

- **Non Current Liability – conditional LSL**

Conditional LSL (representing less than 7 years of continuous service for VPS staff and less than 10 years of continuous service for executives) 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.

(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.

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 provision for employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(k) Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value.

(l) 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 and, if quantifiable, are measured at nominal value.

(m) Cash flow statement

For the purposes of the cash flow statement, cash comprises cash on hand, cash at bank and deposits at call that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(n) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange 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 at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

(o) Functional and presentation currency

The functional currency of Tourism Victoria is the Australian Dollar, which has also been identified as the presentation currency of Tourism Victoria.

(p) Rounding of amounts

Amounts in the financial report have been rounded to the nearest dollar unless otherwise stated. This may result in some summation differences of \$1 or so.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2009, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2009. Tourism Victoria has not, and does not intend to adopt these standards early.

NOTE I. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Tourism Victoria financial statements
AASB 8 Operating Segments.	Supersedes AASB 114 <i>Segment Reporting</i>	Beginning 1 Jan 2009	Not applicable
AASB 2007–3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Not applicable
AASB 123 Borrowing Costs	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets. In February 2009, the AASB decided that not for profit public sector entities could continue to expense borrowing costs attributable to qualifying assets pending the outcome of various IPSASB/AASB projects.	Beginning 1 Jan 2009	Not applicable
AASB 2007–6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Not applicable
AASB 2008–2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]	This Amending Standard introduces an exception to the definition of financial liability to classify as equity instruments certain puttable financial instruments and certain instruments that impose on an entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation of the entity.	Beginning 1 Jan 2009	Not applicable to not-for-profit entities.
AASB 2008–3 Amendments to Australian Accounting Standards arising from AASB 3 & AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	This Standard gives effect to consequential changes arising from revised AASB 3 and amended AASB 127. The Prefaces to those Standards summarise the main requirements of those Standards.	Beginning 1 Jul 2009	Impact expected to be insignificant.
AASB 2008–5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 2008–6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1 & AASB 5]	The amendments require all the assets and liabilities of a for-sale subsidiary's to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 Jul 2009	Not applicable
AASB 2008–7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities.	Beginning 1 Jan 2009	Not applicable
AASB 2008–8 Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139]	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations.	Beginning 1 Jul 2009	Impact expected to be insignificant.
AASB 2008–9 Amendments to AASB 1049 for Consistency with AASB 101	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 Jan 2009	Not applicable to public sector entities except for certain presentation formats.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 2. INCOME

	2009 \$	2008 \$
INCOME		
(a) Grant income		
State Government grants		
Core program	28,313,329	28,740,971
Special projects	37,752,227	31,128,280
	66,065,556	59,869,251
(b) Other revenue		
Cooperative ventures		
Marketing strategy	427,303	262,047
Product and destination marketing	3,396,050	1,273,043
International marketing	274,048	399,225
Other	543,772	242,298
	4,641,173	2,176,613
Interest revenue		
Interest on bank deposits	289,768	179,153
Interest from Investments	766,720	1,269,319
	1,056,488	1,448,472
TOTAL OTHER REVENUE	5,697,661	3,625,084
(c) Other income		
Foreign exchange rate gains/ (losses)	142,857	(6,221)
Gain/(Loss) on disposal of property, plant and equipment (note 6c)	(210,565)	(42,382)
TOTAL OTHER INCOME	(67,708)	(48,603)

NOTE 3. EXPENSES

	2009 \$	2008 \$
EXPENSES		
(a) Grants and other payments		
Major events	14,240,060	10,596,734
Regional tourism cooperative marketing	3,257,694	4,839,759
Cooperative marketing	1,313,831	4,121,359
Industry development	691,771	901,156
Victoria Trade and Investment Company Pty Ltd	927,641	888,829
	20,430,997	21,347,837
(b) Employee Benefit		
Salary and wages	7,326,623	7,783,459
Superannuation	771,005	906,465
Annual leave	515,670	845,787
Long service leave	(122,889)	437,158
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	644,069	738,057
	9,134,478	10,710,926
(c) Depreciation expense		
Depreciation of non-current assets	99,125	232,262
	99,125	232,262
(d) Supplies and services		
Advertising	11,632,898	7,161,047
Printed material	557,452	279,500
Consultants/Professional services	3,178,502	1,789,443
Distribution	272,993	243,085
Exhibition costs/Venue hire	1,710,314	139,084
Familiarisation expenses	1,375,558	972,783
Hospitality and entertainment	1,470,988	239,428
Marketing, promotional and PR costs	9,203,639	9,035,068
Media	27,414	32,172
Online services	885,242	345,549
Overseas contractors	1,117,955	1,169,526
Photographic/Video	646,184	223,159
Research	1,209,956	1,019,765
Other	775,029	35,452
	34,064,123	22,685,061

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 3. EXPENSES (CONTINUED)

	2009 \$	2008 \$
(e) Administration charges		
Rent, cleaning and power	991,769	1,470,558
Telephone, facsimile and postage	323,326	323,305
Audit fees	26,206	20,000
Computer charges	980,381	1,317,793
Printing, stationery and offices requisites	236,208	214,413
Motor vehicle running costs	144,299	142,128
Travel charges	843,060	844,955
Training and development	420,484	296,655
Other	685,104	885,309
	4,650,836	5,515,116

NOTE 4. RECEIVABLES

	2009 \$	2008 \$
CURRENT		
<i>Contractual</i>		
Debtors (a)	1,623,550	1,023,670
Other receivables	142,659	66,349
	1,766,210	1,090,019
<i>Statutory</i>		
Amounts owing from Victorian Government(b)	—	—
GST Input tax credit recoverable	1,264,789	1,405,596
	1,264,789	1,405,596
TOTAL CURRENT RECEIVABLES	3,030,999	2,495,615

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

(b) The amounts recognised from Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due.

(c) Ageing analysis of contractual receivables, please refer to note 14(d)

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

NOTE 5. OTHER FINANCIAL ASSETS

	2009 \$	2008 \$
CURRENT OTHER FINANCIAL ASSETS		
Non-traded investments		
Shares in other entities	1	65,010
	1	65,010
IMPAIRMENT OF SHARES		
Opening balance	65,010	65,010
Impairment	(65,009)	–
CLOSING BALANCE	1	65,010

Note 5(a)

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 & EQUIPMENT

	2009 \$	2008 \$
CLASSIFICATION BY PURPOSE GROUPS – CARRYING AMOUNTS		
Sub classification by nature (a)		
Leasehold improvements		
At cost	133,528	352,725
less: accumulated depreciation	(89,153)	(247,466)
	44,376	105,259
Plant, equipment and motor vehicles		
At cost	336,233	1,606,041
less: accumulated depreciation	(134,891)	(1,212,016)
	201,342	394,025
NET CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	245,718	499,284

(a) Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used according to one of five '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 Public Safety and Environment purpose group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 6(a). PROPERTY, PLANT & EQUIPMENT

	Leasehold Improvements at cost		Plant, Equipment and Motor vehicle at cost		Total	Total
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Opening balance	105,259	144,024	394,025	478,966	499,284	622,990
Additions	–	–	118,881	162,943	118,881	162,943
Disposals	–	–	(79,859)	(70,415)	(79,859)	(70,415)
Disposals due to 08/09 policy change	(27,715)	–	(175,749)	–	(203,464)	–
Transfers free of charge	–	–	10,001	16,027	10,001	16,027
Depreciation expense	(33,167)	(38,766)	(65,958)	(193,496)	(99,125)	(232,262)
Closing balance	44,376	105,259	201,342	394,025	245,718	499,284

NOTE 6(b). PROPERTY, PLANT & EQUIPMENT

	2009 \$	2008 \$
The following useful lives of assets are used in the calculation of depreciation:		
Leasehold improvements	8 years	8–10 years
Plant and equipment	3–5 years	3–5 years
Leased plant and equipment	3–5 years	3–5 years
Aggregate depreciation allocated, recognised as expense during the year:		
Leasehold improvements	33,167	38,766
Plant and equipment	28,274	154,268
Leased motor vehicles	37,683	39,228
	99,124	232,262

NOTE 6(c). PROPERTY, PLANT & EQUIPMENT

	2009 \$	2008 \$
Gross sales proceeds	72,757	28,033
Carrying amount of non-current assets disposed	(283,323)	(70,415)
Net gain/(loss) on disposal	(210,565)	(42,382)

NOTE 7. PAYABLES

	2009 \$	2008 \$
CURRENT		
Contractual		
Trade creditors and accruals (a, b, c)	5,909,521	3,661,481
Other creditors (d)	1,169,549	800,017
	7,079,070	4,461,498
Statutory		
Taxes payable	—	—
	—	—
TOTAL CURRENT PAYABLES	7,079,070	4,461,498

- (a) The average credit period on trade creditors during the year is 30 days.
- (b) All payables as at 29 June 2009 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.

NOTE 8. INTEREST BEARING LIABILITIES

	2009 \$	2008 \$
CURRENT		
Secured		
Finance lease liabilities (i) (note 11)	60,710	144,032
	60,710	144,032
NON-CURRENT		
Secured		
Finance lease liabilities (i) (note 11)	112,593	64,635
	112,593	64,635
AGGREGATE CARRYING AMOUNT OF INTEREST BEARING LIABILITIES		
Current	60,710	144,032
Non-current	112,593	64,635
	173,303	208,667

- (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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 9. PROVISIONS

	2009 \$	2008 \$
Current		
Employee benefits (note 9 (a))	1,848,240	2,305,067
	1,848,240	2,305,067
Non-current:		
Employee benefits (note 9 (a))	242,464	187,455
	242,464	187,455
TOTAL PROVISIONS	2,090,704	2,492,522
(a) Employee benefits		
Current employee benefits		
Annual leave entitlements	473,665	613,142
Unconditional long service leave	1,374,575	1,691,925
	1,848,240	2,305,067
Current employee benefits that		
Are expected to be utilised within 12 months after the reporting period (i)	473,665	613,142
Are expected to be utilised more than 12 months after the reporting period (ii)	1,374,575	1,691,925
	1,848,240	2,305,067
Non-current employee benefits		
Conditional long service leave	242,464	187,455
	242,464	187,455
TOTAL EMPLOYEE BENEFITS	2,090,704	2,492,522

(i) The amounts disclosed are nominal amounts.

(ii) 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(s) provides benefits based on years of service and final average salary.

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the 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 2009 \$	Contribution for the year 2008 \$	Contribution outstanding at year end 2009 \$	Contribution outstanding at year end 2008 \$
Government Superannuation Scheme – revised and new	165,443	210,214	–	–
VicSuper	433,867	576,991	–	–
Private funds	83,768	130,287	–	–
Other	100,929	142,825	–	–
TOTAL	784,007	1,060,317	–	–

The bases for contributions are determined by various schemes.

The above amounts were measured as at 30 June of each year, or in the case of employer contributions they relate to the years ended 30 June.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 11. LEASES

Disclosure for lessees — finance leases

Leasing arrangements

Finance leases relate to motor vehicles with lease terms of 1 and 3 years. Tourism Victoria has the options to purchase the vehicles for a nominal amount at the conclusion of the lease agreements.

Finance lease liabilities

	Minimum future lease payments		Present value of minimum future lease payments	
	2009 \$	2008 \$	2009 \$	2008 \$
Not longer than 1 year	72,486	128,769	60,710	144,032
Longer than 1 year and not longer than 5 years	119,646	92,028	112,593	64,635
Longer than 5 years	—	—	—	—
Minimum lease payments *	192,132	220,797	173,302	208,668
less: Future finance charges	(18,830)	(12,130)	—	—
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	173,303	208,668	173,302	208,668

Included in the financial statements as:

Current interest bearing liabilities (note 8)	60,710	144,032
Non-current interest bearing liabilities (note 8)	112,593	64,635
	173,303	208,668

* Minimum lease payments includes the aggregate of all lease payments and any guaranteed residual.

Disclosure for lessees — operating leases

Leasing arrangements

Operating leases cost relate to property leases.

The properties leased relate to offices which Tourism Victoria leases overseas and interstate.

	2009 \$	2008 \$
Non-cancellable operating leases		
Not longer than 1 year	265,980	168,356
Longer than 1 year and not longer than 5 years	660,401	611,337
Longer than 5 years	40,849	120,393
	967,230	900,086

NOTE 12. COMMITMENTS FOR EXPENDITURE

Grant commitments

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

	2009 \$	2008 \$
Not longer than 1 year	9,982,500	8,355,000
Longer than 1 year and not longer than 5 years	28,170,000	10,465,000
Longer than 5 years	50,000	–
	38,202,500	18,820,000

NOTE 13. CONTINGENT LIABILITIES & CONTINGENT ASSETS

Contingent assets

There were no contingent assets at 30 June 2009 (2008: nil).

Contingent liabilities

There were no contingent liabilities at 30 June 2009 (2008: nil).

NOTE 14. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

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:

(b) Significant accounting policies

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 prudentially manage Tourism Victoria's financial risks within the Government policy parameters.

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

	2009 \$	2008 \$
Financial assets		
Cash and cash equivalents	21,790,256	16,411,824
Loans and receivables	1,766,210	1,090,019
Shares in other entities	1	65,010
Forward foreign currency exchange contract	5,777,000	–
TOTAL FINANCIAL ASSETS (a)	29,333,466	17,566,853
Financial liabilities		
At amortised cost	7,252,372	4,670,166
Forward foreign currency exchange contract	5,777,000	–
TOTAL FINANCIAL ASSETS (b)	13,029,372	4,670,166

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)

- (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); and
- (b) The total amount of financial assets disclosed here excludes statutory payable (i.e. taxes payable).

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

	2009 \$	2008 \$
Financial assets		
Cash and cash equivalents	1,056,488	1,448,472
Designated at fair value through profit or loss	–	–
Shares in other entities	(65,009)	–
Forward foreign currency exchange contract	–	–
TOTAL FINANCIAL ASSETS	991,479	1,448,472
Financial liabilities		
Finance lease	(11,477)	(10,108)
At amortised cost	–	–
Forward foreign currency exchange contract	–	–
TOTAL FINANCIAL LIABILITIES	(11,477)	(10,108)

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

- For cash and cash equivalents, 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; and
- 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.

NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)

(c) 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. The following table details Tourism Victoria's exposure to interest rate risk as at 30 June 2009.

2009	Notes	Weighted average effective interest rate %	Variable interest rate \$	Maturity dates			Non-interest bearing \$	Total \$
				Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets								
Cash and cash equivalents	15	4.96	8,790,256	13,000,000	–	–	–	21,790,256
Forward Foreign Currency Exchange Contract	14	–	–	–	–	–	5,777,000	5,777,000
Trade and other receivables	4	–	–	–	–	–	1,766,210	1,766,210
Shares in other entities	5	–	–	–	–	–	1	1
			8,790,256	13,000,000	–	–	7,543,211	29,333,466
Financial liabilities								
Payables	7	–	–	–	–	–	7,079,070	7,079,070
Forward foreign currency exchange contract		–	–	–	–	–	5,777,000	5,777,000
Finance lease liabilities	8,11	7.40	–	60,710	112,593	–	–	173,302
			–	60,710	112,593	–	12,856,070	13,029,372
NET FINANCIAL ASSETS (LIABILITIES)			8,790,256	12,939,290	(112,593)	–	(5,312,860)	16,304,094

The following table details Tourism Victoria's exposure to interest rate risk as at 30 June 2008.

2008	Notes	Weighted average effective interest rate %	Variable interest rate \$	Maturity dates			Non-interest bearing \$	Total \$
				Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets								
Cash and cash equivalents	15	6.93	7,611,824	8,800,000	–	–	–	16,411,824
Trade and other receivables	4	–	–	–	–	–	2,495,615	2,495,615
Shares in other entities	5	–	–	–	–	–	65,010	65,010
			7,611,824	8,800,000	–	–	2,560,625	18,972,449
Financial liabilities								
Payables	7	–	–	–	–	–	4,461,498	4,461,498
Finance lease liabilities	8,11	7.06	–	144,032	64,635	–	–	208,667
			–	144,032	64,635	–	4,461,498	4,670,166
NET FINANCIAL ASSETS (LIABILITIES)			7,611,824	8,655,967	(64,635)	–	(1,900,873)	14,302,284

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

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 3.05% (2008:7.45%);
- 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 1,443,347) which would expose Tourism Victoria to exchange rate risk (2008: AUD 216,207); and
- A parallel shift of +1% and -1% in inflation rate from year end rates of 2.5 % (2008: 4.2%)
 - Tourism Victoria has no financial instruments exposed to inflation risk (2008: 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	2009 Foreign Exchange Risk			2009 Interest Rate Risk				
		-10%	+10%		-0.5% (50 basis points)	+0.5% (50 basis points)			
		Profit %	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets									
Cash and cash equivalents (1)	21,790,256	144,335	144,335	(144,335)	(144,335)	(108,951)	(108,951)	108,951	108,951
Forward foreign currency exchange Contract (2)	5,777,000	577,700	577,700	(577,700)	(577,700)	–	–	–	–
Receivables (3)	1,766,210	–	–	–	–	–	–	–	–
Shares in other entities (4)	1	–	–	–	–	–	–	–	–
Financial liabilities									
Forward foreign currency exchange contract (2)	5,777,000	(577,700)	(577,700)	577,700	577,700	–	–	–	–
Payables (3)	7,079,070	–	–	–	–	–	–	–	–
Finance lease liabilities (5)	173,302	–	–	–	–	–	–	–	–
TOTAL INCREASE/(DECREASE)		144,335	144,335	(144,335)	(144,335)	(108,951)	(108,951)	108,951	108,951

NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount	2008 Foreign Exchange Risk				2008 Interest Rate Risk			
		-10%		+10%		-0.5% (50 basis points)		+0.5% (50 basis points)	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets									
Cash and cash equivalents (1)	16,411,824	21,621	21,621	(21,621)	(21,621)	(82,059)	(82,059)	82,059	82,059
Receivables (2)	2,495,615	–	–	–	–	–	–	–	–
Shares in other entities (3)	65,010	–	–	–	–	–	–	–	–
Financial liabilities									
Payables (2)	4,461,498	–	–	–	–	–	–	–	–
Finance lease liabilities (4)	208,667	–	–	–	–	–	–	–	–
TOTAL INCREASE/(DECREASE)		21,621	21,621	(21,621)	(21,621)	(82,059)	(82,059)	82,059	82,059

(1) In 2008/09, \$20,346,909 cash and cash equivalents are held in Australian Dollars. \$7,346,909 is held on deposit at variable interest rates. \$13,000,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD 1,443,347 is held in 7 overseas currencies. In 2007/08, \$15,975,707 cash and cash equivalents are held in Australian Dollars. \$7,175,707 is held on deposit at variable interest rates. \$8,800,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD 216,207 is held in 7 overseas currencies.

(2) In 2008/09, the forward foreign currency contract amount covers the costs of the budgeted foreign currency activities for 2009/10. Contracted on 5 June 2009, maturity is on 20 and 21 July 2009. Sensitivity of the foreign currency is as follow:
– sensitivity impact on net result due to appreciation/(depreciation) of AUD by 10 per cent is \$577,700.
In 2007/08, there was no forward foreign currency contract.

(3) The carrying amount is denominated in Australian Dollars and is non-interest bearing.
This item is not subject to the identified risk sensitivities.

(4) Shares in other entities are denominated in Australian Dollars and are non-interest bearing.
This item is not subject to identified risk sensitivities.

(5) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)

(d) 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.

Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Past due but not impaired		
			Less than 1 month	1–3 months	3 months–1 year
	\$	\$	\$	\$	\$
2009					
Debtors	1,623,550	1,441,193	71,976	110,382	–
Other receivable	142,659	142,659	–	–	–
	1,766,210	1,583,852	71,976	110,382	–
2008					
Debtors	1,023,670	772,189	34,928	209,719	6,835
Other receivable	66,349	66,349	–	–	–
	1,090,019	838,538	34,928	209,719	6,835

NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)

(e) 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 holding 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.

(f) Foreign currency risk

Tourism Victoria's foreign currency risk is managed using forward exchange contracts, which are over-the-counter contracts that fix the future delivery of foreign currencies at a specified exchange rate.

The forward foreign currency contract amount equals the budgeted foreign currency activities for 2009/10.

Tourism Victoria's exposure to direct foreign currency risk has no impact on the net result from transactions.

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

If hedge accounting had been adopted, the foreign exchange loss on hedging of \$26,822 would have been recorded.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 15. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

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

	2009 \$	2008 \$
Cash at bank and on hand	8,624,800	7,396,255
Term deposits and investments	13,000,000	8,800,000
Cash advance – (held at overseas offices)	165,456	215,569
TOTAL CASH AND CASH EQUIVALENTS	21,790,256	16,411,824

(b) Non-cash financing and investing activities

Acquisition of plant and equipment by way of finance lease	–	–
TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES	–	–

(c) Reconciliation of net result for the period to net cash flows from operating activities.

	2009 \$	2008 \$
Net result for the reporting period	3,172,322	2,897,419
NON-CASH MOVEMENTS		
(Gain)/Loss on disposal of non-current assets	210,565	42,609
Impairment loss of financial asset	65,009	–
Depreciation and amortisation of non-current assets	99,125	232,262
MOVEMENTS IN ASSETS AND LIABILITIES		
Changes in net assets and liabilities		
<i>(Increase)/decrease in assets</i>		
Current receivables	(535,384)	(1,471,291)
Other current assets	242,719	(804,047)
<i>Increase/(decrease) in liabilities</i>		
Current payables	2,617,572	1,048,182
Current provisions	(456,826)	126,562
Non-current provisions	55,009	13,128
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,470,111	2,084,824

NOTE 16. 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	The Hon Tim Holding, MP	1 July 2008 to 30 June 2009
Chief Executive Officer	Greg Hywood	1 July 2008 to 30 June 2009
Chairman	John Morse, AM	1 July 2008 to 31 July 2008
Chairman	Janine Kirk, AM	1 August 2008 to 30 June 2009
Deputy Chairman	Pamela Catty	1 July 2008 to 30 June 2009
Board Member	Greg Sword	1 July 2008 to 30 June 2009
Board Member	Geoffrey Conaghan	1 July 2008 to 30 June 2009
Board Member	Bee Ho Teow	1 July 2008 to 30 June 2009
Board Member	Alla Wolf-Tasker, AM	1 July 2008 to 30 June 2009
Board Member	John Mitchell	1 July 2008 to 30 June 2009
Board Member	Brian Cook	1 July 2008 to 30 June 2009
Board Member	Penelope Hutchinson	1 July 2008 to 30 June 2009
Board Member	Janelle Boynton	1 August 2008 to 30 June 2009

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:

\$300,000–\$309,999 (2008: \$290,000–\$299,000)

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

	Total Remuneration	
	2009	2008
	No.	No.
\$1,000 – \$19,999	9	11
\$30,000 – \$39,999	1	1
	10	12
	\$186,161	\$130,952

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009 (CONTINUED)

NOTE 16. RESPONSIBLE PERSONS (CONTINUED)

Related parties

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 2008–09, directors, employees or owners/part owners of the organisations.

		2009 \$	2008 \$
Alla Wolf-Tasker	Lake House Restaurant & Boutique Hotel (1)	8,897	13,135
Alla Wolf-Tasker	Daylesford & The Macedon Ranges Tourism Inc (2)	153,399	192,511
Bee Ho Teow	Australian Tours Management Pty Ltd (3)	(350)	–
Judith Muir	Polperro Dolphin Swims	–	600
John Mitchell	Mornington Peninsula Tourism Inc (4)	(128,262)	(107,138)
John Mitchell	Montalto Vineyard and Olive Grove (5)	6,159	6,273
Tom Smith	Tourism Alliance Victoria,	–	334,702
Tom Smith	The Marketing Intelligence Agency	–	44,233
Tom Smith	Great Ocean Road Marketing Inc	–	247,050
Tom Smith	Great Southern Touring Route	–	143,921
Geoffrey Conaghan	Melbourne Airport (6)	(96,150)	(114,130)
Kevin Davern	Melbourne Exhibition and Convention Centre	–	1,145
Janine Kirk	Ernst & Young (7)	138,669	90,849
Janine Kirk	Melbourne Convention and Visitors Bureau	–	412,500
Penelope Hutchinson	Arts Victoria (8)	(61,875)	(62,425)
		20,487	1,203,226

(1) Familiarisation programs expenses \$8,897. 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) Marketing expenses \$38,517; Grant payments \$255,105. Cooperative marketing and miscellaneous revenue \$140,223.

(3) Familiarisation reimbursement \$350.

(4) Grant payment \$4,950; Professional services fees \$30,690. Cooperative marketing and miscellaneous revenue \$163,902.

(5) Familiarisation expenses \$6,159.

(6) Cooperative marketing and miscellaneous revenue \$96,150.

(7) Professional services fees \$138,669.

(8) Cooperative marketing revenue \$61,875.

NOTE 17. REMUNERATION OF EXECUTIVES

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

The number of executives within Tourism Victoria during the year was more than the previous reporting period, therefore total remuneration increased. One executive was appointed in Aviation in September 2008, however one executive retired at 31 December 2008.

Income Band	Total Remuneration		Base Remuneration	
	2009 No.	2008 No.	2009 No.	2008 No.
\$80,000 – \$89,999	–	–	1	–
\$120,000 – \$129,999	–	–	–	1
\$130,000 – \$139,999	1	–	1	–
\$160,000 – \$169,999	–	–	1	2
\$170,000 – \$179,999	3	3	2	2
\$180,000 – \$189,999	–	3	1	1
\$190,000 – \$199,999	1	–	–	–
\$250,000 – \$259,999	1	–	–	–
\$280,000 – \$289,999	–	–	–	–
Total numbers	6	6	6	6
	\$1,119,098	\$1,069,849	\$923,829	\$983,098

NOTE 18. REMUNERATION OF AUDITORS

	2009 \$	2008 \$
Victorian Auditor General's Office		
Audit of the financial report	26,206	20,000
	26,206	20,000

NOTE 19. SUBSEQUENT EVENTS

There were no subsequent events as at balance date which are required to be brought to account or disclosed.

OFFICERS' DECLARATION

Tourism Victoria



We certify that the attached financial report for the Tourism of Victoria has 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 statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of the Tourism Victoria as at 30 June 2009.

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

We authorise the attached financial report for issue on 28 August 2009.

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Melbourne
28 August 2009

Gregory Hywood
Chief Executive
Tourism Victoria

Melbourne
28 August 2009

Steve Wilson
Chief Financial Officer
Tourism Victoria

Melbourne
28 August 2009



INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Tourism Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Tourism Victoria which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the officer's declaration has been audited.

The Members of the Board's Responsibility for the Financial Report

The Members of the Board of the Tourism Victoria are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 Members of the Board, 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of the Tourism Victoria for the year ended 30 June 2009. The Members of the Board of the Tourism Victoria are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Tourism Victoria website.


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.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Tourism Victoria as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
3 September 2009


D D R Pearson
Auditor-General

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