



TOURISM VICTORIA  
ANNUAL REPORT

0708





Level 32, 121 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 2219T  
Melbourne VIC 3001 Australia  
Tel 03 9653 9777  
Fax 03 9653 9755  
ABN 18 381 772 530  
[tourism.vic.gov.au](http://tourism.vic.gov.au)

**The Hon. Tim Holding MP**  
Minister for Tourism and Major Events  
Level 26  
121 Exhibition Street  
Melbourne VIC 3000

Dear Minister

**Tourism Victoria Annual Report 2007–08**

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 2008.

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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## WHO WE ARE

Tourism Victoria is a vibrant and dynamic State Government statutory authority actively marketing Victoria as a premier tourism destination domestically and internationally.

## WHAT WE DO

Tourism Victoria plays a key role in industry development, destination marketing, attracting investment in quality tourism infrastructure and improving Victoria's air services. Tourism Victoria also strives to raise awareness of the economic importance of tourism.





## OUR MISSION

Tourism Victoria works with the tourism industry to maximise employment and the long-term economic benefits of tourism to Victoria by developing and marketing the State as a competitive tourism destination. Tourism Victoria is a catalyst for stimulating the growth and development of Victoria's tourism industry.



Degraves Street, Melbourne. Photo: Robert Blackburn.



## 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; and
- to provide more efficient and effective utilisation of investment in travel and tourism in Victoria.

As well, Tourism Victoria's 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

Tourism Victoria is committed to raising awareness of the importance of the tourism industry to the economic growth of the State.

To achieve this mission the Tourism Victoria Board provides the strategic direction for Tourism Victoria based on four broad goals:

### MARKETING

Increase visitor numbers, length of stay and visitor expenditure by implementing innovative and effective marketing strategies to position Victoria as a distinct and competitive tourist destination.

### LEADERSHIP

Take a leadership role in the tourism industry, encourage professional standards and the development of cooperative arrangements which maximise industry effectiveness.

### INFRASTRUCTURE

Improve the tourism assets of Victoria by identifying infrastructure opportunities and facilitating development projects.

### MANAGEMENT

Maximise the effective use of resources by conducting the business of Tourism Victoria in accordance with professional commercial management principles.

International visitors  
to Victoria spent  
\$3.1 billion







# 9m

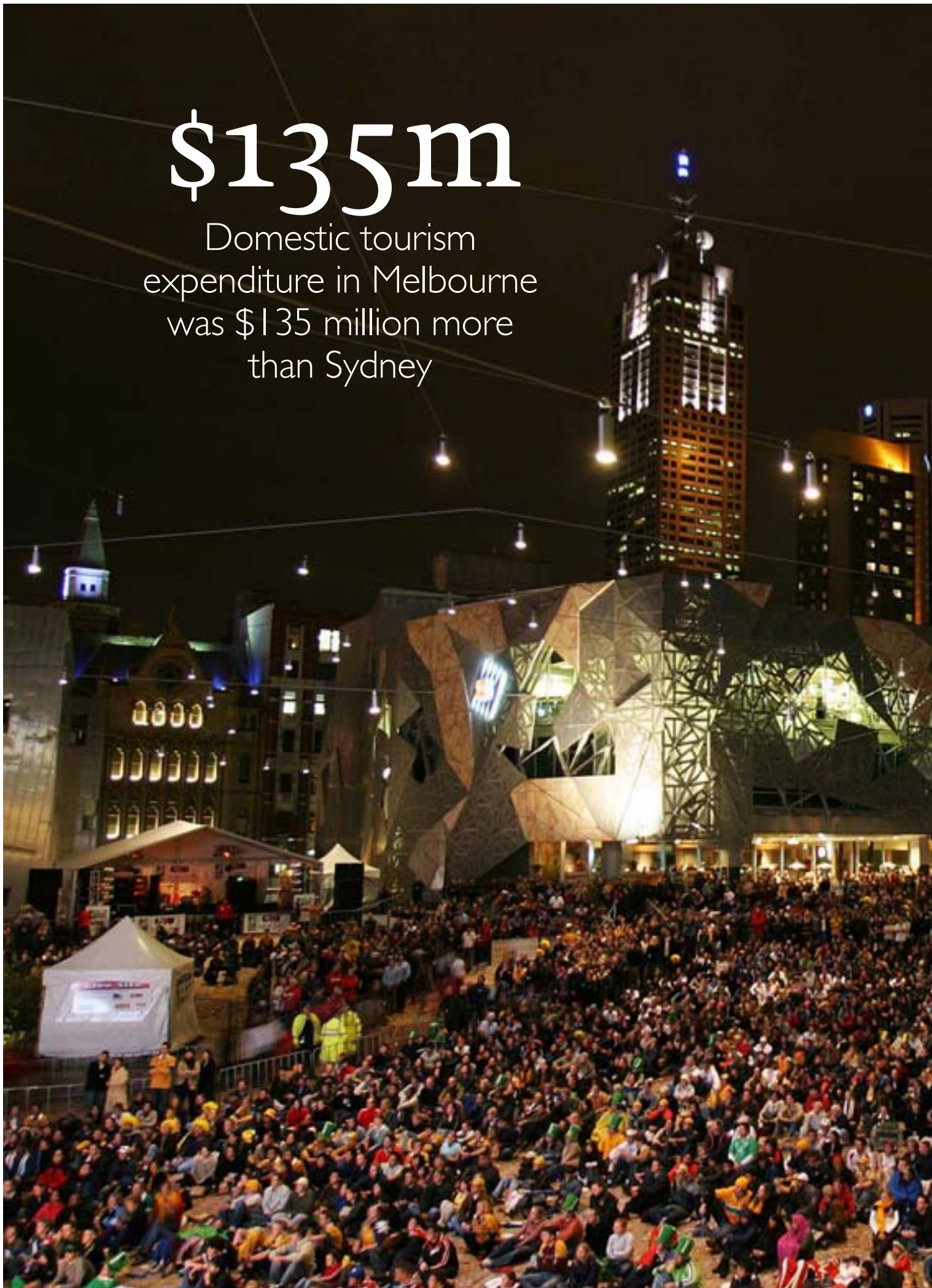
International holiday visitor  
nights increased by 4.8%  
to reach 9.0 million

# 17.8%

Average annual growth  
in visitors to Victoria  
from China since 1999

# \$135m

Domestic tourism  
expenditure in Melbourne  
was \$135 million more  
than Sydney

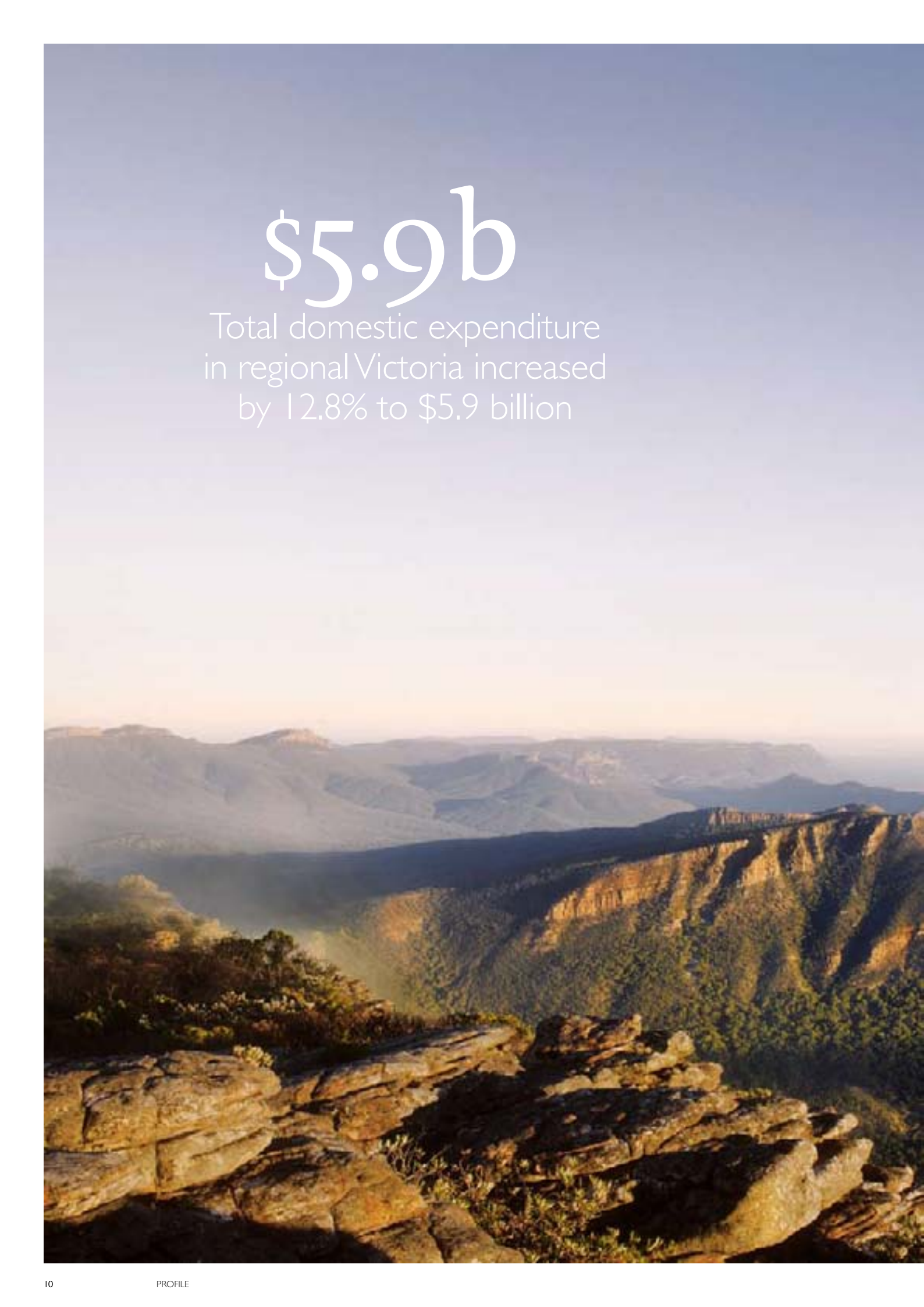




A nighttime photograph of Federation Square in Melbourne, Australia. The foreground is filled with a large, diverse crowd of people sitting on the tiered stone steps of the square. In the background, the illuminated, angular facades of the square's buildings are visible, along with the city skyline and a tall tower with blue lights. The text "More interstate travellers visited Melbourne than any other Australian city" is overlaid in white serif font in the upper right portion of the image.

More interstate  
travellers visited  
Melbourne than any  
other Australian city





# \$5.9b

Total domestic expenditure  
in regional Victoria increased  
by 12.8% to \$5.9 billion

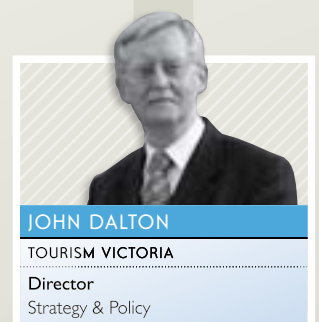
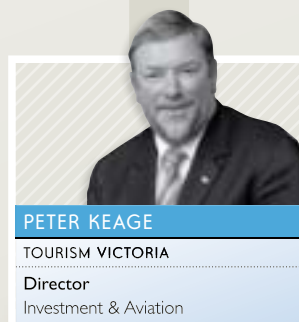
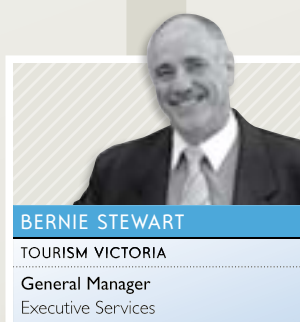
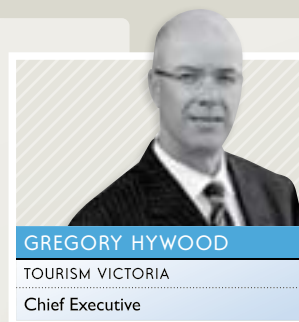
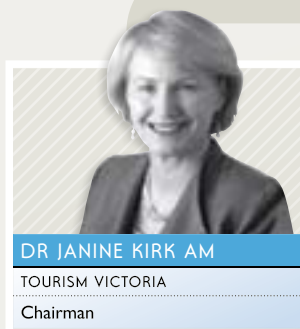




# 11.4m

Domestic overnight  
visitors to regional Victoria

## ORGANISATIONAL CHART





## TOURISM VICTORIA'S STRUCTURE

As a State Government statutory authority, Tourism Victoria reports to the Minister for Tourism and Major Events, the Hon. Tim Holding MP. Tourism Victoria is part of the Department of Innovation, Industry and Regional Development.

The majority of 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.

### MARKETING COMPRISES THE FOLLOWING AREAS:

**National Trade Marketing** – this unit provides expert advice and coordination of consumer and travel industry marketing activities for Melbourne and regional Victoria across national markets.

**International Marketing and Familiarisations** – this unit is responsible for the development of international marketing strategies that influence target consumer segments via brand initiatives, public relations and online marketing. It also works cooperatively with and leverages travel distribution systems. The Familiarisations unit coordinates and escorts visits by international and domestic trade and media.

**Regional Marketing** – this unit works closely with the 10 regional campaign committees, the Board for Alpine Resorts Tourism and the Melbourne and Surrounds Strategic Marketing Alliance to develop marketing campaigns and boost visitor numbers to regional Victoria.

**E-marketing** – Tourism Victoria uses online communications and technology to market Victoria as a premium tourist destination to Australian and international travellers. All campaigns have an integral online component. The Online unit is also responsible for Tourism Victoria's call centre, the Victorian Tourism Information Service.

### Corporate and Destination

**Communications** – this unit conducts public relations activity within Australia and internationally to reinforce the organisation's marketing campaigns. It provides quality strategic advice and corporate communications for Tourism Victoria and manages internal communications, crisis and issues management.

**Brand Services** – this unit is the primary point of liaison with Tourism Victoria's advertising agency, Publicis Mojo, it handles brochure production and printing and maintains the image library Visions of Victoria.

**Brand Victoria** – the Brand Victoria Services unit implements the State Government's new Brand Victoria, which provides the means to consistently market Victoria's key international export sectors – tourism, education, investment, skilled migration, arts and events.

**Events** – this unit attracts, develops and cooperatively markets appropriate events in Melbourne and regional Victoria, which not only provide economic benefits, but also profile the host location.

**Product Marketing** – this unit works to promote and develop a range of sectors, including arts, theatre, cultural tourism, Aboriginal, nature-based, food and wine, backpacker, bed and breakfast, golf and cruise shipping.

### TOURISM VICTORIA'S OTHER DIVISIONS ARE:

**Aviation** – this unit leads the State Government's air services negotiations.

**Strategy and Policy** – The Strategy and Policy unit encompasses the key functions of major events policy, strategic planning, policy development, government communications and research. The unit is responsible for the delivery of new insights and market intelligence to inform strategies for the organisation and industry. It creates accountability across Tourism Victoria through a range of reporting functions and provides advice on policy development. It also provides policy support and advice to the Minister and other Government stakeholders to assist in the advocacy of tourism issues across Government.

**Research** – sound research forms the basis of all Tourism Victoria's initiatives. The Research unit continually analyses a range of information in order to monitor and evaluate Victoria's tourism performance and to develop marketing and other strategies.

**Investment** – this unit facilitates the delivery of quality tourism infrastructure of net benefit to Victoria through the identification of market opportunities, assistance to private and public sector projects and strategic input to priority projects for the State.

**Executive Services** – this unit 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 unit is responsible for financial and records management, corporate governance, asset management and audit and risk management.

## TOURISM VICTORIA'S BOARD

Tourism Victoria's Board, appointed under the Tourism Victoria Act 1992, provides strategic direction for Tourism Victoria.

### **Chairman – Dr Janine Kirk AM**

Dr Janine Kirk currently works for Ernst & Young as a Partner. Prior to her appointment she was Chief Executive Officer of the Committee for Melbourne, for 12 years, and Chairman of the Melbourne Convention and Visitors Bureau, for seven years.

Kirk was awarded an AM in the Queen's Birthday Honours List in 2004 for services to the city of Melbourne, through contributions to the identification, design and facilitation of projects to enhance the business, tourism, cultural and intellectual standing of the city, and to child welfare organisations. Janine Kirk was first appointed to the Tourism Victoria Board in October 2007 and was appointed as Chairman in August 2008.

### **Deputy Chair – Ms Pamela Catty**

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 Tourism Victoria's Board in April 2000 and is a member of Tourism Victoria's Corporate Governance and Audit Committee.

### **Mr Geoffrey Conaghan**

Geoffrey Conaghan is Melbourne Airport's Corporate Affairs Manager and is responsible for corporate and community image, relationships with the tourism industry and international air services growth. Mr Conaghan was first appointed as a member of Tourism Victoria's Board in 1998 and is a member of Tourism Victoria's Corporate Governance and Audit Committee.

### **Mr Brian Cook**

Brian Cook is one of Australia's most respected sporting administrators, and the Chief Executive of the Australian Football League (AFL) Geelong Football Club. During his tenure at Geelong,

Cook has overhauled the club's business operations and overseen a dramatic transformation in the club's finance to lead the club back to financial wellbeing. In 2007 Geelong secured the AFL Premiership and under Cook's management, the club has signed a raft of new corporate partners and secured the redevelopment of Skilled Stadium. Mr Cook was appointed to the Tourism Victoria Board in May 2008.

### **Ms Penelope Hutchinson**

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

### **Mr John Mitchell**

John Mitchell is the Chairman of Mornington Peninsula Tourism and is the owner and Managing Director of Montalto Vineyard and Olive Grove at Red Hill. He has had substantial commercial business experience, including the following roles:

- International Marketing Director, Nabisco Biscuits, with operations in 45 countries
- Chairman of food businesses in 12 provinces of China
- General Manager, Nabisco Australia
- Managing Director, Plumrose Australia.

Mr Mitchell's main focus now is the promotion of Montalto and the Mornington Peninsula Region to international and domestic markets. He was appointed to the Tourism Victoria Board in October 2007.

### **Ms Bee Ho Teow**

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. Ms Teow is also Managing Director of the TravelSpirit Group Limited, a major outbound tour

wholesaler. She first served on Tourism Victoria's Board from 1995 to 1997 and was reappointed in 2000.

### **Mr Greg Sword**

Greg Sword is the Executive Chairman of the Labour Union Co-operative Retirement Superannuation Fund and the Labour Union Insurance Company. He is a member of the State Government's Innovation Economy Advisory Board and is also a trustee of the Caulfield Racecourse Reserve and the National Jockeys' Trust. Mr Sword was awarded a Lifetime Recognition Award by the Victorian Government and the Victorian Manufacturing Industry Consultative Council for exceptional services to the Victorian manufacturing industry. He was appointed to the Tourism Victoria Board in July 2004 and is a member of Tourism Victoria's Corporate Governance and Audit Committee.

### **Ms Alla Wolf-Tasker AM**

Alla Wolf-Tasker is the Managing Director, Executive Chef, Co-founder and Co-proprietor of the Lake House Restaurant and Boutique Hotel in Daylesford. She is a founding member of the Daylesford and Macedon Ranges Regional Campaign Committee and is chair of Daylesford Macedon Produce. Ms Wolf-Tasker was appointed to the Melbourne Food and Wine Tourism Council in 2003 and the Tourism Victoria Board in 2001.

### **Janelle Boynton**

Janelle Boynton is the General Manager 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 the Tourism Victoria Board in August 2008.

The Tourism Victoria Board met on seven occasions in 2007–08, with two of those meetings held in regional Victoria, in Gippsland and Torquay.



## CHAIRMAN'S REPORT

The tourism industry is a major contributor to the Victorian economy and its importance to our State increases every year. With fierce competition for the tourism and events dollar Tourism Victoria capitalises on our State's strengths – our diversity, sophistication, our year-long events calendar of events, world class food and wine experiences, striking natural assets and our reputation for cosmopolitan and cultural experiences. Tourism Victoria works hard to support the local tourism industry through distinctive and well-targeted marketing, product and infrastructure development, investment attraction and an increased number of direct inbound flights. The unique attractions of Melbourne and regional Victoria, strongly supported by Tourism Victoria, now drive an industry worth \$11 billion a year, employing 160,000 people.

In the past year the Victorian tourism industry maintained its strong position. Victoria again attracted 1.5 million international visitors in the year ending December 2007. Importantly, the average length of stay of international visitors has steadily increased since 1999 reaching 21.2 nights in 2008. Last year showed continued strong growth from key markets – New Zealand, China and India. Capitalising on these markets and their potential for growth over the next ten years is a major component of the *10 Year Tourism and Major Events Strategy*, which estimates that overseas visitors will account for 70 per cent of tourism growth and almost 40 per cent of tourism expenditure by 2016.

The Brumby Government is committed to growing tourism in Victoria. The *10 Year Tourism and Events Industry Strategy* was developed to respond to the many challenges ahead and to set new directions to develop and grow the industry long-term. The strategy provides a road map for the industry's future and outlines an ambitious vision to grow the sector to an \$18 billion industry employing 225,000 Victorians by 2016. The strategy is a major step towards achieving a high quality, high yield and sustainable tourism industry.

To fulfil the commitments of the 10 Year Strategy, Tourism Victoria developed the *Tourism Victoria Business Plan 2008–2011*, which was launched in February 2008.

The plan highlights areas where we need to focus our energy and resources, domestically and internationally, to maximise growth. Outlining the organisation's major initiatives over the next three years, the business plan has five core principles – regional visitation, emerging markets, aviation access, skills and service standards and investment attraction/product development. These priorities will be our focus as we help achieve the Government's tourism target.

Tourism Victoria has long focused on assisting the regional tourism industry to respond to and rise above challenges. We developed a draft *Regional Tourism Action Plan 2008–2011* which is an important component in realising the direction of our 10 Year Strategy and in further developing our business plan's priorities. The draft plan provides strategies to boost the economic benefits and employment growth of the tourism industry in regional Victoria and outlines steps to meet challenges faced by tourism operators and communities.

It is vital that Victoria maintains our competitive advantage as we face current challenges. Victoria, like the rest of Australia and many other countries, is tackling the challenge of a flat domestic market. Many factors are influencing the decline including changing consumer household spending habits, high fuel costs, discount aviation carriers, the Australian dollar, increased pressure on discretionary time and income, higher levels of personal and household debt and increased competition internationally and domestically.

Tourism Victoria's award winning Jigsaw campaign promotes the diversity of each part of Victoria. The *It's Easy to Lose Yourself in Melbourne* brand campaign entered its second year and regional campaigns for the Grampians, Phillip Island, the Dandenong Ranges and Victoria's High Country were launched.



I pay tribute to the Brumby Government for backing the Victorian Tourism industry and for their \$35.1 million 2008–09 State Budget package to boost Victoria's profile in interstate and international markets. Tourism Victoria will continue to work with the Minister for Tourism and Major Events to ensure Victoria's tourism and events industry generates economic activity, jobs and export revenues.

I would like to acknowledge my fellow Board members for their contribution over the past year. A year which saw Mr John Morse AM step down, after serving seven years as Chairman of Tourism Victoria. The healthy shape of the Victorian tourism industry is a credit to the leadership Mr Morse showed during his tenure. He made an invaluable contribution to our tourism industry.

In my first year as Chairman, I look forward to working closely with the Minister for Tourism and Major Events, staff of Tourism Victoria and my colleagues on the Board as we continue to grow Victoria as a premium tourist destination. Together with the industry, we endeavour to grow the quality of visitor experiences that will attract an increasing number of visitors to our state.

A handwritten signature in dark ink, appearing to read 'Janine Kirk'.

**Dr Janine Kirk am**  
Chairman  
Tourism Victoria

## CHIEF EXECUTIVE'S REPORT

GREGORY HYWOOD



The Victorian tourism industry's strong performance is the result of a sophisticated approach that has turned our unique tourism experiences into our competitive strengths. Tourism Victoria supports the industry through our proven marketing strategies, maintaining our enviable year-long events calendar; increasing the number of direct flights to Melbourne and regional centres, creating a larger and more highly trained tourism workforce, building new facilities and attracting investment.

Victoria has built on its strong position in attracting domestic and international visitors – and higher visitor expenditure. Results indicate that Melbourne has overtaken Sydney as the most lucrative market for domestic tourists. Domestic overnight visitors spent \$135 million more in Melbourne than in Sydney. We continue to promote Victoria in key international markets, including traditional source markets such as Europe and the United States. Capitalising on new emerging markets such as China, Malaysia and India and their potential for growth over the next ten years is one of our biggest challenges. With 70 per cent of Victoria's tourism growth over the next decade forecast to come from international markets, increasing the number of direct international flights to Melbourne is crucial. We need to be aggressive in order to maintain and grow air access.

The year was marked by several aviation wins that will deliver significant seat capacity and passenger growth for Victoria. Korean Air and Qantas commenced new direct services; Cathay Pacific, Thai Airways and Philippine Airlines increased their services and Air China delinked services from Sydney. In the domestic market Tiger Airways launched services in November 2007 and Qantas, Jetstar and Virgin Blue also all contributed to domestic aviation growth.

With the support of a committed State Government, growth is forecast to see the industry grow to an \$18 billion industry employing 225,000 Victorians by 2016. This ambitious vision, set in the *10 Year Tourism and Events Industry Strategy*, is our strategic focus. The *Tourism Victoria Business Plan 2008–2011* was developed to identify how we implement the directions of the Strategy. The business plan delivers a comprehensive set of priorities and actions for the organisation over the next three years. For Victoria to perform, a focused effort is essential to accelerate the drivers of tourism growth.

One key element of the Strategy is to market programs, provide funding and attract visitors to our regions. The draft *Regional Tourism Action Plan 2008–2011* was developed to address various challenges impacting regional Victoria. The plan identifies four key state-wide initiatives – industry structures, investment attraction, destination marketing and skills and service standards. It also highlights key priorities for Victoria's ten tourism regions.

Following a period of strong growth, Victoria's tourism and events industry is facing new challenges. These include the stagnant domestic tourism sector; growth in low cost carriers, an increase in outbound travel, issues involving attracting new tourism investment to the State, as well as skills shortages in the industry. By working in partnership, the Government and the tourism and events industry can be better prepared to meet these challenges.

In the 2008–09 State Budget the State Government allocated \$35.1 million to boost Victoria's profile in interstate and international markets, \$13.8 million of which will help build the lucrative business events industry. Melbourne currently maintains a strong position as a desirable destination for business events, with factors such as the development of a new Melbourne Convention and Exhibition Centre, helping secure major international business events.

With our strategy and business plan 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.

Finally, I would like to thank the Chairman Janine Kirk, members of Tourism Victoria's Board, former Chairman John Morse and the Minister for Tourism and Major Events Tim Holding for his ongoing support.

I would like to acknowledge Secretary Howard Ronaldson, former Secretary Warren Hodgson and the staff of Tourism Victoria for their commitment and continued pursuit of excellence.

A stylized, handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

**Gregory Hywood**  
Chief Executive  
Tourism Victoria

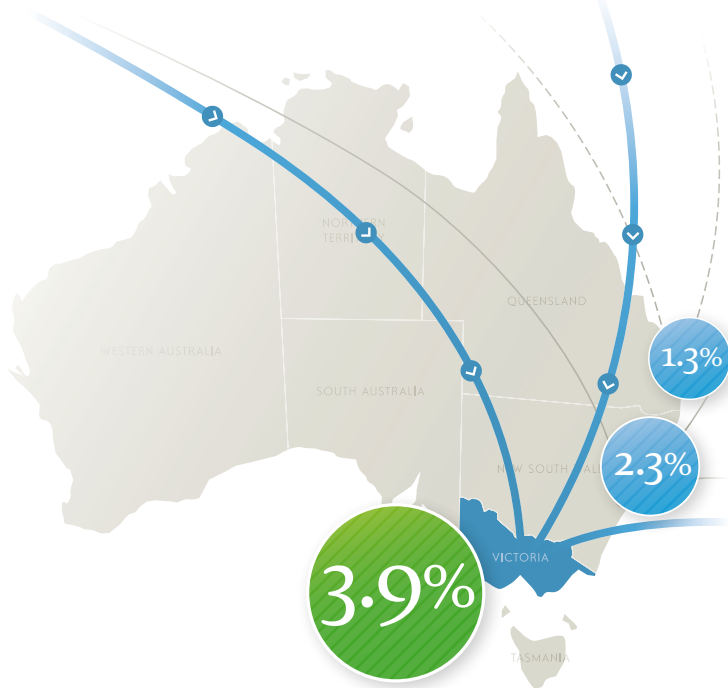


# VISITOR FIGURES

## INTERNATIONAL OVERNIGHT VISITORS

AVERAGE ANNUAL GROWTH (%)

YEAR ENDING DECEMBER 1999-07



2.9%

AUSTRALIA

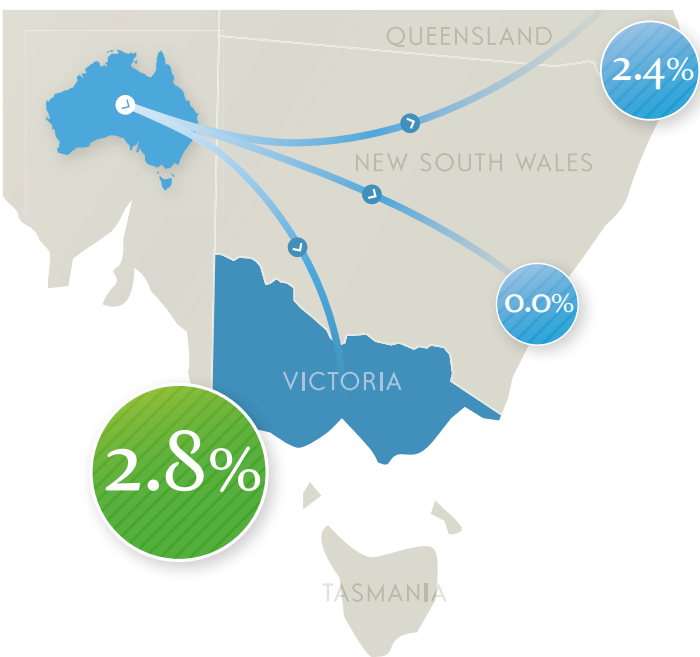
OVERALL GROWTH  
IN INTERNATIONAL  
VISITOR NUMBERS

3.9% average annual  
growth in international  
overnight visitors to  
Victoria since 1999

## INTERSTATE OVERNIGHT VISITORS

AVERAGE ANNUAL GROWTH (%)

YEAR ENDING DECEMBER 1999-07



1.9%

AUSTRALIA

OVERALL GROWTH  
IN INTERSTATE  
VISITOR NUMBERS

2.8% average annual  
growth in interstate  
overnight visitors to  
Victoria since 1999

Sources: International Visitor Survey, year ending December 1999-2007, Tourism Research Australia & National Visitor Survey, year ending December 1999-2007, Tourism Research Australia.

# INTERNATIONAL VISITOR FIGURES

## INTERNATIONAL VISITORS TO VICTORIA

Origin market	Visitors to Victoria	% Average Annual Growth 1999–07	% Change 2006–07
---------------	----------------------	---------------------------------	------------------

### TIER ONE

China	142,756	17.8	3.7
NZ	242,251	6.9	5.9
UK	211,519	4.1	-11.4
US	132,542	1.1	1.1
Japan	61,447	-3.2	-2.8

### TIER TWO

Singapore	61,684	-1.3	-5.5
Malaysia	47,576	3.2	0.3
Germany	60,108	1.6	6.5
Korea	37,489	11.8	-13.3
India	32,375	N/A	13.8
Hong Kong	32,664	4.3	-17.8
Canada	38,748	3.8	3.1

### TIER THREE

France	28,536	N/A	39.4
Italy	21,764	N/A	2.9
Netherlands	17,786	N/A	-7.9
Switzerland	17,187	N/A	14.9
Nordic	26,466	N/A	-0.9
Indonesia	25,650	0.6	14.1
Taiwan	23,336	-8.3	4.5
Thailand	23,980	4.5	19.8

<b>Total Asia -ex Japan</b>	<b>461,869</b>	<b>5.6</b>	<b>0.8</b>
<b>Total Europe</b>	<b>234,535</b>	<b>2.6</b>	<b>7.3</b>

<b>Total</b>	<b>1,461,635</b>	<b>3.9</b>	<b>0.9</b>
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## ORIGIN OF VISITORS TO VICTORIA



Victoria experienced sustained growth in international visitor numbers between 1999 and 2007.

The average annual growth rate of 3.9 per cent for the period is above the national average growth (2.9 per cent per annum) and key competitors Queensland (1.3 per cent) and New South Wales (2.3 per cent).

Victoria attracted 1.5 million (28.1 per cent) of the 5.2 million international tourists (aged 15 years and over) who visited Australia in the year ending December 2007<sup>1</sup>.

International visitor numbers to Victoria increased by 0.9 per cent for the year ending December 2007 compared with the previous year.

International visitors spent 31.0 million nights in Victoria in the year ending December 2007, giving the State a 19.6 per cent market share of all international visitor nights.

The average length of stay of international visitors to Victoria has steadily increased from 16.7 nights in the year ending December 1999 to 21.2 nights in the year ending December 2007.

International visitors to Victoria spent \$3.1 billion during 2007, or 20 per cent of all international visitor expenditure in Australia.

Over the period 1999 to 2007, international 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 7.6 per cent per annum) and Queensland (up 4.3 per cent per annum). In 2007, international visitors to Victoria spent \$1.7 billion more than in 1999.

## PERFORMANCE OF INTERNATIONAL MARKETS

New Zealand delivered the strongest growth for the key markets, of 5.9 per cent for the year ending December 2007, while China grew by 3.7 per cent over the same period.

Since 1999, the major origin markets that have increased are: China (17.8 per cent per annum), New Zealand (6.9 per cent per annum), the United Kingdom (4.1 per cent per annum) and the United States of America (1.1 per cent per annum).

## INTERNATIONAL HOLIDAY MARKET

In the year ending December 2007, there were 710,000 international holiday visitors to Victoria<sup>2</sup> a decrease of 2.0 per cent over the previous year. Of all international holiday visitors to Australia, 28 per cent visited Victoria. The number of nights spent by international holiday visitors in Victoria increased by 4.8 per cent to 9.0 million nights, outperforming key competitors New South Wales (-0.9 per cent) and Queensland (1.7 per cent) and the national average (1.6 per cent).

## INTERNATIONAL BACKPACKER MARKET

In the year ending December 2007, 257,900 backpackers visited Victoria, a 1.2 per cent increase over the year ending December 2006. Almost 46 per cent of all international backpackers to Australia visited Victoria. The largest source markets were Europe (35.0 per cent) and the United Kingdom (21.6 per cent). Backpacker length of stay in Victoria was 25 nights, longer than other international visitors.

\* Figure shown in diagram excludes Japan.

† Figure shown in diagram excludes UK.

<sup>1</sup> Figures provided are for the year ending December 2007 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 2005. Source: *International Visitor Survey*, year ending December 1999–2007, Tourism Research Australia

<sup>2</sup> Source: *International Visitor Survey*, year ending December 2006–2007, Tourism Research Australia



## DOMESTIC VISITOR FIGURES

Victoria received 17.4 million domestic overnight visitors in the year ending December 2007<sup>3</sup>, a slight decrease of 0.1 per cent compared with the previous 12 months. The State achieved a 23.6 per cent market share of all domestic visitors in 2007.

Victoria's domestic overnight visitor market has been relatively stagnant since 1999 (0.5 per cent per annum), slightly above the national market (0.1 per cent per annum) over the same period.

Factors influencing the domestic visitor market include:

- slowing of Australia's economic growth
- changing household consumption patterns (domestic tourism's share of household consumption is declining, while spending on rival goods and services such as technology and household items is increasing)
- high fuel costs and discount aviation carriers (lowering average nights per trip as some travellers switch from ground to air transport and flying interstate at the expense of drive tourism)
- the strength of the Australian dollar increasing the attractiveness and affordability of outbound travel
- higher levels of personal and household debt (housing and credit card debt in particular), along with rising interest rates
- increasing pressures on discretionary time and income (from choice and changes in the social environment, especially around work culture).

Interstate overnight visitor numbers to Victoria also remained stagnant (-0.1 per cent) in the past 12 months with 5.4 million visitors in 2007.

This percentage change is above the national average (-2.0 per cent) and key competitors New South Wales (-7.1 per cent) and Queensland (-1.5 per cent).

Since 1999, the State's average annual growth rate of 2.8 per cent also outperforms the national average (1.9 per cent per annum) and key competitors New South Wales (no change) and Queensland (2.4 per cent).

Interstate visitors spent 22.3 million visitor nights in Victoria for the year ending December 2007, a 16.2 per cent share of all interstate nights.

Intrastate overnight travel (Victorians holidaying in Victoria) accounted for 12.0 million visitors for the year ending December 2007. Intrastate overnight travel comprises over two thirds (68.9 per cent) of all domestic overnight travellers in Victoria.

Victorians spent 30.9 million visitor nights in their home state, an increase of 0.8 per cent compared to the previous year. Since 1999 there has been an average annual decrease of 0.7 per cent, compared with decreases of 0.9 per cent nationally, 2.2 per cent for New South Wales and 0.1 per cent for Queensland.

In 2007, total domestic overnight visitor expenditure in Victoria increased by 7.7 per cent over the previous year to reach \$8.4 billion<sup>4</sup> or 19.3 per cent of all domestic tourism expenditure in Australia.

In 2007, domestic overnight visitors to Victoria spent \$2.3 billion more than in 1999.

### DOMESTIC VISITORS TO REGIONAL VICTORIA

There were 11.4 million domestic overnight visitors to regional Victoria in the year to December 2007, representing 65.5 per cent of all domestic visitors to Victoria. The average number of nights spent in regional Victoria was 3.0.

Domestic overnight expenditure in regional Victoria in 2007<sup>5</sup> is estimated to have been \$3.9 billion, an increase of 10.5 per cent from the previous year and an average annual growth of 4.8 per cent since 1999.

## Victoria received 17.4 million domestic overnight visitors in the year ending December 2007

<sup>3</sup> Source: *National Visitor Survey*, year ending December 1999–2007, Tourism Research Australia

<sup>4</sup> Source: *Domestic overnight visitor expenditure in Australia's regions*, year ended December 1999 and 2007, Tourism Research Australia

<sup>5</sup> Source: *Travel Expenditure by Domestic and International Visitors in Australia's regions*, year ended December 2007, Tourism Research Australia

## Hotels, motels and serviced apartments takings up 7.0%

### TOURIST ACCOMMODATION SECTOR

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<sup>6</sup>, Victoria experienced increases across many indicators in the December 2007 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 rooms available (up 119 to 37,835); takings (up 7.0 per cent to \$353 million) and employment (up 0.8 per cent to 22,022).

Victoria outperformed the national growth rate in employment (-0.1 per cent) and key competitors New South Wales (+0.1 per cent) and Queensland (-0.7 per cent).

Melbourne experienced growth in establishments (up 1 to 286); employment (up 0.6 per cent to 15,746) and takings (up 6.5 per cent to \$280 million).

Regional Victoria experienced growth across all major indicators with the exception of establishment (down 1 to 510). Results included growth in rooms available (up 148 to 14,691); room nights occupied (up 2.7 per cent to 641,000); room occupancy rates (up 0.8 percentage points to 47.4 per cent); takings (up 9.0 per cent to \$73 million) and employment (up 1.3 per cent to 6,276).

### BRAND HEALTH

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

Highlights from the 2008 survey:

- Melbourne increased its lead as the city associated with style and romance (35 per cent) reflecting brand attributes in the *Lose Yourself in Melbourne* interstate brand campaign.
- Melbourne continues to be the leading city recognised for international sporting and cultural events (47 per cent).

- Melbourne increased its lead as the city associated with shopping (57 per cent), as well as maintaining its lead as the city associated with theatre (47 per cent); quality food experiences and world class restaurants (44 per cent); and cafes, bars and nightlife (48 per cent).
- Victoria continues to be the leading state recognised as a great place to tour by car (22 per cent).
- Victoria is recognised as the leading state or territory offering quality regional food and wine experiences (24 per cent), as well as having a reputation as a state offering many boutique wineries to visit (20 per cent).
- Victoria equalled Queensland to be ranked equal highest (20 per cent) as a state or territory offering spa and wellness experiences.

### DOMESTIC VISITATION BY CAMPAIGN REGION

Year Ending December 2007

	Total Victoria	Regional Victoria	Daylesford & the Macedon Ranges	Gippsland	Goldfields	Grampians	Great Ocean Road	Melbourne	Mornington Peninsula	Murray	Phillip Island	Victoria's High Country	Yarra Valley & Dandenong Ranges
Domestic Overnight Visitors (000s)	17,399	11,402	437	1,533	1,310	599	2,622	6,497	1,125	2,080	761	810	626
Domestic Visitor Nights (000s)	53,244	34,278	1,068	4,660	2,809	2,027	8,183	18,966	3,501	5,783	2,236	2,436	1,452
Average length of stay	3.1	3.0	2.4	3.0	2.1	3.4	3.1	2.9	3.1	2.8	2.9	3.0	2.3
Domestic Daytrip Visitors (000s)	36,074	23,822	1,285	2,534	2,881	698	5,258	12,252	3,498	2,890	1,265	779	2,733

<sup>6</sup> Source: Survey of Tourist Accommodation, December quarter 2007, Australian Bureau of Statistics. Includes hotels, motels and serviced apartments with 15 rooms or more



## OUTPUT TARGETS & PERFORMANCE

Performance Indicator	Unit of Measure	2007-2008 Target	2007-2008 Result	Comment on Target
<b>Quantity</b>				
Investment projects facilitated	\$ million	250–300	<b>301</b>	Tourism Victoria facilitated six private sector projects during the 2007–08 financial year with a total value of \$301 million.
Number of Visitors (International)	number (million)	1.3–1.6	<b>1.5</b>	On target. Result is for the year ending March 2008 (latest available).
Visitor Expenditure (Domestic)	\$ billion	10–11	<b>12.1</b>	Above target due to strong growth in daytrip and overnight expenditure, potentially linked with increasing transport and accommodation costs. Result is for the year ending March 2008 (latest available).
Visitor Expenditure (International)	\$ billion	2.5–2.8	<b>3.2</b>	Above target. Strong growth across all trip purposes. Result is for the year ending March 2008 (latest available).
Visitor Expenditure in Regional Victoria (Domestic)	\$ billion	5.0–5.4	<b>6.0</b>	Above target. Strong growth in daytrip and overnight expenditure, potentially linked with increasing transport and accommodation costs. Result is for the year ending March 2008 (latest available).
Visitor Expenditure in Regional Victoria (International)	\$ million	200–250	<b>260</b>	Above target. Result is for the year ending March 2008 (latest available).
Visitvictoria.com annual visitors to site	number (000)	5,200	<b>5,166</b>	Slightly under target due to an unexpected technical issue that reduced visitation to the website during April and May.
<b>Quality</b>				
Target market awareness of advertising in Victoria: Interstate	per cent	16–21	<b>15.6</b>	Result is for the year ending March 2008 (latest available).
Target market awareness of advertising in Victoria: Victoria	per cent	14–19	<b>14.1</b>	On target. Result is for the year ending March 2008 (latest available).
Value of media coverage generated: Domestic	\$ million	40–50	<b>24.4</b>	Target not met. This is due to a shift in the focus of domestic media away from showcasing domestic travel destinations in favour of international travel stories.
Value of media coverage generated: International	\$ million	120–140	<b>104.4</b>	Target not met. This is due to time lags in receiving media results from international markets as well as the strong appreciation of the Australian dollar which has reduced the conversion of advertising equivalency rates.

A scenic painting of a small, weathered boat on a misty lake. The boat is light green with a blue interior and is surrounded by fallen autumn leaves. The background is a dense forest with trees showing vibrant autumn colors like red, orange, and yellow. The scene is shrouded in a soft mist, creating a serene and atmospheric setting.

Increase visitor numbers, length of stay and visitor expenditure by implementing innovative and effective marketing strategies to position Victoria as a distinct and competitive tourist destination.

# Marketing



## DOMESTIC MARKETING

## Travel + Leisure named Melbourne one of the world's 100 Greatest Trips

**Tourism Victoria's primary role is to encourage visitors from interstate and overseas to holiday in the state.**

### MELBOURNE

To capitalise on the momentum gained by the Melbourne 2006 Commonwealth Games, in September 2006 Tourism Victoria launched phase eight of the successful jigsaw campaign, with a major brand campaign for Melbourne. The campaign theme, *It's Easy to Lose Yourself in Melbourne*, takes inspiration from the city's inherent mystery, diversity and creativity.

The campaign moves beyond simply putting Melbourne on the wish list and towards motivating consumers to come and explore the city for themselves. It promotes the city as a place of hidden treasures and invites visitors on a journey of discovery. It does this by building on the city's current brand reputation as stylish, sophisticated and romantic, and by adding the attribute of creativity to further differentiate Melbourne from its main competitor, Sydney.

The campaign emphasises Melbourne's depth, diversity and difference by focusing on the key strengths of precincts; people; arcades and laneways; boutiques; galleries; fine food and wine; arts; culture and architecture.

Underpinned by the promotion of a series of signature experiences – luxury and indulgence; cultural discovery; cool hunting; fashion and fun; and relax and rejuvenate – this integrated campaign

comprising television, cinema, print, online, public relations and cooperative travel industry marketing elements, was also launched in New Zealand in September 2007.

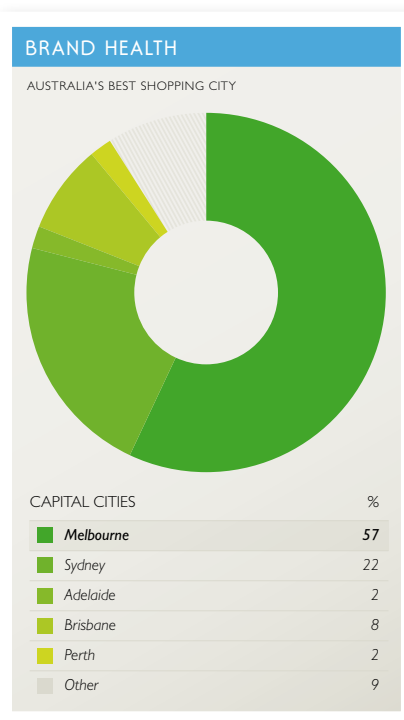
While only in the second year of the four year \$12.4 million campaign, domestic results to date indicate that Melbourne has overtaken Sydney as the most lucrative market for domestic tourists. Domestic overnight visitors spent \$4.7 billion in Melbourne – \$135 million more than in Sydney. Over the period March 2003–2008, overnight visitors to Melbourne grew at an average annual rate of 1.5 per cent, outperforming both Sydney (-1.9 per cent) and the Gold Coast (+0.5 per cent).

The campaign has received numerous prestigious industry awards, including two Caxton Awards and the coveted Quinliven Black Award, which celebrates the most outstanding newspaper campaign of the year.

*Travel + Leisure* magazine named Melbourne as one of the world's 100 Greatest Trips. Melbourne was the only city highlighted in the Australia, New Zealand and South Pacific region.

According to the 2008 Brand Health Survey, Melbourne is perceived by Australians as the nation's top spot for shopping; theatre; style and romance; quality food experiences and world class restaurants; cafes; nightlife and major international sporting and cultural events. For the second year running readers of *Shop Til You Drop* magazine voted Melbourne as the best shopping

destination in Australia. Of the 3,000 readers surveyed, 73 per cent regarded Melbourne as the best shopping area compared with 23 per cent who voted for Sydney.



In the annual Brand Health survey Melbourne increased its lead position in the consumer mindset as the city associated with shopping.

## WINTER IN MELBOURNE

## Tourism Victoria promotes Melbourne as a short-break winter destination, capitalising on the city's strengths of shopping, arts, theatre and culture.

Tourism Victoria launched the inaugural winter campaign *Melbourne's Great Indoors* in 1997. The annual roll-out of a *Melbourne in winter* campaign has resulted in consistent growth in room nights from trade package sales, a consumer acceptance of Melbourne as a winter holiday option, and a strong level of support from Melbourne operators. The winter period is the main time in the year for cooperative marketing activity with the travel industry nationally.

For the first time, the *It's Easy to Lose Yourself in Melbourne* brand campaign is being used as a platform to highlight Melbourne's creative aspects including design, fashion, food, people, art, culture, shopping, theatre, architecture and laneways.

The resulting \$2.3 million campaign focused on the promotion of Melbourne as the 'creative hub' of Australia and heroed events such as the fourth Melbourne Winter Masterpieces series, *Guggenheim Collection: 1940s to Now* and *Pixar: 20 Years of Animation* and theatre productions, *Miss Saigon* and *Phantom of the Opera*.

Tourism Victoria worked cooperatively with Destination Melbourne, City of Melbourne, Arts Victoria, National Gallery of Victoria, Australian Centre for the Moving Image, Qantas Holidays, Virgin Blue/Blue Holidays/Zuji.com, Great Aussie Holidays and Creative Holidays to develop and deliver the following activities:

### Television

- The *It's Easy to Lose Yourself in Melbourne* brand television commercial was broadcast in Sydney, Brisbane and Adelaide on Channels 7 and 9, in addition to SBS and Foxtel nationally from 22 April until end June 2008.

### National Print advertising

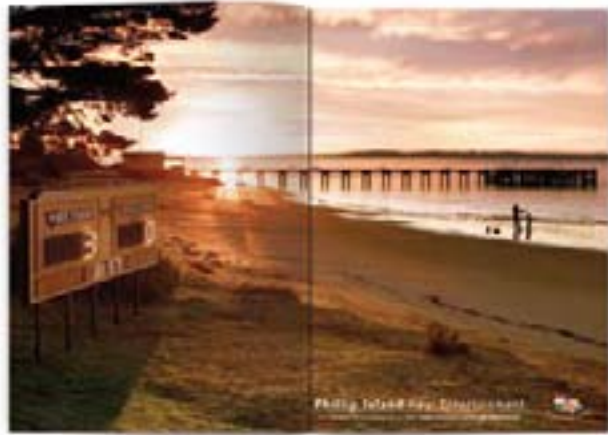
- A series of print advertisements for Melbourne and Melbourne Winter Masterpieces appeared in publications such as *Delicious*, *Australian Gourmet Traveller*, *Travel + Leisure*, *Qantas Magazine*, *Sydney Morning Herald*, *Good Weekend*, *Wish Magazine*, *Q Weekend* and *SA Life* between June and August 2007.
- National travel industry advertising activities included cooperative trade marketing/advertising placements, retail campaigns with Travelscene American Express, agent incentives, newsletters, familiarisations, retail/wholesale training and promotions.

### Online/Digital Advertising

- Online/digital advertising focused on building awareness of the *It's Easy to Lose Yourself in Melbourne* campaign and website through targeted banner placements with linkages back to the Melbourne gateway.
- Launch of a new user generated content forum, *The Red Thread*, on [visitvictoria.com/redthread](http://visitvictoria.com/redthread) in June 2007. This forum is designed to encourage Melburnians, regional, interstate and international visitors to exchange views about their Melbourne experiences by submitting a thread (photographic, video or creative writing).

### Public Relations

- Development of a suite of media releases positioning Melbourne as a 'creative city'; a dedicated familiarisation program for key travel and lifestyle media representatives profiling Melbourne's four key signature experiences, consumer promotions within major magazine titles and a series of interstate trade and media launches in Sydney, Perth, Adelaide, Brisbane, Hobart and Canberra throughout May and June.



### REGIONAL MARKETING

Tourism Victoria, in partnership with the regions, developed and refreshed several regional brand campaigns during the year.

As part of the Yarra Valley and Dandenong Ranges region, the new Dandenong Ranges campaign was developed in collaboration with Yarra Valley and the Dandenongs Marketing and representatives from the Dandenong Ranges Tourism Association. The campaign, *Visit Make Believe*, positions the Dandenong Ranges as a secluded, stylish, fresh, natural haven in which to recharge. The campaign was developed to complement the Yarra Valley campaign and reinforce the whole region's essence of intimate hideaways full of delights.

The aim of the campaign is to increase consumer knowledge of the Dandenong Ranges' key attributes and product, and shift consumer

perceptions of the region by building a positive emotional connection with the target market. The campaign was launched in September 2007 in newspapers and magazines as well as online, targeting the Melbourne market.

Launched in October 2007, the Phillip Island *Real Entertainment* campaign positions Phillip Island as a destination which provides a wide range of nature-based activities and a host of accommodation, attractions and events. The campaign sought to raise awareness of the region's tourism attractions, encourage visitors to Phillip Island during traditionally quieter periods and increase the length of time visitors spend in the region. Targeting audiences in metropolitan Melbourne, the campaign comprised print (newspaper) and online advertising. This promotion is an extension of the *Get Closer to Nature* campaign, to position Phillip Island as Victoria's premier nature-based tourism destination.

The Grampians *Space to Breathe* campaign was launched in April 2008. The campaign entices visitors to escape the pressures of modern life and reinvigorate their mind, spirit and relationships in the wide open spaces of the Grampians region. As well as featuring the magnificent National Park and State Parks, the campaign also encourages visitors to explore the villages of Halls Gap, Dunkeld, Wartook, Pomonal, Hamilton, Horsham, Stawell and Ararat. The campaign featured advertising through various media outlets across South Australia and Victoria including radio, newspapers, online, outdoor and at the cinema. The Grampians brand campaign was developed by Tourism Victoria and Grampians Marketing Incorporated and funded through the Victorian Government's Bushfire Recovery package and regional marketing funds.







TourismVictoria in conjunction with North East Victoria Tourism Inc. launched a new marketing campaign for Victoria's High Country in March 2008. The *Victoria's High Country – Adventures Happen* campaign promotes the region's distinctive visitor appeal, which encompasses gourmet food and wine, history, spectacular scenery and outdoor experiences.

The campaign uses an adventure theme to capture these elements, reworking book titles into experiences on offer in the High Country.

Three different advertisements – *The Lunch That Time Forgot*, *Escape up the Great Alpine Road* and *The Crossing at River's Bend* ran in newspapers in regional Victoria and New South Wales, outdoor advertising at train stations and at tram and bus stops in Melbourne and Canberra and online. The campaign, funded from the Victorian Government's Bushfire Recovery package for the North East and Gippsland, will continue to be rolled out over the coming year.

The *Seriously, It's in Australia* campaign positions the Mornington Peninsula as a stylish and sophisticated coastal experience – a little piece of Europe in Australia. To date, the implementation of the Mornington Peninsula brand campaign has predominately focussed on print advertising. Further rollout of the campaign will continue in 2008–09 with greater use of online media to further increase awareness of the campaign and direct potential visitors through to [visitvictoria.com](http://visitvictoria.com)

A new campaign is under development for the Goldfields which will build on the area's strengths of history and heritage by highlighting the more contemporary offerings of the region. This fully integrated campaign will be launched in 2008–09.

The *Inspired by Gippsland* campaign continued to focus on the region's diverse and inspiring natural experience. This campaign used print (magazine and newspaper) advertising and online mediums.

Building on the success of its *Live Happily Ever After*, the Daylesford and the Macedon Ranges campaign continued through print (magazine and newspaper), online and e-marketing nationally, with a focus on Sydney and Brisbane markets.

The *Murray River, Wind Down* campaign continued to promote the region as a destination to relax, unwind and enjoy the slow pace of the Murray River. The campaign featured print (magazine and newspaper) advertising, online and e-marketing in Melbourne, regional Victoria, regional New South Wales, the ACT and South Australia.



Domestic overnight  
visitor expenditure  
increased by 7.7% to  
reach \$8.4 billion

Tactical campaigns for both the Great Ocean Road and Geelong and The Bellarine were rolled out over the past year. Significant brand activity has been scheduled for 2008–09. This campaign will feature print (magazine and newspaper) and online advertising in the Melbourne, regional Victoria and New South Wales markets.

#### **Regional Marketing Program**

The Regional Marketing Program (RMP) which commenced in July 2007 is aimed at implementing and further developing regional brand and tactical campaigns for each region of Victoria. The philosophy of the program is a partnership between State Government, industry and local government to ensure integration of marketing messages and maximisation of available funds.

The objectives of the RMP include:

- ensuring Regional Campaign Committees and Tourism Victoria work in partnership to develop and implement regional marketing strategies including implementation of brand campaigns
- raising co-operative dollars from industry to maximise the impact of integrated brand campaign activities
- providing an incentive for local government and regional tourism associations to commit funding to the implementation of integrated brand campaigns.

The RMP funding of \$6.5 million for the period of July 2007 – June 2009 is divided into three allocations:

- \$5 million – Brand and tactical marketing allocation
- \$1 million – Additional brand allocation
- \$500,000 – visitvictoria.com online incentive allocation.

Regional Campaign Committees were required to submit applications outlining their funding request and marketing activities over the two-year period. Marketing plans are being implemented for each region, with an emphasis on integrating Tourism Victoria's regional brand campaigns and campaign committee tactical marketing initiatives.

#### **Touring Routes**

Tourism Victoria has worked closely with regional bodies and Tourism New South Wales over the past year to establish Sydney Melbourne Touring which will be responsible for marketing the three major touring routes between Sydney and Melbourne. These are the Sydney Melbourne Coastal Drive, Capital and Country and the Great Alpine Road. This new organisation will have the marketing clout to help raise the profile of these touring routes to key international markets that use Sydney as a gateway to Australia.

## PRODUCT MARKETING

Tourism Victoria works across a range of product segments aiming to develop and promote these sectors.

### ABORIGINAL TOURISM

Tourism Victoria continued to support Aboriginal tourism in Victoria through Aboriginal Tourism Victoria.

Tourism Victoria facilitated the inclusion of 20 Victorian indigenous businesses in the *National Indigenous Tourism Product Manual* which was launched in October 2007. The manual showcases export and market-ready businesses that are Indigenous owned and/or operated.

Aboriginal Tourism Victoria along with four Aboriginal tourism businesses attended the Australian Tourism Exchange (ATE) in Perth. A highlight of ATE was an interactive Aboriginal Australia showcase stand which was coordinated by Tourism Australia in conjunction with the state tourism bodies.

For the first time Tourism Victoria hosted an Indigenous themed domestic media familiarisation in September 2007. Journalists visited six Indigenous tourism operators from Melbourne to south west Victoria.

Six short films featuring indigenous people, plus welcome to country footage with two traditional owners from Melbourne, were produced and can be viewed on [visitvictoria.com](http://visitvictoria.com).



Falls Creek, Victoria's High Country Photo: Mark Watson.

These films share personal stories and insights of Indigenous people and their connection to country and local history.

### ALPINE

Victoria's snowfields are an important element in the State Government's plans to promote and encourage year-round tourism growth. While visitor numbers are higher during the winter months, alpine areas are increasingly recognised as desirable destinations year-round.

The Board for Alpine Resorts Tourism (BART) has a key leadership role in the development of the alpine industry. BART comprises Mt Buller/Mt Stirling, Falls Creek, Hotham, Lake Mountain, Mt Baw Baw and Mt Buffalo. Tourism Victoria partners with BART to promote Victoria's ski fields.

During the 2007 snow season, Victoria's alpine resorts attracted 725,693 visitors, accounting for 1,381,681 visitor days. This level of visitation was 16 per cent and visitor days was 15 per cent above the ten-year average from 1997 to 2007, reflecting an excellent snow season.

The 2007 campaign continued with the theme *Victoria's Snowfields. Never Come Down*. The 2007 print and online campaign continued to target regular skiers in New South Wales, Queensland and South Australia. In 2008 the campaign expanded to target Perth and Western Australia. In 2007, BART extended its marketing campaign to international markets and commenced implementation of an international marketing strategy targeting Singaporean, Malaysian, Indian and Gulf markets.

To further *Four Season, Vibrant, Sustainable Resorts*, BART commissioned a *Non-winter Nature-based Tourism Destination Development Study for the Alpine Resorts* to identify non-winter nature-based tourism product development and infrastructure priorities for Victoria's resorts.

Tourism Victoria and BART work collaboratively to increase visitation to Victoria's resorts, alpine valleys and towns by broadening community understanding and knowledge of alpine regions as well as attracting new skiers to the resorts. BART continued to roll out the Alpine Education Program, a primary school education resource, to generate excitement and interest in Victoria's alpine regions. New activities for 2008 included a grade five alpine pass which entitled Victorian grade five

More than a million people – over a quarter from interstate or overseas – have visited Melbourne Winter Masterpieces



## Melbourne continues to be the leading city recognised for international sporting and cultural events

students to free skiing and snow play with the purchase of an adult lift ticket or ski lesson for the same day.

The Alpine Junior Rangers Grade Five Alpine Pass was valid for the 2008 winter season at five of Victoria's premier mountain resorts: Mount Baw Baw, Mt Hotham, Mt Buller, Falls Creek and Lake Mountain.

### ATTRACTIONS

Tourism Victoria coordinated a number of marketing activities to promote Victoria's key attractions, including partnering again with key regional attractions for a radio promotion on 3AW, Fox FM and Gold FM and providing support for attractions to participate in a series of interstate consumer shows in conjunction with Destination Melbourne and Tourism Alliance Victoria attraction group.

### ARTS & CULTURAL HERITAGE

Tourism Victoria undertook cooperative marketing in interstate markets and New Zealand to promote the fourth instalment of the Melbourne Winter Masterpieces series. In 2007, for the first time, the Melbourne Winter Masterpieces series was extended beyond the National Gallery of Victoria (NGV) to include a second major Melbourne cultural institution, the Australian Centre for the Moving Image (ACMI) at Federation Square. The two exhibitions featured were *Guggenheim Collection: 1940s to Now* at the NGV and *Pixar: 20 Years of Animation* at ACMI.

Expanding the series succeeded in broadening the audience for Melbourne Winter Masterpieces across two great international blockbusters at two renowned arts facilities. Hosting *Guggenheim Collection: 1940s to Now* was real coup for Victoria as it was exclusive to Melbourne, not seen in any other capital city in Australia.

*Pixar: 20 Years of Animation* was also an Australian exclusive. Attendances across both exhibitions totalled 327,400.

Melbourne Winter Masterpieces has established itself as one of Victoria's biggest events of the year and is a cultural landmark in the State's major events calendar. More than a million people – over a quarter of them from interstate or overseas – have visited Melbourne Winter Masterpieces over the last four years.

Tourism Victoria also undertook cooperative marketing in interstate markets to promote the State Library of Victoria's biggest ever exhibition: *The Medieval Imagination: Illuminated Manuscripts from Cambridge, Australia and New Zealand*, which attracted more than 110,000 visitors.

Following the success of *Lost and Found*, Volume I, e-marketing campaign *Lost and Found*, Volume II was launched in winter 2007. *Lost and Found* is an email publication that explores the creative spaces, events and places that make Melbourne worth a visit. An online and print advertising campaign was implemented in order to increase the number of *Lost and Found* subscribers and increase traffic to [visitvictoria.com.au/culture](http://visitvictoria.com.au/culture). *Lost and Found* has been one of Tourism Victoria's most successful e-marketing campaigns, generating a database in excess of 5,500 names and above average open and click-through rates.



## Victoria voted the leading state for quality regional food and wine

(Brand Health 2008)



### BACKPACKER

Tourism Victoria along with organisers of Days in the Dioceses, launched a campaign targeting the young pilgrims attending World Youth Day 2008 in Sydney. Days in the Dioceses drew more international visitors to our state at any time since the 1956 Olympic Games. The campaign started in April 2008 and included the partial re-development of Victoria's dedicated backpacker website, [backpackvictoria.com](http://backpackvictoria.com)

Market activity included attendance at the Sydney Adventure Travel & Backpacker Expo, sponsorship of the Golden Backpack Awards, familiarisation trips for backpacker travel agents and advertising in key backpacker travel publications.

### BED & BREAKFAST

To continue to promote the 2006–2008 *Bed & Breakfast Getaways Guide*, which was launched in April 2006, along with the dedicated website [visitvictoria.com/bnb](http://visitvictoria.com/bnb), a range of marketing activities were undertaken. Key activities included cooperative advertising and promotion of the guide in the *Herald Sun*, on [visitvictoria.com](http://visitvictoria.com) and a special promotion at the Melbourne Visitor Centre at Federation Square during June 2008.

### CRUISE SHIPPING

Cruise shipping is one of the fastest growing segments of the tourism industry. Victoria hosted 44 cruise ship visits in the year under review, which represents a 38 per cent increase on the number of ships that docked in Melbourne last season.

Across the year, Melbourne welcomed over 108,000 cruise passengers and crew to our shores. The 2007–08 season included repeat visitation by the 2700 berth Sapphire Princess and the Statendam. Melbourne featured on their itineraries 17 times, including nine visits from the Sapphire Princess and eight from the Statendam respectively. Melbourne was also the first Australian port of call for the Queen Victoria's maiden round-the-world voyage.

Giant Steps Innocent Bystander Yarra Valley Photo: David Hannah

Victoria hosted 44  
cruise ship visits,  
a 38% increase on  
the previous season



Tourism Victoria works with the cruise ship and tourism industries, including Port of Melbourne Corporation, to promote Victoria as an ideal destination for luxury cruise ships. To meet the needs of the modern fleet of cruise ships and the expectations of their passengers, Station Pier infrastructure and facilities underwent an upgrade by Port of Melbourne Cooperation with the benefit of a significant \$15 million contribution from the Victorian Government.

The 2008–09 season is forecast to be the largest to date, with 64 cruise ship visits scheduled. Records show that the number of cruise ships visiting Victoria has improved over the past 16 years, with the number of ships increasing from 14 in 1991–92.

In August 2007, Tourism Victoria in conjunction with the Port of Melbourne, secured the 2008 Cruise Down Under Conference to be held in Melbourne. This conference was held in August 2008 and included three top international cruise executives representing Princess Cruises, Carnival UK and Fred Olsen Line, inbound tour operators, ports and tourism businesses.

## FOOD & WINE

Food and wine continues to be a key product sector within Victoria's tourism offer. A range of marketing campaigns were delivered throughout 2007–08 aided and informed by extensive and ongoing research, industry and product development.

Intrastate awareness of Victoria's food and wine experience was further developed in partnership with *The Age* through the publication of a fortnightly eight-page pull-out feature – *Discover*. Distributed in Saturday's A2 supplement, *Discover* highlighted Victoria's regions, focussing on wineries, produce, restaurants and accommodation.

Funding from the 2007–08 State Budget was used to finance the insertion of the *Discover* series into the *Sydney Morning Herald*. To support the *Discover* initiative, 30,000 copies of the eighth edition of the *Wine Regions of Victoria* were distributed to *Sydney Morning Herald* subscribers on the same day as the food and wine feature.

*Wine Regions of Victoria* was also distributed through regular channels as well as at the Good Food and Wine Shows in Melbourne and Sydney. The

production of the ninth edition of the *Wine Regions of Victoria* brochure commenced in March and will be launched late 2008.

Tourism Victoria collaborated with and provided funding to the Victorian Wine Industry Association to deliver the regional photography project. A suite of regional images were delivered to effectively provide for the ongoing marketing needs of all stakeholders.

Tourism Victoria's Identities Project continued delivering the opportunity to highlight our unique food and wine individuals and destinations through focussed editorial and images. Tourism Victoria developed the Identities Project in response to growing visitor interest in meeting locals and experiencing their favourite destinations and experiences. Twenty-four inspirational Victorians who specialise in fields that correspond to the State's key product strengths of arts and cultural heritage, food and wine, nature-based tourism or Indigenous tourism, shared their preferred experiences in Melbourne or their region. The information was collated into a series of 14 fact sheets titled, *A Few of my Favourite Things*, which



A woman with a large backpack is walking on a beach at sunset. The sky is orange and yellow, and the ocean waves are visible in the background. The woman is wearing a light blue jacket and a large black backpack. She is looking out towards the ocean.

## Natural attractions featured strongly in regional marketing campaigns in Victoria's High Country, Gippsland and the Grampians

contain copy on the favourite haunts, hangouts and sights of a selection of identities, four for Melbourne and one for each tourism region.

*A Few of my Favourite Things* will be published in *Australian Gourmet Traveller* magazine over 14 months. The first appeared in the September 2007 edition.

Under the chairmanship of Michael Matthews, Victoria's Food and Wine Tourism Council continued to provide strategic advice to the Minister for Tourism and Major Events and Tourism Victoria.

### GOLF

For the third year, Tourism Victoria coordinated the Victorian stand at the PGA Golf Show held on the Gold Coast. The Mornington Peninsula and the Murray were represented.

Tourism Victoria also commenced work on the development of a *Golf Tourism Action Plan*.

### NATURE-BASED TOURISM

Tourism Victoria, Parks Victoria and Department of Sustainability and Environment (DSE) jointly funded and lead the development of the draft *Nature-based Tourism Strategy 2008–2012*. The draft five year strategy was released in June 2007.

The strategy aims to increase the profile of nature-based tourism in Victoria by capitalising on opportunities for growth and optimising the economic, social and environmental benefits of the sector. Nature-based tourism covers a diverse range of experiences, attractions and activities that directly relate to the natural environment including ecotourism, adventure tourism, native wildlife and parks and gardens.

Tourism Victoria, Parks Victoria and DSE conducted a series of consultation workshops with industry and other stakeholders to encourage community involvement and discussion on the strategy's key findings and recommendations. Over 500 stakeholders participated in developing and finalising the strategy. The final strategy was launched in September 2008.

A DVD documentary on the Great Ocean Road, produced and presented by travel industry personality Sorrel Wilby, was included in the July 2007 issue of *Australian Geographic Magazine*. This edition also promoted the Great Ocean Road and included a detailed map of the Great Ocean Walk.

This project was a joint initiative between Tourism Victoria, Parks Victoria, DSE and Tourism Australia. The DVD was part of the *Best of Australia* series which showcased leading natural landscapes around Australia.

Tourism Victoria launched an adventure marketing campaign in May 2008. This \$30,000 campaign included print and online marketing, driving visitors to [visitvictoria.com/adventure](http://visitvictoria.com/adventure). Natural attractions featured strongly in regional marketing campaigns in Victoria's High Country, Gippsland and the Grampians.



cooperative marketing with national trade partners, consumer marketing, media familiarisations and attendance at trade shows.

Tourism Victoria has also assisted with the tourism marketing of *Priscilla, Queen of the Desert – The Musical* which ran for 26 weeks and *Guys and Dolls* which ran for 19 weeks, with a focus on marketing in regional Victoria, South Australia and Tasmania.

#### TRAVEL INDUSTRY & PARTNERSHIPS

Tourism Victoria continued to work with travel trade to promote Melbourne and Victoria. The organisation fostered business relationships with tour wholesalers, travel agents, airlines, tour and transport operators and motoring organisations.

Tourism Victoria negotiated a marketing agreement with Tiger Airways that delivered a range of targeted marketing outcomes including overhead bin advertising, which visually transports Tiger Airways passengers into some of Melbourne's famous entertainment venues, highlighting Melbourne's reputation as Australia's events capital. Advertisements were placed on overhead lockers on one of Tiger's planes, featuring images photographed from the seats at Melbourne's Regent Theatre, Federation Square's BMW Edge and the Melbourne Cricket Ground. Each photo taken from a unique perspective, shows passengers the exact view from the venue seat corresponding to their seat number on the plane.

Qantas Holidays, Virgin Blue and Blue Holidays continued to underpin the *It's Easy to Lose Yourself in Melbourne* campaign throughout the year. Theatre continues to be an important segment for the travel-trade. Campaign activity included promotion of theatre productions such as *Phantom of the Opera*, *Spamalot* and *Guys and Dolls*.



Tourism Victoria and Mildura Tourism joined with QantasLink, Hertz and local tourism operators to deliver a fly/drive campaign to Mildura. The promotion was highly successful, with QantasLink selling more than 1,100 tickets over a two-week sale period. As a result, a second sale period was offered.

Tourism Victoria also partnered with Jetstar to deliver an Avalon Airport/ Great Ocean Road campaign featuring three and five day fly/drive packages.

As a result of the cooperative marketing agreements with travel trade partners, Tourism Victoria was able to leverage more than \$800,000 in funds to support domestic marketing campaigns.

In 2007, Tourism Victoria's domestic trade marketing team were finalists in the category Best Tourist Office – National at the National Travel Industry Awards. These prestigious awards acknowledge outstanding contributions in the delivery of service to the travel industry.

**The fly/drive campaign to Mildura sold more than 1,100 tickets over a two-week sale period**

#### SPA & WELLNESS

The spa and wellness tourism segment continued to develop in Victoria, with a number of new tourism products opening during the year. Tourism Victoria undertook cooperative marketing with the spa and wellness industry in the *Herald Sun* and spa and wellness products were included in Melbourne and Daylesford marketing activities. Tourism Victoria continued to work closely with the Australasian Spa Association and distributed *Victoria's Geothermal and Natural Mineral Water Tourism Investments Opportunities* produced by the Investment unit.

#### THEATRE

Tourism Victoria supported *Miss Saigon*, *Phantom of The Opera*, *Monty Python's Spamalot* and *WICKED*. The primary objective is to maximise ticket sales to the individual theatre shows and increase visitation to Melbourne from the key markets of New South Wales and Queensland and the secondary markets of South Australia, Western Australia, Tasmania and New Zealand. Activities undertaken include

WICKED (top right)

## INTERNATIONAL MARKETING

Tourism Victoria works closely with Tourism Australia, airlines, key international travel industry partners and the Victorian tourism industry to promote Victoria internationally to potential visitors and the travel trade.

Victoria attracted 1.5 million international visitors in the year ending March 2008. International visitors tend to stay substantially longer than domestic visitors. They account for eight per cent of overnight visitors, but 31 per cent of overnight visitor expenditure. International visitors spend \$8.8 million per day on average in Victoria. This is why Tourism Victoria focuses on growing the high yielding international visitor markets.

A mix of trade and consumer marketing strategies and techniques are used to increase awareness of, and to build visitation to Victoria.

Tourism Victoria's international marketing activities are managed from the Melbourne head office, supported by staff at offices in the United Kingdom, Germany, New Zealand, the United States of America, Singapore, Japan, China, Hong Kong, Korea and India.

### CONSUMER MARKETING

Tourism Victoria leverages Tourism Australia's brand activity in all international markets and also undertakes independent brand campaigns where budgets permit. Given the cost of advertising in many markets, targeted public relations and media familiarisations programs are a cost effective method of generating awareness of Victoria as a destination.

Tourism Victoria continues to build relevant destination content on [visitmelbourne.com](http://visitmelbourne.com) and its market and language variants, leading the way with initiatives such as podcasting (an excellent medium to communicate with target audiences) and vod (or video) casting.

Tourism Victoria showcased many of Victoria's key international product strengths via consumer promotions, throughout the year, particularly the State's food and wine, and impressive hallmark events calendar.

Highlights included:

### United Kingdom

- Tourism Victoria teamed with Invest Victoria to showcase Victorian wines at Harrods flagship London store. Victoria received point of sale exposure through all Harrods food and beverage outlets, coverage in the Harrods magazine, delivered to 70,000 customers and via online activity on [harrods.com](http://harrods.com) and a dedicated microsite on [visitmelbourne.com/uk-harrods](http://visitmelbourne.com/uk-harrods).
- Victoria's Spring Racing Carnival was promoted in Ireland and the United Kingdom through a special \$100,000 State Government tourism marketing initiative. Activities included participation over three days at the Irish Autumn Racing Carnival, hosting a marquee, promoting Victorian wine and fashion, competitions and sponsoring the final race of the Irish Field St Leger, the 'visitmelbourne.com Handicap'. The marquee and additional Brand Victoria signage were viewed by approximately 20,000 racegoers over the three day carnival. This exposure was augmented by the production of a 32-page colour supplement in conjunction with the premier national newspaper, *The Irish Times*, a consumer competition in *The Irish Times Magazine*, and a sporting capital focused advertorial in *The Irish Times Rugby World Cup* supplement.

International visitors account for 31% of overnight expenditure in Victoria



Point of sale exposure at Harrods flagship London store, United Kingdom





During the year more than \$10 million (AUD) of publicity was generated in China

- Tourism Victoria, the South Australian Tourism Commission, Tourism Northern Territory and Travelmood partnered together to promote the Discover the Other Oz package. A 32-page colour supplement in the prominent national newspaper, *The Telegraph*, online marketing program and mailout to Travelmood clients resulted in approximately 1,000 passengers booking the featured package.

#### China

- The Chinese language variant website remains a key component of the marketing mix and was utilised as the key call to action for all marketing campaigns. The interactive online map of Melbourne continues to receive positive feedback from media and consumers. Tourism Victoria, Google and Baidu, the largest search engine in China, developed an online search engine marketing campaign which resulted in an additional 80,000 user sessions on the language website.
- A detailed and dedicated *Melbourne and Surrounds Destination Guide* was launched to coincide with the commencement of Qantas'

direct air services from Shanghai to Melbourne in March 2008. The guide was distributed to 10,000 potential travellers through consumer promotions with key newspapers and travel agents.

- In the past year more than \$10 million of publicity was generated to increase awareness and the profile of Melbourne and Victoria. Highlights included three special feature episodes on China Central Television (CCTV) which was viewed by over 200 million people, a 26-page feature in China's leading travel magazine *The Elite Traveller*.

#### India

- Tourism Victoria worked in partnership with Tourism Australia and Cricket Australia to organise a six-week challenge titled Ultimate Aussie Cricket Fan. The contest, held in Mumbai and New Delhi, quizzed participants' on their knowledge of Australian cricket and Australia as a holiday destination. The Melbourne Cricket Ground hero image was used extensively in the consumer advertisements which were placed

in key daily newspapers to promote the test series in Australia. The competition was a significant success with more than 2,200 entries received in two weeks, exceeding the set target. For the remaining weeks, selected contestants battled for the title live over Radio One – the official contest radio station. The contest was promoted through radio spots that reached more than 2.6 million listeners across both cities. The contest was also supported by *Mid Day* newspaper with advertorials. Advertisements also featured in major daily newspapers and on cricket-related websites. To further leverage the cricket fever surrounding the test series, Tourism Victoria and Tourism Australia hosted the ESPN crew in Melbourne to produce a series of interstitials for airing during the test series which generated \$313,000 (AUD) worth in advertising value.



- Tourism Victoria, in partnership with Melbourne Airport, negotiated for a range of key Melbourne and regional destinations to be featured in a new Bollywood film *Main aur Mrs Khanna*. This follows on from the success of two Bollywood films *Salaam Namaste* in 2005 and *Chak de India* in 2006 which were shot in Victoria and reached audiences of 400 and 300 million respectively.

#### Japan

- The high quality travel show, *Tabi-Salad*, which is a popular weekly television program highlighted Victoria. Two episodes of the program aired in April 2008 to a cumulative audience of more than 8 million households. The program featured Victoria's nature and food and wine experiences through the eyes of a well-known female photographer; and focused on Melbourne, Yarra Valley, Mornington Peninsula and the Great Ocean Road.

#### North America

- Tourism Victoria entered into the Aussie Week/Short Breaks partnership with Tourism Australia, Tourism New South Wales and Tourism Queensland. The campaign was aimed at altering the long-haul perceptions of Australia amongst a selected audience of US travellers. Victoria was well positioned in the campaign with sophisticated experiences in Melbourne and Victoria's easily accessible regions. Key highlights of the campaign included the CBS half-hour special advertorial of AussieWeek featuring videos from the 100 winners. The program had eight prime time airings from January to March on four key demographic CBS stations in Los Angeles and San Francisco. January saw record sales for Qantas and arrivals to Australia from the North America were up 14 per cent compared to the same time for the previous year.

#### France

- Tourism Victoria partnered with Cathay Pacific to develop a dedicated Victoria microsite to highlight Melbourne and Victoria's nature experiences on one of the leading French online travel sites GOvoyages.com. This site attracts 1.5 million users per month. As GOvoyages.com also featured the campaign on their homepage using a skyscraper and banner advertisements the awareness generated for Melbourne and Victoria was outstanding.

#### Germany

- In conjunction with Travelworks Tourism Victoria undertook a Working Holiday Visa competition which included production of a dedicated website: [melbourne-vibez.de](http://melbourne-vibez.de), advertorials in *UNICUM* (print run: 415,000) and *UNICUMabi* (print run: 250,000), which are free magazines for students and high school graduates, distributed in high schools and universities. The competition also featured in *Unicum Newsletter* for students (30,000 subscribers) and high school graduates (10,000 subscribers) and banner advertising on websites of various affiliate partners.





For every dollar Tourism Victoria spent, more than \$2.56 in partnership funding was received

#### TRADE MARKETING

Tourism Victoria undertook a series of cooperative campaigns in conjunction with the international wholesale and retail travel industry and airlines. Tourism Australia and other state and territory tourist offices were financial contributors to many of these. For every dollar that Tourism Victoria spent on these campaigns in 2007–08, more than \$2.56 in partnership funding was received.

Highlights from the year included:

##### United Kingdom

- Tourism Victoria worked in conjunction with Tourism Tasmania and the Stella Group – Travel 2 and Harvey World Travel to conduct a multi-media advertising promotion that resulted in an increase of almost 200% in touring passengers compared to 2007.
- The Discover the Other Oz partnership of Tourism Victoria, South Australian Tourism Commission and Tourism Northern Territory worked with Flight Centre UK to offer the consumer an alternative to the traditional reef, rock and Opera House itinerary

combination. This initiative was promoted via Flight Centre's extensive High Street retail presence, exposure in the Flight Centre catalogue, and direct and consumer marketing activity. The campaign gave Tourism Victoria the chance to put Victoria on the map with new staff of Flight Centre, along with the general public. The program generated an increase of more than 50% in land bookings for Victoria over the previous year.

##### North America

- Tourism Victoria, in partnership with Invest Victoria and Tourism Australia, secured coverage for Victoria on the US Golf Channel series, *Golf with Style*. The broadcast continued Tourism Victoria's success of promoting Victorian golf experiences as world-class and unique. The series was a competition where 16 golfers escaped to 13 of the best golf destinations in the world for daily rewards from presidential suites to spa treatments. The finale of the series was filmed in Victoria, broadly promoting not only the

world-class golf experiences, but a broad range of the State's vibrant and sophisticated experiences. The Victorian program aired at least 10 times in North America, since first being aired in November 2007.

- Tourism Victoria launched a new US marketing campaign in conjunction with Tourism Australia and Qantas, during G'Day USA: Australia Week in Los Angeles. The campaign profiled Victoria as a destination that is easily accessible and affordable from the west coast of the US. Tourism Victoria also sponsored a golf event in Los Angeles during Australia Week, building on Victoria's reputation for golf tourism.



## China

- Tourism Victoria leveraged the new Qantas direct flight between Shanghai and Melbourne launching the Qantas Flyer Campaign in March 2008. Live banners in MSN Homepage and Messenger received a total of 120,349 clicks and 34 million impressions over the campaign period. Tourism Victoria also partnered with Air China and China Eastern Airlines in a series of promotions under the Melbourne First umbrella to position Melbourne as an important gateway to Australia. A total of 150 pop-up banners featuring Victoria were prominently displayed in the airlines' offices and ticketing centres.

## New Zealand

- As part of Tourism Victoria's roll-out of the *It's Easy to Lose Yourself in Melbourne* brand campaign, the Melbourne advertisement screened in selected cinemas throughout June 2008 prior to the blockbuster movie, *Sex and the City*, creating an appropriate parallel between the two cosmopolitan cities. To maximise trade opportunities for this campaign, Tourism Victoria launched a *Sex and the City* competition where travel agents were asked to provide their favourite I love Melbourne stories. More than 120 travel consultants submitted their stories and the best 50 were selected to attend a special screening of *Sex and the City* in Auckland.

## Singapore

- Tourism Victoria participated in Tourism Australia's *Unexpected Australia* campaign. The campaign, running in print, radio and online, presented a new range of unique Australian experiences to consumers. Victoria's focus was on romance, showcased through coastal experiences along the Great Ocean Road, indulgence in the Yarra Valley and relaxation on the Mornington Peninsula. Consumers were encouraged to vote for their favourite experience in each participating state and territory from a list of 30. A campaign microsite was developed to showcase the experiences and direct inquiries to either participating agents' websites or [visitmelbourne.com/sg](http://visitmelbourne.com/sg). The campaign featured packages developed by five premier Australian specialists and focused on new experiences in the regions of Yarra Valley, Mornington Peninsula and the Great Ocean Road.

## India

- Singapore Airlines and Tourism Victoria successfully launched a partnership campaign to increase the profile of Destination Victoria. To promote Victoria's romance and nature experiences, an integrated campaign involving key daily newspapers and online medium was undertaken. Overnight stays in regional Victoria were also promoted to increase length of stay.

## Japan

- Tourism Victoria produced a 55-page Japanese booklet *Melbourne Style* featuring Melbourne city lifestyle, nature and food and wine. This guidebook was used as a value added item for Japanese travellers who purchased package tours through major wholesaler partners. The booklet featured in key wholesaler brochures and was distributed to 10,000 travellers.



Penguin Parade, Phillip Island Nature Park. Photo: Chris Tovo.

## Korea

- In conjunction with the new direct flight service by Korean Air, Tourism Victoria conducted a series of tactical campaigns with key wholesalers including Hana Tour, Mode Tour and Lotte Tour. The series included online promotion, newspaper advertisements and a familiarisation trip for key retail agents. Travel agent partners recorded 2,000 bookings for tour packages.

## AUSTRALIAN TOURISM EXCHANGE 2008

The Australian Tourism Exchange (ATE), Australia's premier international travel industry event, was held in Perth in June 2008. ATE is an annual forum for internationally ready and active tourism businesses to meet, showcase their product and negotiate deals with key overseas contacts.

ATE 2008 was attended by more than 800 of the world's top tourism buyers. They met with 1,600 Australian company delegates. The business area for the Victorian product, themed by Tourism Victoria, highlighted the new Melbourne and Victoria brand marks. With 51 (Eastern hemisphere) and 63 (Western hemisphere) companies respectively presenting at ATE, for the second time Victoria was the second highest represented State, behind Queensland in terms of the number of seller products attending. Thirteen Victorian products were first time ATE attendees. More than 50 international and domestic media attended ATE. In 2009 ATE will be held in Melbourne.



## EDUCATION & FAMILIARISATIONS

Educating the international travel trade about Victoria and its attractions is an integral part of international marketing activity. This raises awareness of Victoria as a premier tourist destination and increases the quantity of Victorian tourism product featured in travel wholesale programs and itineraries.

Almost 840 international travel agents took part in structured activities under Tourism Victoria's familiarisations program in 2007–08, which was heavily supported by the Victorian tourism industry.

More than 10,000 international wholesale and retail staff learned about Victoria's tourism product in structured educational sessions, including presentations and workshops throughout the year. Tourism Victoria staff made 2,773 sales calls to travel trade partners in all international markets.

Another important aspect of Tourism Victoria's international marketing role is informing the industry of the latest international market intelligence. Victoria's International Exchange, held each November, was attended by 150 industry representatives.

## TRADE SHOWS & TRADE MISSIONS

Tourism Victoria worked closely throughout the year with Australian-based inbound tour operators, conducting workshops and undertaking sales calls, familiarisations and trade missions. Much of this work was undertaken in partnership with the Australian Tourism Export Council.

Tourism Victoria led Victorian industry participation at trade and consumer shows and trade missions in primary and secondary markets. These activities included major industry missions to the United States, United Kingdom, New Zealand and China, the National Association of Travel Agents of Singapore Travel Fair, India Travel Mission, the Arabian Travel Market, Japan Australia Mission and Oz Talk in the USA and New Zealand.

## BRAND SERVICES

**Brand Victoria is the international destination brand for Melbourne and Victoria, and is managed by the Brand Services Unit.**

Brand Victoria is a Victorian Government initiative that aims to build a strong and meaningful identity for Melbourne and Victoria to ensure the ongoing success of our State. The creative rationale for the State brand is built around the characteristics of Melbourne and Victoria. As is the case with a good book, where depth and complexity are experienced through evolving layers, the more you become engaged with the city or the State, the more it reveals itself to you. In the competitive international environment a cohesive approach to communicating the unique characteristics, values and personality of Melbourne and Victoria is critical to destination and business success.

The Brand Victoria objectives include:

- positioning Victoria internationally as the destination of choice for investors, migrants, tourists and students
- capturing Victoria's individuality, strengths and regional diversity
- generating pride among Victorians for their state and for Melbourne.

The Brand Services Unit works closely with the International Marketing unit of Tourism Victoria as well as the core sectors of Skilled Migration, International Education, Invest Victoria and other government and private sector organisations to achieve consistent international marketing.

The Brand Services Unit is also responsible for Tourism Victoria's creative output, including design, production and still and moving imagery.



## The Melbourne brandmark featured on six courts at the Australian Open Tennis Championships



Australian Open Tennis Championships Melbourne 2008.





2008 FORMULA 1™ ING Grand Prix, Melbourne 2008

Major events provide excellent branding and profiling for Melbourne through signage, vignettes and sweeping footage of the city being shown to a massive television audience worldwide. This is coverage Tourism Victoria could literally not afford to buy. Tourism Victoria is growing awareness of Melbourne through visibly branded major events.

A significant achievement of the year was the presence of the Melbourne brandmark at leading international sporting events. Melbourne was on show worldwide through out the Australian Open Tennis Championships in January 2008. At the tournament the Melbourne brandmark featured on six courts, including Centre Court and Vodafone Area, on signage throughout the event and in advertising and promotions. This activity was complemented with an advertisement that showcased Melbourne as a world class city with accessibility to nature, which screened on ESPN and ESPN2 in North America and Asia during the tournament. This was in addition to in-program vignettes and branding opportunities associated with new internet and mobile phone media.

The 2008 FORMULA 1™ ING Grand Prix featured the brandmark on over track and pit straight signage. Permanent over track signage featuring the Melbourne brandmark was also secured at the circuit at Phillip Island which received comprehensive coverage during the 2008 Yamaha Superbike World Championships.

Brand Services continued to expand its library of photography and video resources to support the brand message across the year. These resources are available for the marketing of Melbourne and Victoria by Brand Victoria partners, enabling consistent branding in international marketing materials – one of the core aims of the Brand Victoria program.

Brand Services also developed four individual *Brand Style Guides* for each of the core Brand Victoria partners – Skilled Migration, Invest Victoria, Tourism Victoria, and International Education. The guides are designed to assist users of the brand in dealing with all brand elements, enabling them to produce communications that are consistent and represent Melbourne according to the key identified strengths in each sector. For designers and staff currently working with the Melbourne brand an inaugural Brand Victoria Designers Forum was held in July 2007.

**International  
sporting events  
showcased Melbourne  
to a massive television  
audience worldwide**

## EVENTS

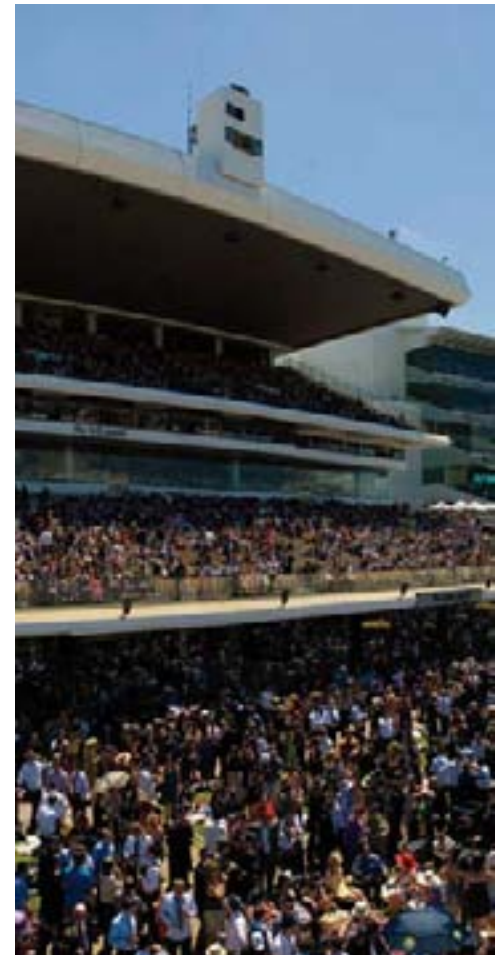
Victoria has a well-earned reputation as Australia's events state. Victoria has developed a year-round major events calendar with sporting and cultural events that is the envy of the world. With a comprehensive list of Hallmark, annual, biennial and multiple special events, Victoria hosts more major events than any other State.

Melbourne retained its status as the world's best place to hold a sports events after being named the Ultimate Sports City 2008. An international study of sports cities globally, published in the *Sport Business International* magazine earlier this year, profiled 25 cities from all parts of the world, with a review based on the importance of international and annual major sporting events hosted or awarded between 2004–2012.

Melbourne triumphed over Berlin, Sydney, London, Vancouver, Paris, Tokyo, Los Angeles, Madrid and Hong Kong. Melbourne clearly emerged as the winner scoring in excess of 500 points, ahead of Berlin and Sydney with less than 450.

The judges (from the international Sports Business Group) were impressed by Melbourne's robust list of annual major events, excellent sporting venues and strong government support along with its successful hosting of the Commonwealth Games in 2006. Events bring significant economic benefits to Victoria as well as promote the State as an international tourism destination. Events attract 324,000 international visitors which represents 45 per cent of all international events visitors to Australia.

Tourism Victoria is committed to ensuring that Victoria retains its reputation as the events leader. The Events Program identifies and develops events in Melbourne and regional Victoria, as well as supporting their tourism marketing strategies, in order to maximise their tourism



potential. Tourism Victoria contributes significantly to attracting and delivering major events. It also helps to ensure that they are viable and that they provide increased benefits. The Events Program helps increase not only the number of visitors to Melbourne and regional Victoria, but also their length of stay and consequent associated economic impact. The program also addresses the quality of the visitor experience and the branding opportunities for the host destination.



Australia v India Twenty/20, Melbourne Cricket Ground 2008.



# Sports Business International named Melbourne the Ultimate Sports City 2008



Spring Racing Carnival, Flemington 2007.

Melbourne events have a major impact on the accommodation sector at specific times of the year. The March and October to November periods are traditionally busy times. Tourism Victoria works to ensure that appropriate accommodation is available for visitors attracted to Melbourne. Tourism Victoria works with the Victorian Major Events Company in order to generate event-related opportunities throughout the year. Events including the Australian Open Tennis Championships, Melbourne Winter Masterpieces: *Guggenheim Collection 1940s to Now* and *Pixar: 20 Years of Animation*, Melbourne International Comedy Festival and the Spring Racing Carnival were outstanding successes in attracting visitors and generating international and interstate promotion.

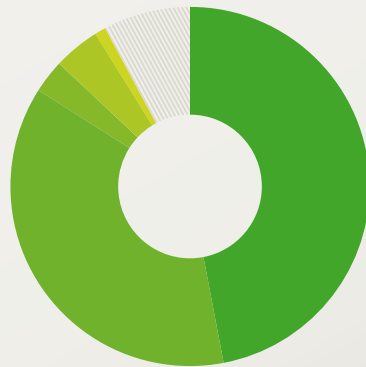
The State Government's commitment to the Australian Open Tennis Championships, one of Victoria's most successful Hallmark Events, is managed by Tourism Victoria.

This contract, which supports the event's Asia-Pacific marketing strategy, ensures that the various tourism marketing strategies continue to generate increased visitation and destination promotion, in particular via the international and national broadcast opportunities. In October 2007, the State Government extended its sponsorship of the Australian Open for a further three years.

The 2008 tournament attracted a record crowd in excess of 605,000 people. Live sites in Shanghai, Sydney and Melbourne attracted a combined estimated attendance of almost 1.4 million. The Australian Tennis Open Tennis Championships promotes Melbourne to an international audience through an estimated 1,400 accredited media representatives, 39.5 per cent of whom originate from outside Australia. Cooperative marketing activities included improved destination signage to ensure the Melbourne brand was displayed on court and broadcast to a worldwide television audience. Advertisements promoting Melbourne and regional Victoria were shown throughout the United States broadcast

## BRAND HEALTH

MAJOR INTERNATIONAL SPORTING AND CULTURAL EVENTS



CAPITAL CITIES	%
Melbourne	47
Sydney	37
Adelaide	3
Brisbane	5
Perth	1
Other	7

In the annual Brand Health survey Melbourne continues to be the leading city recognised for major international sporting and cultural events.





Wine, Food and Jazz Festival, Echuca, The Murray.

of the event. Since the integration of Melbourne branding into the telecast, exposure of the city has increased by 186 per cent to 1,669 hours with an equivalent advertising value of approximately \$US286 million.

The Victorian Spring Racing Carnival is the largest social event on Victoria's calendar each year. The State Government recognises the importance of the Spring Racing Carnival in terms of the tourism that it generates for Victoria as a drawcard for international and interstate visitors, and the broader economic and employment benefits derived by the state. A study generated by the Racing Victoria Limited indicated that the 2007 Spring Racing Carnival was worth \$541 million in gross economic benefit to the Victorian economy. This represents the second-highest economic result on record. In 2007, due to the effects of equine influenza, the number of international and interstate visitors who came to Victoria primarily to attend the carnival was down on the previous year. The carnival still attracted in excess of 77,000 visitors, further demonstrating its level of importance to the Victorian events tourism industry.

Other Hallmark and special events held in Melbourne during 2007–08 included some of Australia's largest events – the FORMULA 1™ ING Australian Grand Prix, Melbourne Food and Wine Festival, Melbourne International Arts Festival, AFL Grand Final Week and the Boxing Day Test which showcased Australia competing against India at the Melbourne Cricket Ground.

Tourism Victoria assisted with the program development and tourism marketing of a variety of events that have proved successful in attracting visitors to regional Victoria. These events include the Awakenings Festival in Horsham, Riverboats, Wine Food and Jazz Festival at Echuca, National Celtic Festival in Portarlington, Mildura Country Music Festival, Great Ocean Road International Marathon, Queenscliff Music Festival and the Warrnambool International Children's Festival (Fun4Kids).

The Events Program also supported a number of new events during the financial year, including providing \$100,000 to the Regional Blockbuster Exhibition series in Bendigo and \$15,000 to the 2009 Chillout Festival in Daylesford.

Tourism Victoria's *Events Broadcast Strategy* highlights the opportunities for generating additional national and international exposure for Melbourne and Victoria via event-related broadcasts. The strategy also addresses how Tourism Victoria can maximise these opportunities and has identified specific events that provide the opportunity to include destination footage in television broadcasts. In most cases, these events have an ongoing or year-by-year funding arrangement with the State Government.

#### **Country Victoria Events Program**

The Country Victoria Events Program targets lesser-known regional events that have community support and also promote the tourism image of their respective regions. Some of these events develop to become eligible for additional funding to support development and tourism marketing strategies.

## CORPORATE & DESTINATION COMMUNICATIONS

On behalf of Victoria's tourism industry, the Corporate and Destination Communications team promotes the State's key destinations, regions, events and experiences, to ensure Victoria has continual presence in Australia's media marketplace.

Corporate Communications manages Tourism Victoria's communication with the industry and key stakeholders, endeavouring to keep the industry up-to-date on trends, movements and strategic directions. News is provided through the fortnightly *Industry News*, the new corporate website (launched in January 2008), corporate forums, launches, stakeholder functions and media releases.

Destination Communications actively pursues key media relationships and opportunities to secure affirming editorial coverage in Australian travel and lifestyle media. Last year a range of strategic media familiarisations, launches and events were hosted to encourage and inspire continual Victorian travel stories in highly respected interstate and national media outlets.

Tourism Victoria's familiarisations program for Australian journalists is a key driver in achieving editorial coverage. During the year 279 domestic media representatives were hosted on 185 individual media familiarisations. Victoria's tourism industry once again generously supported the program by providing services and product including meals, tours, activities and accommodation.

Feature familiarisations included:

- Melbourne to Sydney Coastal Drive
- Aboriginal Tourism (Melbourne and the Great Ocean Road)
- Signature Melbourne experiences
- Luxury Houseboat experience Echuca (The Murray).

Through these activities more than \$26.6 million in editorial coverage was achieved: 1,348 media items in total on television, radio, print and online. Seventy per cent of media items generated featured regional Victoria.

Key media highlights were:

- Ongoing sponsorship of Channel Nine's *Postcards* program continued in 2008 providing major promotion of Victoria's destinations and tourism product. In addition to the sponsorship agreement a Victorian Tourism Awards special was screened on 22 February 2008.
- Tourism Victoria partnered with the Department of Primary Industry to sponsor a new Channel Seven television series *Mercurio's Menu*, that promoted the State's food and wine. Three episodes of the 13 part series focused on Victoria and featured the Bellarine Peninsula, the Yarra Valley and North East Victoria.
- To counteract the impact of drought on the Murray River, collaborative public relations work was undertaken with Tourism New South Wales, which included two weather segments at Echuca-Moama and Albury-Wodonga on the Nine Network's *Today Show* and a *Coxy's Big Break* special on the Seven Network.
- Tourism Victoria partnered with RACV to run a campaign to find Victoria's top 101 tourism experiences. The RACV 101 Must Do's in Victoria three month online promotional campaign was launched in May 2008. Victorians were encouraged to vote online for their favourite destination, attraction, accommodation, activity, tour or food and wine experience. On behalf of RACV, Tourism Victoria negotiated a prime-time special on the Nine Network which screened in September 2008.

The special showcased every one of the 101 top things people voted to see and do in the State, with the focus on the countdown from ten to one.

- An exclusive *Travel + Leisure* magazine reader event was organised for the *Guggenheim Collection 1940s to Now* exhibition at the National Gallery of Victoria as part of the Melbourne Winter Masterpieces program. The event was a sell-out and the audience included interstate travellers from New South Wales, Tasmania and South Australia.
- On-going bushfire recovery public relations support continued for Victoria's High Country and Gippsland regions. Excellent coverage for both regions was generated in key Australian travel media outlets.
- Regional campaign launches and key media activity were undertaken for the Dandenong Ranges, Victoria's High Country and the Grampians.

70% of media generated featured regional Victoria

## E-MARKETING

### **Tourism Victoria uses online communications to help market Victoria as a premium tourist destination to Australian and international travellers.**

Tourism Victoria has a range of websites, including [visitvictoria.com](http://visitvictoria.com), [backpackvictoria.com](http://backpackvictoria.com), [skivic.com](http://skivic.com) and [visitmelbourne.com](http://visitmelbourne.com) plus its nine English language and seven foreign language variants: Korean, Japanese, Chinese (simplified), Chinese (traditional), German, French and Italian. Tourism Victoria's corporate website is [tourismvictoria.com.au](http://tourismvictoria.com.au)

#### **CONSUMER WEBSITES**

In the year to 30 June 2008, Tourism Victoria's consumer websites recorded just under 5.2 million visits. Over the same period, visitors viewed almost 30 million pages.

Tourism Victoria ensures that all marketing campaigns have an integrated online component, comprising dedicated campaign pages on [visitvictoria.com](http://visitvictoria.com), call centre activity through the Victorian Tourism Information Service and e-marketing promotions including email, banner advertising, search engine marketing and other online initiatives.

According to Hitwise Australia, an online measurement company, [visitvictoria.com](http://visitvictoria.com) outperformed all other state and federal tourism websites in terms of its share of Australian internet audience for 10 of the 12 months of the financial year. Hitwise, reports on more than 500,000 websites across more than 160 industries.

In February 2008, Tourism Victoria launched a video portal on [visitvictoria.com](http://visitvictoria.com), which features a growing collection of short videos highlighting Victorian destinations, attractions, aboriginal culture and identities.

More than 10,000 videos per month are being viewed from the portal.

Another highlight was the refresh of Tourism Victoria's foreign language websites and an increased level of search engine marketing and improved search engine optimisation. This was particularly effective for the China market where website visitor numbers increased by 76 per cent from 22,852 in 2006–07 to 97,121 in 2007–08.

E-marketing activities during the year included search engine marketing campaigns viewed by more than 35 millions consumers worldwide which generated more than 200,000 visitors to Tourism Victoria's consumer websites. This activity included international search marketing campaigns in United Kingdom, Germany, Korea, India, Japan, China and New Zealand, electronic direct mail and e-newsletter campaigns with the ongoing development of eight specialised consumer e-newsletters distributed to more than 33,000 consumers on a regular basis and a continued focus on search engine optimisation across the entire consumer website.

Tourism Victoria also commenced a program to encourage tourism operators to provide online booking facilities to consumers. In 2007, close to 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. At present, less than 15 per cent of the industry offer online booking to consumers.



Marketing Victoria online, Federation Square, Melbourne.

This program provides a range of industry training workshops and guides to increase the online competitiveness of the Victorian industry.

Tourism Victoria will also be implementing some new technology to allow consumers to book online through [visitvictoria.com](http://visitvictoria.com) using operator inventory in a wide range of existing online booking and property management systems.

#### **AUSTRALIAN TOURISM DATA WAREHOUSE**

Tourism Victoria's 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](http://australia.com). Tourism Victoria assumed the management of some destination content on [australia.com](http://australia.com) to ensure consistent messages reach international audiences.

#### **CORPORATE WEBSITE**

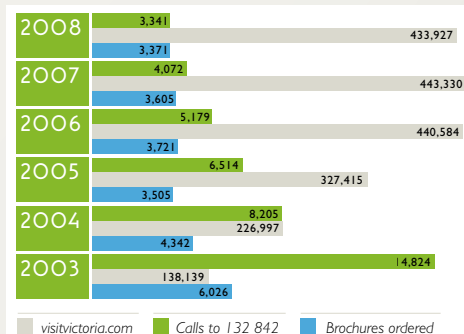
In the year to 30 June 2008, Tourism Victoria's corporate website recorded 332,000 visits. During the same period, visitors viewed more than 1.8 million pages, an increase of almost 923,000 pages.

**visitvictoria.com  
outperformed all  
other state and federal  
tourism websites**



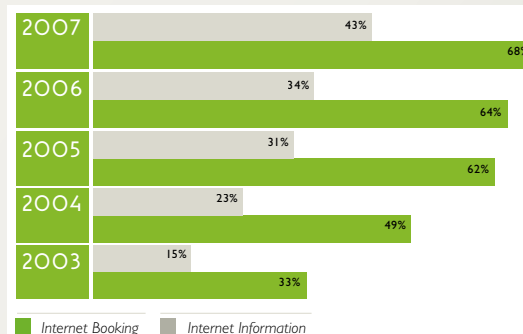
## USAGE OF TOURISM VICTORIA INFORMATION SERVICES

JULY 2002 – JUNE 2008



## INTERNET USAGE BY INTERNATIONAL VISITOR TO VICTORIA

% OF LEISURE VISITORS TO VICTORIA



## IN DETAIL

# TOURISM VICTORIA'S NEW REGIONAL E-MARKETING PROGRAM



In 2007–08 Tourism Victoria commenced a new Regional E-Marketing Program which provided more than \$280,000 from listing fees on visitvictoria.com back to regions for marketing activities. It also supplied a range of packaged e-marketing opportunities to Regional Campaign Committees and operators.

Over the last 15 years, marketing campaigns run by Regional Campaign Committees have been based on the principle of cooperative marketing. Tourism Victoria have matched industry funds through the development of jigsaw brochures, complemented by marketing campaigns executed through traditional marketing channels.

Over recent years, Tourism Victoria has seen the creation of significant new online marketing opportunities via the online medium. The Regional E-Marketing Program aims to move cooperative marketing online by offering regions better visitvictoria.com campaign integration, sophisticated e-marketing packages and a range of opportunities that can be priced and sold by campaign committees to tourism businesses.

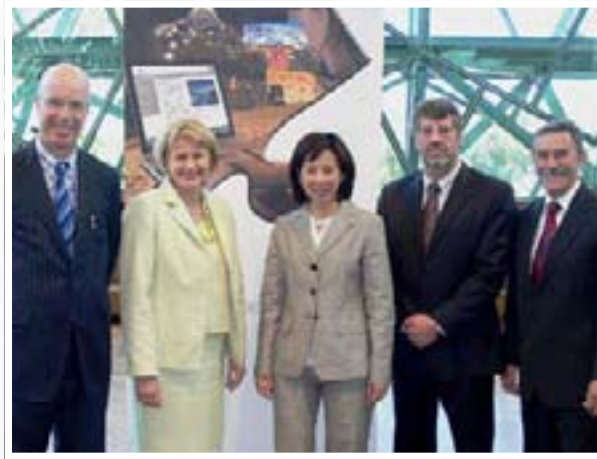
The integration of regional consumer web content and promotion into visitvictoria.com aims to provide a consistent, cost effective and supported web presence for regional tourism marketing throughout Victoria.

Due to the growing dominance of e-marketing as a key marketing tool, an e-marketing package was developed for Victoria's regions. The package provides a range of options that can be packaged and sold as part of a Regional Campaign Committee prospectus and through other regional marketing campaigns and initiatives. This includes a dedicated package and deals section on regional pages incorporating interactive Google Maps, accommodation features, regional e-newsletters and centralised management of campaign development and co-ordination, using branded templates.

Maximise the effective use of resources by conducting the business of Tourism Victoria in accordance with professional commercial management principles.

# Industry Leadership

## TOURISM EXCELLENCE



### Tourism Victoria continued to play a significant industry leadership role during 2007–08.

Victoria's innovative Tourism Excellence Program aims to boost tourism yield and the bottom line for businesses and destinations, while giving Victoria a point of difference that sets it apart from competing destinations by increasing visitor satisfaction. Victoria was the first state or territory to introduce such a comprehensive program. The program was devised following the 2002–2006 *Tourism Industry Strategic Plan* which highlighted the need for discussion about professionalism and standards and proposed the objective to create a competitive advantage based on visitor satisfaction.

Tourism Excellence is a comprehensive program covering industry strategies for long-term growth as well as online information aimed at increasing use of development tools such as accreditation and awards by businesses.

The Tourism Excellence program provides online training and tools for tourism operators to enable them to get the best from their workforce, deliver the best possible visitor experience and increase visitor numbers and expenditure. The program provides tourism operators and their staff with the opportunity to develop a competitive edge over other destinations.

The program features seven modules designed to help businesses and destinations get the best from their workforce and communities, deliver the best possible visitor experience, grow tourism by working together and ensure a sustainable industry.

The seven modules of the web-based program are:

1. Understanding Customer Needs
2. People Excellence
3. Business Excellence
4. Growing Destinations
5. Participation – Getting Involved
6. Fostering Innovation
7. Sustainability in Tourism

All of the modules are supported by a constantly developing tool kit and website with case studies and information on resources, programs and grant opportunities.

All information can be found on the dedicated website [tourismexcellence.com.au](http://tourismexcellence.com.au)

The first three modules, Understanding Customer Needs, People Excellence and Business Excellence were launched in 2006–07. The first module was launched in October 2006. During 2007–08 the final four modules were developed in consultation with private and government industry representatives across the State. Each of the remaining four modules rolled out in 2008. The intention is that the modules will continue to evolve over time and will be modified to reflect new industry trends and changing market needs.

The final module of the program *Participation – Getting Involved* focuses on nurturing the development of industry leaders. *Participation – Getting Involved* was launched by the Minister for Tourism and Major Events, the Hon. Tim Holding, at an industry event in Melbourne. More than 75 tourism industry leaders, were encouraged to share information, promote joint

regional tourism products and foster professional development. Keynote speaker, world champion marathon runner Steve Moneghetti, discussed the parallels between running a marathon and growing a tourism business.

The Tourism Excellence program is attracting a growing audience. The Tourism Excellence website is now visited by approximately 430 unique users per month, who record an average of 2,500 page impressions.

Moreover, the modules are also starting to be used by Local Tourism Authorities and Regional Tourism Organisations as the basis for workshops. Core learning is delivered through workshops and then participants are able to delve further into the topics of their interest online.

The Tourism Excellence toolkit identifies resources that can be drawn on, programs and grant opportunities and case studies which help inspire and motivate to achieve excellence.

## The Tourism Excellence Program provides online training and tools for tourism operators



## MELBOURNE AIRPORT 2007 VICTORIAN TOURISM AWARDS

### The Victorian Tourism Awards celebrated their 23rd anniversary in 2007.

The awards are managed by Tourism Victoria on behalf of the tourism industry. They play an integral role in encouraging and rewarding excellence, innovation and commitment to the State's tourism industry. The awards help to raise standards through a structured submission process of self-assessment through the preparation of a written document which is then reviewed by industry peers who respond carefully to defined national criteria.

The awards culminate in a Gala Presentation and Ceremony in November, but work is conducted throughout the year to ensure:

- a communications program is developed and implemented to ensure operators from throughout Victoria are informed of the awards program and encouraged to enter
- that entrants are supported throughout the process to maximise the positive outcomes from participating
- that entries are of a sufficiently high standard
- Victoria is well represented at the annual Australian Tourism Awards.

Initiatives introduced include an integrated industry briefing program with Tourism Alliance Victoria and the Better Business Tourism Accreditation Program, a submission writing workshop program



for tourism businesses which expressed interest in the Victorian Tourism Awards and the continuation of the successful Mentor Program. In 2007 the Mentor Program was enhanced to include more support from experienced judges and Hall of Fame winners. A record 69 participants were involved compared to 33 in 2006. The success of these initiatives was reflected in positive feedback from operators.

At the Melbourne Airport 2007 Victorian Tourism Awards, 133 business and individual entrants, competed for top honours, a 25 per cent increase on 2006.

An extensive ticketing strategy ensured that the awards ceremony, held at The Palladium at Crown, was a sell-out. Winners were announced across 26 business categories, ranging from accommodation to tourism marketing, ecotourism, tourism training and new developments. Three new categories were introduced this year: Specialised Tourism Services (Holiday Great Ocean Road); Visitor Information and Services (Geelong Otway Tourism) and Tourism Marketing (The Sovereign Hill Museums Association). Three additional awards honoured personal contributions to the



## Entries to the Victorian Tourism Awards increased by 25% in 2007

tourism industry. More than 60 tourism businesses were honoured in total, by winning their category or receiving a merit or finalist placing. Around half of these recipients are from regional Victoria.

Six businesses were inducted into the Victorian Tourism Awards Hall of Fame at the ceremony for winning their category three years in a row. These were:

- **Fun4Kids** (Festivals & Events)
- **Koorie Heritage Trust** (Indigenous Tourism)
- **Go West Tours** (Tour & Transport Operators)
- **Bayplay Adventure Tours** (Adventure Tourism)
- **Dracula's** (Tourism Restaurants & Catering Services)
- **Miami Hotel Melbourne** (Standard Accommodation).

### QANTAS 2007 AUSTRALIAN TOURISM AWARDS

Winners of the Melbourne Airport 2007 Victorian Tourism Awards represented Victoria at the Qantas 2007 Australian Tourism Awards which recognise tourism operators who display a commitment to excellence, innovation and professionalism.

Approximately 900 tourism operators and industry leaders from across Australia attended the Qantas 2007 Australian Tourism Awards in Canberra. The Minister for Tourism and Major Events, Tim Holding led the 80 strong Victorian delegation.

Victoria scooped six awards at the Qantas 2007 Australian Tourism Awards – five outright wins and one commendation.

- ▶ **FESTIVALS & EVENTS**  
Fun4Kids Festival
- ▶ **MEETING & BUSINESS TOURISM**  
Geelong Otway Tourism
- ▶ **TOUR & TRANSPORT OPERATORS**  
Go West Tours
- ▶ **HOSTED ACCOMMODATION**  
Monreale Estate
- ▶ **DELUXE ACCOMMODATION**  
Crown Promenade Hotel

The Koorie Heritage Trust was awarded a high commendation in the Indigenous Tourism category. Highly commended businesses have come within one point of the winner. A range of networking events recognised and celebrated the entrants' achievements and acknowledged the generous support of partners.



# Investment attraction & aviation



Identify infrastructure opportunities, facilitate development projects and negotiate improved air services.



## INVESTMENT ATTRACTION

## Facilitated \$301 million in investment during 2007-08

**Tourism Victoria's investment focus in 2007-08 included: working with the private sector to identify market opportunities and facilitate projects; input with other State Government agencies to progress priority public projects; master planning and feasibility assessment of key projects; and advisory work to leverage investment activity.**

Tourism Victoria has a multi-faceted approach to investment attraction and facilitation. Tourism Victoria has a small team of specialists who have the responsibility to attract and facilitate new tourism investment in Victoria, with a particular focus on new projects that will be of net benefit to Victoria and which will help induce new visitation to the State.

Key project priorities are identified through a process of consultation with stakeholders and investor groups. Primarily, the Investment unit works with tourism investors to develop and facilitate proposals that seek to capitalise on the identified key priorities and market opportunities.

### STATE GOVERNMENT PROJECTS

Tourism Victoria provided input to State Government working groups responsible for the Bays and Maritime Initiative, Point Nepean, ex-HMAS Canberra project, Grampians National Park Long Distance Trail, Mount Buffalo Chalet, Osborne House Master Plan, and the Apollo Bay Harbour Precinct Master Plan.

Tourism Victoria also chairs the Tourism Task Group (TTG) which was established by the Secretaries of the Department of Innovation, Industry and Regional Development (DIIRD) and the Department of Sustainability and Environment (DSE). The TTG comprises senior Executives (Deputy Secretary level) from Tourism Victoria, Regional Development Victoria, DIIRD, DSE, Department of Planning and Community Development, and Parks Victoria. The TTG's role is primarily to identify and facilitate key projects for the growth of the Victorian tourism industry, with a particular focus on public land projects. The TTG provides a whole of government forum for the consideration of key tourism infrastructure and investment projects.

### MASTER PLAN & FEASIBILITY STUDIES

Tourism Victoria was an active participant in several master plans and feasibility assessments involving local government, with a number of successful outcomes and milestones achieved, including:

**Portarlington Safe Boat Harbour Master Plan** – Tourism Victoria sits on the Steering Committee to develop a Master Plan for the Portarlington harbour and foreshore that aims to establish a safe harbour that supports the local aquaculture industry, tourism and recreational activities, and provides important infrastructure to the region.

**Wodonga Hotel Feasibility** – Joint management of a feasibility study for a quality hotel in central Wodonga.

**Mildura Airport Upgrade** – Assistance with feasibility and business planning for upgrade works to increase the capacity for the airport to accommodate jet aircraft. New jet services were recently announced by Virgin Blue.

**Swan Hill Pioneer Settlement** – Commenced an investment strategy and interpretive plan to re-invigorate the Pioneer Settlement as a significant tourism destination on the Murray.

**Metung Master Plan** – Assisted Council with the development of a Master Plan for a marina precinct and reconstruction of an iconic location in the Gippsland Lakes.

**Flagstaff Hill Hotel Feasibility** – Provided financial assistance for a feasibility study to assess the commercial potential of various accommodation options and sites within the Flagstaff Hill Precinct, develop concept plans with costings for the preferred option and undertake a supporting business case.

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

**Grampians National Park Long Distance Trail** – Development of a long distance trail experience which highlights the natural and cultural values of the area, as well as capitalising on the associated commercial tourism opportunities.

## PRIVATE SECTOR PROJECT ASSISTANCE

Tourism Victoria was involved in a number of important regional investments, including:

- Planning consideration of:
  - Nagambie Lakes Resort, Nagambie
  - Frankston Safe Boat Harbour, Frankston
  - Great Ocean Green Resort & Golf Course, Apollo Bay
  - Dromana Estate Expansion, Mornington Peninsula
- Planning approval for:
  - Devine serviced apartment hotel development, Melbourne
  - McLeans Hill Holiday Retreat, Dromana
  - Windsor Hotel Refurbishment, Melbourne
  - The Cliffs Resort, San Remo
  - Quest Serviced Apartments, Mildura

A number of new developments opened in the 2007–08. Mantra Deep Blue Resort in Warrnambool, was officially opened by Minister for Tourism and Major Events, Tim Holding in November 2007. The development comprises 60 apartment style rooms, with an in-house spa and bath house facility. Stage two of the project includes an additional 40 apartments. The Silverwater Resort, San Remo was officially opened by Tourism Victoria Chief Executive, Gregory Hywood in October 2007. The development comprises 184 apartments, conference facilities, restaurant and recreation facilities. The Hotel Ibis, Glen Waverley was officially opened in June 2008 by the Minister for Tourism and Major Events, Tim Holding and Kuwait's Sheikh Mubarak Abdulla Al-Mubarak Al-Sabah. The \$25.5 million, three-star hotel has 155 rooms, conference facilities and forms part of the Century City Walk entertainment complex in Glen Waverley.

## ADVISORY SERVICES

Tourism Victoria also produced the *Geothermal and Natural Mineral Water Tourism Investment Opportunities*, a publication designed to provide a broad insight into the demand for services and facilities, location and characteristics of Victoria's geothermal and natural mineral water resources, the opportunities available to expand and establish new facilities and an indication of the success of overseas developments with the potential to be replicated in Victoria. The publication has been distributed to all of Tourism Victoria's industry stakeholders and the broader investment community.

The *Tourism Investment Guidelines: Your Guide to Tourism Investment in Victoria* were produced and are now available from the Tourism Victoria website. These guidelines provide assistance and advice on developing tourism product and infrastructure in Victoria.

## IN DETAIL

### APARTMENT HOTEL, MELBOURNE'S THEATRE PRECINCT

Construction has commenced on a 398 room apartment hotel at the top end of Bourke Street in Melbourne.

The \$136 million investment is a significant addition to Melbourne's visitor accommodation room stock and forms part of the city's theatre precinct.

Tourism Victoria assisted Devine Limited with tourism advice and facilitation of planning approvals. The development has now been sold to the Singapore based Ascott Group which is the serviced apartment arm of CapitalLand Limited, one of the largest real estate companies in Asia.

The progression of this development complements the Melbourne Convention Centre, which is due to open in 2009, and recognises the importance of Melbourne as one of Australia's best performing hotel markets with occupancy levels consistently around 80 percent.



Theatre district, Melbourne. Photo: Robert Blackburn.

## IN DETAIL

### MCLEAR'S HILL HOLIDAY RETREAT, DROMANA

Tourism Victoria assisted the Aspen Group in the proposal to develop the McLearys Hill Holiday Retreat at Dromana in the Mornington Peninsula. The proposal consists of 80 hotel rooms, more than 400 cabins and campsites and a 150-seat restaurant and conference centre. The proposal also includes a number of recreational facilities such as a village green, driving range and winery with cellar door.

The development is aimed not only at the domestic market but also to the interstate and international visitor. Tourism Victoria assisted the investor at the planning stage on the basis that the development is positioned to add value to the food and wine industry and will provide additional hotel accommodation for the region.

The success of Tourism Victoria marketing campaign for the Mornington Peninsula region is largely dependent on the quality of the infrastructure in the region (to service the tourism needs). Tourism Victoria believes that McLearys Hill Holiday Retreat would contribute to tourism appeal of the region as well as enhancing the marketing being undertaken.



## AVIATION

**Tourism Victoria is the State Government's lead agency on air services, working closely with both Melbourne and Avalon Airport on international and domestic air service proposals.**

From an air services perspective, a number of developments either involving or led by Tourism Victoria in 2007–08 resulted in increased services to the State and will have a major lasting impact on Victoria's aviation and tourism performance. Tourism Victoria also initiated discussions with several new airlines, which have the potential to secure increased capacity to existing destinations and valuable new markets in coming years.

Domestic services continued to expand with Tiger Airways commencing services from their hub at Melbourne Airport thereby accelerating the delivery of low cost seats into the State.

In addition, the Federal Government announced it will develop a White Paper to review national aviation policy and guide the industry's future growth. The Victorian Government is looking forward to working with the Commonwealth in developing this National Aviation Policy Statement.

### **International Air Services**


Victoria made progress with several airlines during the year, which resulted in increased air services capacity and access to new markets. Key outcomes included:

- Korean Air commenced new direct international services three times weekly between Melbourne and Seoul
- Qantas commenced twice weekly Melbourne to Shanghai services and between Melbourne and Hong Kong increased its services from seven to 10 per week
- Cathay Pacific increased its services between Melbourne and Hong Kong from twice daily to three times daily
- Thai Airways increased services to twice daily between Melbourne and Bangkok
- Air China delinked services from Sydney, operating three weekly direct services between Beijing-Shanghai-Melbourne
- Philippine Airlines increased its services from three to five services per week.



In addition to airline negotiations, Tourism Victoria made a number of representations to the Federal Government on behalf of the State Government to secure air rights for new and current carriers to Melbourne. Furthermore, Australia and the United States concluded an open skies agreement, allowing Australian and US carriers unrestricted access on the transpacific route. It is hoped that this agreement paves the way for federal consideration of third country carrier access on this route.

Tourism Victoria also initiated air services with a number of new airlines that complement Melbourne's existing portfolio of carriers and services. This strategy is in keeping with Victoria's aim to have a diversity of airlines flying into the State. These negotiations are progressing and, on top of negotiations concluded in the year under review, will lead to a major step-up in air activity to Australia during 2008 and beyond.



Melbourne airport  
recorded a 9% increase  
in domestic passengers

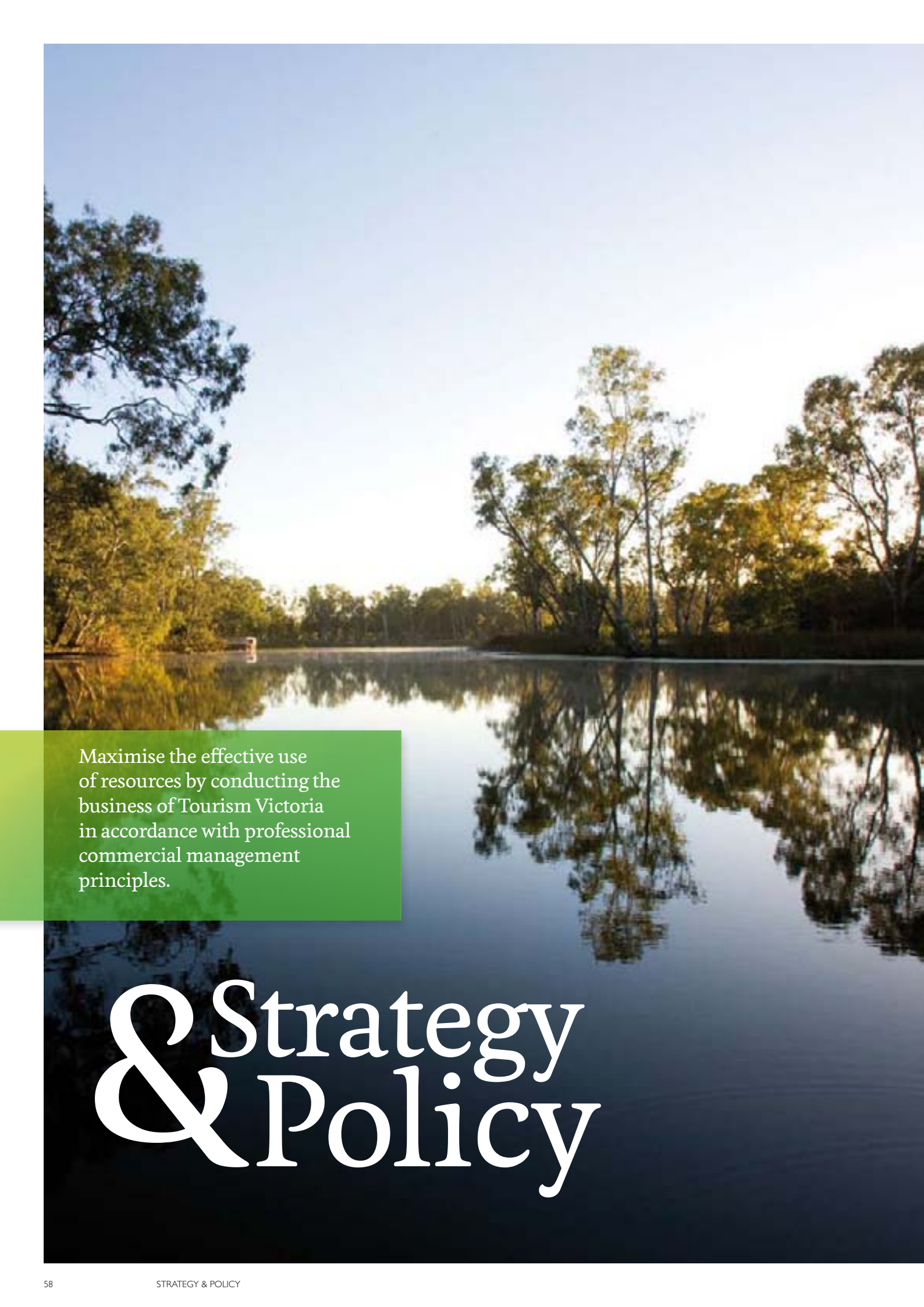
#### Domestic Air Services

Victoria saw strong domestic growth in 2007–08. A major contributor to this growth was Tiger Airways, whom Tourism Victoria helped to secure to base their head office in the State. Tiger Airways launched services in November 2007 and currently operates to 11 domestic destinations. Tiger's arrival accelerated the delivery of low cost seats into the State, and with plans to expand capacity to both existing and new destinations, the outlook is promising.

Qantas, Jetstar and Virgin Blue also all contributed positively to the State with Melbourne Airport recording approximately 4.8 million domestic passengers in 2007–08, a nine per cent increase compared to the previous year. Furthermore, Jetstar's domestic services from Avalon currently carry in excess of one million passengers per year. Tourism Victoria will continue to work closely with domestic and regional carriers to increase these services in the year ahead.







Maximise the effective use of resources by conducting the business of Tourism Victoria in accordance with professional commercial management principles.

# & Strategy & Policy



## STRATEGY & POLICY

### TOURISM VICTORIA BUSINESS PLAN 2008–2011

Tourism Victoria undertook an extensive internal business planning process to determine the key strategies and actions required to implement the directions of the Government's *10 Year Tourism and Events Industry Strategy*.

The strategy provides a road map for the future of the industry and outlines a vision to grow the sector to an \$18 billion industry employing 225,000 Victorians by 2016. The strategy contains a number of immediate and longer-term strategic responses to strengthen the Government's support of and collaboration with the tourism and events industry.

*Tourism Victoria Business Plan 2008–2011*, which was released in February 2008, outlines the major initiatives to be undertaken by the organisation over the next three years. The plan contains five core priorities to help achieve the Government's tourism target of a tourism industry contributing \$18 billion and 225,000 jobs by 2016.

These priorities are:

- regional tourism – improve dispersal of international, interstate and intrastate visitors across Victoria
- emerging markets – build Victoria's presence in high growth potential international markets such as China, India and elsewhere in Asia
- aviation access – increase direct flights and air capacity to further entice visitors
- skills and service standards – enhance training and skill development to improve the quality of experiences available
- investment attraction/product development – improve and broaden the range of 'export-ready' products and infrastructure available to target consumers.

### REGIONAL TOURISM ACTION PLAN 2008–2011

Tourism Victoria developed a draft *Regional Tourism Action Plan 2008–2011* (RTAP). The plan contributes a major direction of the Government's *10 Year Tourism and Events Industry Strategy* to strengthen regional Victoria's tourism industry and focuses on challenges raised at the inaugural Regional Tourism Summit held in March 2007.

The RTAP, which will replace the previous Regional Tourism Development Plans, will address cross-regional issues and confirm priorities for each of Victoria's 10 tourism regions.

The draft plan provides strategies to boost the economic benefits and employment growth of the tourism industry in regional Victoria and outlines strategies to meet challenges faced by tourism operators and communities.

The draft plan was developed to address challenges impacting regional Victoria including the stagnant domestic tourism sector, growth in low cost carriers, the increase in outbound travel, attracting regional tourism investment and skills shortages.

The plan was developed after extensive consultation with regional tourism stakeholders throughout Victoria including the regional tourism industry, councillors, local government and State Government partners.

### GOVERNMENT ENGAGEMENT

Tourism Victoria works closely with Victorian Government partners to place tourism at the forefront of government decision making. Tourism Victoria has collaborated with other agencies on issues including climate change, crises management, major and business events, aviation and nature-based tourism. Tourism Victoria coordinated the Victorian Government position in the State Government's submission to the *Towards a National Aviation Policy Statement* issues paper.

Tourism Victoria works closely with the Department of Sustainability and Environment, Parks Victoria, Department of Planning and Community Development and Regional Development Victoria through the Tourism Taskforce Group to facilitate tourism investment in the State.

Tourism Victoria actively engages with the Commonwealth and other states and territories on tourism issues. In March 2008, Tourism Victoria hosted a meeting of the Australian Standing Committee on Tourism. Tourism Victoria also supports the Minister's participation in the Tourism Ministers' Council. Through these forums Tourism Victoria was actively engaged in the development of *Tourism and Climate Change: A Framework for Action*, and is currently engaged on work to consider a National Accreditation Framework.

Tourism Victoria's Chief Executive is on the Steering Committee for the development of the *National Tourism Strategy*.

Consistent with priorities identified in the State Government's *10 Year Tourism and Events Industry Strategy*, a Major Events Policy division was established to work with the Victorian Major Events Company, the Melbourne Convention and Visitors Bureau and other relevant entities, to secure major international events to Victoria.

Major events that are integral to this strategy are the Australian Tennis Open, the Melbourne Food & Wine Festival, the RipCurl Pro at Bells Beach in Torquay, the L'Oreal Melbourne Fashion Festival, the Australian Motorcycle Grand Prix at Phillip Island, the Melbourne Winter Masterpieces series and the Australian FORMULA 1™ Grand Prix, which has been secured in Melbourne until 2015.

Victoria has also had great success in the Business Events area, with to date 34 major international business events already secured for the new Melbourne Convention Centre due to open in 2009. Some of these include the International Federation of Ageing Conference in 2010, the International Botanical Congress in 2011 and the International Council of Nurses 25th Quadrennial Congress in 2013.

### INDUSTRY POLICY

Tourism Victoria provided input and advice on many key strategies, policies and issues. These included visitor information centre standards, through Tourism Alliance Victoria.

Tourism Victoria contributed sponsorship and guest speakers to industry conferences around Australia, including the Australian Regional Tourism Convention in Canberra in October 2007.

### REGIONAL TOURISM

Tourism Victoria provided leadership and financial assistance to the Gippsland region following significant floods. Tourism Victoria also supported Omeo and Districts Tourism following the removal of cattle grazing from the Alpine National Park.

Tourism operators and local councils reported that Tourism Victoria's *Crisis Communications Handbook* for regional tourism operators was of significant value in responding to the effect of the 2006–07 bushfires, leading to the formation of highly effective regional response and recovery groups.

In November 2007, building upon the widespread adoption of the *Crisis Communications Handbook*, Tourism Victoria in partnership with Tourism Alliance Victoria conducted a *Dealing with Media in a Crisis* workshop.

In addition, Tourism Victoria released the *Crisis Communications Pocket Guide* for regional and local tourism. Its aim is to help local and regional tourism bodies respond to a crisis, either natural or man-made. The handy z-card format provides a list of key communication-based response actions required by members of a Tourism Response and Recovery Group, a template for key contacts and phone numbers for public and media relations staff at the agencies most likely to be involved in crisis management.



Bushland regeneration, Grampians. Photo: Publicis Mojo

## 34 major international business events secured for the new Melbourne Convention Centre\*

Tourism Victoria continued to provide support to the industry in partnership with Tourism Alliance Victoria (TAV) by encouraging local government to develop tourism and related initiatives to improve the level of industry professionalism. Through funding assistance from Tourism Victoria, TAV continued to provide leadership to accredited visitor information centres and ensured a high level of professionalism.

Tourism Victoria worked with the industry to create a regional tourism organisation for the Grampians region which is expected to be launched in late 2008.

Gippsland continued to grow through the relationship developed between the six Gippsland shires and Tourism Victoria, including joint funding with Regional Development Victoria. A peak body for tourism in Gippsland was established – Destination Gippsland Limited in June 2008. Its major focus includes marketing Gippsland, investment attraction, developing industry skills, product development and industry communication.

A range of other specific regional projects were undertaken this year including:

- a product gap audit was completed for Campaspe Shire
- Tourism Victoria worked with Hepburn Shire and consultants in creating a destination plan for the Daylesford area.

### LEADERSHIP DEVELOPMENT

Tourism Victoria supported various leadership programs for the tourism industry including sponsorship of the Young Tourism Network and the Developing Tourism Leaders program as well as providing support for the Gippsland Tourism Industry Leadership Program.

### SUSTAINABLE TOURISM

During 2007–08, in response to the sustainability challenge, Tourism Victoria undertook and supported a number of sustainable tourism activities, including the development of the Sustainability module of the Tourism Excellence Program (including detailed advice on climate change); commissioning of the Sustainable Tourism Cooperative Research Centre to undertake research on the environmental attitudes and practices of Victorian tourism enterprises and consumers; and coordinating the sustainability component of the 2008 Victorian Tourism Conference, including sponsoring the keynote speaker, Malcolm Bell of South West Tourism (UK).

Tourism Victoria also worked closely with other states and territories and the Commonwealth on addressing the challenges of climate change. As a member of the national Tourism and Climate Change Taskforce, Tourism Victoria played an important role in the development of *Tourism and Climate Change: A Framework for Action* which outlines issues and challenges arising from climate change as well as identifying opportunities to meet these challenges.

### ROAD SIGNAGE

Tourism Victoria continued to provide advice to a number of tourism stakeholders on tourism signing matters as well as contributing to the review of the *Statewide Tourist Signing Guidelines* conducted by VicRoads. Tourism Victoria also continued its leadership role in this area by chairing the National Signing Reference Group. The new tourism signing commenced with destination pictorial signs installed in the Mornington Peninsula.

\* Correct at the time of print.





Increase visitor numbers, length of stay and visitor expenditure by implementing innovative and effective marketing strategies to position Victoria as a distinct and competitive tourist destination.

# Legislative Requirements

# 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.

### 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 2008)			
Class	Gender		Total
	F	M	
VPS G1	0.00	0.00	0.00
VPS G2	6.00	3.00	9.00
VPS G3	17.40	5.00	22.20
VPS G4	16.60	4.00	20.60
VPS G5	15.50	9.00	24.50
VPS G6	5.00	11.00	16.00
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	62.50	37.00	99.50

### 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 2007–08 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 2007–08. 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 2007–08 in relation to legislation relating to Tourism Victoria.

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

No new legislation was introduced during 2007–08 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 2007–08.

#### Ex Gratia Payments

No ex gratia payments were made during the reporting period.

#### Engagements of Consultants for 2007–08 in excess of \$100,000

Nil.

#### Engagements of Consultants for 2007–08, \$100,000 and under

Tourism Victoria engaged four consultants, each with a total consultancy cost of less than \$100,000, during 2007–08. The total cost of these consultancies in the financial year was \$102,300.

#### 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 2007–08
- details on any major external review carried out during 2007–08
- details of any major research and development activities
- details of overseas visits undertaken
- details of major promotional, public relations and marketing activities undertaken during 2007–08.

The information is available from:  
General Manager, Executive Services  
Tourism Victoria  
Level 32, 121 Exhibition Street  
Melbourne  
Victoria 3000  
Tel (03) 9651 9108

#### Environmental Management

Tourism Victoria is part of the Department of Innovation, Industry and Regional Development. The Department has reported on this matter in its 2007–08 Annual Report.

# CULTURAL DIVERSITY, WOMEN, YOUTH & INDIGENOUS AFFAIRS

## 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 2007–08 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
- 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 2007–08 included the Australian World Music Expo, Carnivale Wodonga, National Celtic Festival and Beethworth Celtic Festival
- highlighting cultural diversity in food and wine campaigns.

All of the above activities will continue in 2008–09.

## WOMEN

Tourism Victoria's Board is 40 per cent female, 60 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 2007–08 included:

- Tourism Victoria employs up to seven students per year as part of a 40-week work experience program. This will continue in 2008–09
- 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, as well as a two month placement with Tourism Victoria.
- Sponsorship and support for the Young Tourism Network.

## INDIGENOUS AFFAIRS

Tourism Victoria continued its support for Aboriginal tourism during 2007–08.

Other initiatives included:

- Tourism Victoria continued to support Aboriginal tourism in Victoria through Aboriginal Tourism Victoria (ATV)
- Aboriginal Tourism Victoria, along with four Aboriginal tourism businesses, attended the Australian Tourism Exchange (ATE) with support from Tourism Victoria. For the first time at ATE Tourism Australia, in partnership with the state tourism bodies, hosted an interactive Aboriginal Australian Showcase stand

- the National Indigenous Tourism Product Manual was launched in October 2007 and featured 20 businesses from Victoria. The manual showcases export ready and market ready businesses which are Indigenous owned and/or operated
- a domestic media indigenous familiarisation was hosted in September 2007. Visiting six Indigenous businesses from Melbourne to the Great Ocean Road.
- aboriginal tourism experiences are currently included in Tourism Victoria's International familiarisation programs with approximately one in every six tours including an Aboriginal component
- as part of the Identities Filming Project six short films featuring indigenous people, plus welcome to country footage with two traditional owners from Melbourne, were produced and can be viewed on [visitvictoria.com](http://visitvictoria.com). These films share personal stories and insights of Indigenous people and their connection to country and local history
- 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.



# FREEDOM OF INFORMATION

## FREEDOM OF INFORMATION ACT 1982 – SECTION 7

### Publication Requirements

The information required to be published pursuant to Section 7 of the *Freedom of Information Act 1982* (the Act) follows, except for information required by that section which is published elsewhere in this Annual Report.

Queries about the availability of, and charges for, other material prepared under Part 11 of the Act should be directed to:

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

### Categories of Documents

The following are the general categories of documents maintained by Tourism Victoria:

- General correspondence paper records maintained on registered files
- Minutes, agendas and papers; paper records of minutes of meetings are maintained on registered files and copies are maintained on computer disk in some instances
- Accounting records are maintained on a computerised accounting system. The records deal with general ledger entries and other accounting functions. Paper records are also maintained in Tourism Victoria's Sydney office and in each international office.

## FREEDOM OF INFORMATION ARRANGEMENTS

### Access to all records

All requests for access to records of Tourism Victoria are dealt with by Tourism Victoria's Freedom of Information Officer, who also makes access decisions. Applicants seeking access to documents should attempt to be as specific as possible and should make contact with the Freedom of Information Officer if clarification is required.

### Form of Request for Access

Applicants are required by the Act to submit applications requesting access to documents in writing. No form of application is specified and a letter clearly describing the documents sought is sufficient. The letter should specify that the application is a request made under the *Freedom of Information Act 1982* and should not form part of a letter on another subject. The applicant should write to the Freedom of Information Officer and provide the following information: Name, address, business hours contact number, details of documents requested and form of access required, i.e. copies of documents or inspection of files.

### Correction of personal information

A request for correction or amendment of information about a person that is contained in a document held by Tourism Victoria must be made in writing. It should specify particulars of how and why the person making the request believes the information to be incorrect, incomplete, misleading or out of date and specifying the amendments they wish to have made.

### Charges

Applicants may appeal against a decision made in response to requests for access to documents, for the amendment of records or against the cost levied for allowing access to documents. Appeals will be managed in accordance with the Act.

### Appeals

Applicants may appeal against a decision made in response to requests for access to documents, for the amendment of records or against the cost levied for allowing access to documents. Information about the appropriate avenue of appeal will be conveyed to the applicant in the letter detailing the original access decisions. Applicants are advised to consult Part IV of the Act for further information about appeal rights.

### Freedom of Information Request Summary (2007–08)

**Principal Officer** – Mr Gregory Hywood

**Authorised Officer** – Mr Bernie Stewart

Tourism Victoria received five Freedom of Information requests during the year; four from Members of Parliament and one from the public.

# WHISTLEBLOWERS PROTECTION ACT 2001

## I. OVERVIEW

The *Whistleblowers Protection Act 2001* ("the Act") is designed to protect people who disclose information about serious wrongdoing within the Victorian public sector and to provide a framework for investigating these matters.

The Act's key objectives are to:

- promote a culture in which people feel safe to make disclosures
- protect these people from recrimination
- provide a clear process for investigating allegations
- ensure the investigated matters are properly dealt with.

A whistleblower is any person who makes a disclosure (a report or allegation) about improper conduct by public bodies or public officers.

Complaints or allegations about serious wrongdoing can be made against public bodies and any public officer, including Government departments, statutory authorities, universities and hospitals, councils and councillors, members of the Victoria Police Force and Members of Parliament.

Under the Act, any person who has reasonable grounds for believing that improper conduct has occurred can make a disclosure. If the disclosure is determined to be a **protected disclosure**, the whistleblower is entitled to certain protection. If, upon investigation, the complaint is substantiated, remedial action will be taken.

Tourism Victoria is committed to the aims and objectives of the *Whistleblowers Protection Act 2001* (The Act). It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

Tourism Victoria recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

## 2. WHAT DOES THE ACT COVER?

For a disclosure about wrongdoing to be considered as a protected disclosure under the Act, you must have reasonable grounds for your belief that improper conduct has occurred. This wrongdoing comprises:

- substantial mismanagement of public resources
- risk to public health or safety or the environment
- corruption.

The conduct must be criminal in nature or amount to reasonable grounds for dismissal.

An example of improper conduct would be if a Tourism Victoria employee was conducting a private business during normal working hours and using the resources of Tourism Victoria for this purpose.

An example of corrupt conduct would be if a Tourism Victoria officer managing a grants program took a bribe from an industry acquaintance who had applied for a grant, in exchange for supporting

and recommending the acquaintance's grant application.

It is an offence under the Act for a person to take detrimental action against another person in reprisal for making a protected disclosure. This includes:

- action causing injury, loss or damage
- intimidation or harassment
- discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business.

An example of detrimental action would be if you were demoted, transferred, isolated in your workplace or had your duties changed in reprisal for having made a disclosure.

Things to consider before making a disclosure:

- Are there reasonable grounds for believing that the alleged conduct has actually occurred?
- What are my expectations of the process? Are my expectations realistic and achievable?

## 3. PROCEDURES

Tourism Victoria has procedures in place to deal effectively with disclosures made under the Act. These are outlined below.

### 3.1 Who do I contact?

Tourism Victoria has appointed contact persons to provide general advice about the operation of the Act and to receive complaints or information about improper conduct by Tourism Victoria or its employees. Their roles and contact details are provided below.

- The Protected Disclosure Coordinator (PDC): receives and impartially assesses complaints or allegations, refers matters to the Ombudsman and coordinates investigations into disclosed matters.

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

- Protected Disclosure Officer: provides general advice about the Act, receives complaints/disclosures, impartially assesses them and forwards them and any supporting evidence to the PDC for further assessment.

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

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

The Ombudsman Victoria  
Level 22, 459 Collins Street  
Melbourne Victoria 3000 (DX 210174)  
Internet: ombudsman.vic.gov.au  
ombudvic@ombudsman.vic.gov.au  
Tel (03) 9613 6222  
Toll Free 1800 806 314  
Ombudsman (03) 9613 6202

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

If your complaint relates to persons other than employees of Tourism Victoria, you should make your complaint to the Ombudsman or to the public body concerned.

If your complaint is about a councillor or the Chief Commissioner of Police, it must be made to the Ombudsman.

If your complaint is about a Member of Parliament, it must be made to the President of the Legislative Council or the Speaker of the Legislative Assembly, depending on which house the member belongs to.

### **3.2 Will my disclosure remain confidential?**

The Act requires disclosures to be kept confidential. Strict penalties apply to any breach of confidentiality.

Tourism Victoria will not include particulars in any report or recommendation that is likely to lead to your identification. All files relating to your disclosure will be kept in a secure room and will only be accessed by

the PDC, a Protected Disclosure Officer, an investigator or a designated welfare manager appointed by the PDC.

### **3.3 How are disclosures assessed?**

The PDC will determine whether your disclosure amounts to a protected disclosure. If the PDC determines that it does, he or she will then make a conclusion as to whether or not the protected disclosure amounts to a public interest disclosure within Part 4 of the Act. If the PDC concludes that it does, he or she will refer it to the Ombudsman for a formal determination.

If the PDC concludes that your complaint or information is not covered by the Act, you will be notified of the alternative remedial action open to you in the circumstances, and advised of your right to ask for the Ombudsman to determine the matter.

### **3.4 How will my disclosure be investigated?**

Where the Ombudsman determines that your protected disclosure amounts to a public interest disclosure and refers it to Tourism Victoria for investigation, the PDC will draw up terms of reference for authorisation by the Chief Executive of Tourism Victoria.

The objectives of an investigation are to:

- collate relevant information and draw conclusions from that information objectively and impartially
- make recommendations about remedial or other appropriate action.

The investigator must prepare an investigation plan and make regular reports to the PDC, who in turn will keep the Ombudsman informed of progress. In accordance with the Ombudsman's guidelines, all investigations are subject to the requirement of procedural fairness.

The investigator will notify you of his or her appointment and seek any necessary clarification or additional material that you might have. He or she may allow witnesses to have legal or other representation or support during an interview.

If it seems probable that disclosure of your identity cannot be avoided due to the nature of the allegations, the investigator will warn you and your welfare manager of this probability.

If an investigation is being obstructed or has revealed conduct that may constitute a criminal offence, the PDC will refer the matter back to the Ombudsman for investigation.

### **3.5 What will happen at the conclusion of the investigation?**

The investigator will submit a written report of his or her findings to the PDC. The report will not include particulars likely to lead to your identification.

Where the report includes an adverse comment about any person, that person must be given the opportunity to respond.

If the PDC is satisfied that the disclosed conduct has occurred, he or she will make recommendations to the Chief Executive about appropriate remedial action, and report the findings of the investigation to you, the relevant Minister and the Ombudsman.

Where the investigation concludes that the disclosed conduct did not occur, you will be notified and the findings reported to the Ombudsman.



## 3.6 How will my welfare and protection needs be managed?

It is the responsibility of the PDC to keep you informed of action taken in relation to your disclosure, and the time frames that apply.

The PDC is also responsible for ensuring you are protected from reprisals and that the culture of the workplace supports protected disclosures being made.

All whistleblowers who have made a protected disclosure will be offered support by a welfare manager appointed by the PDC, to examine and attend to their immediate welfare and protection needs.

People who attempt any reprisal against anyone for making a disclosure may face court action and criminal penalties. Taking reprisals can also be grounds for a person making a disclosure under the Act, and can result in an investigation.

If you report that action has been taken in reprisal for making a disclosure, the welfare manager will record the details and advise the PDC. The PDC will assess the report as a new disclosure under the Act.

When you make a protected disclosure, the Act provides you with immunity from any civil or criminal liability or any disciplinary action for making that disclosure.

However, Tourism Victoria acknowledges that making a disclosure does not shield whistleblowers from the reasonable consequences flowing from any involvement in improper conduct, although, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

Where disciplinary or other action involving a whistleblower is decided upon, the PDC will thoroughly document the process including the reasons why the action is being taken, and will advise the whistleblower of the proposed action and of any mitigating factors that have been taken into account.

## 3.7 What support is given to the person against whom a disclosure is made?

Tourism Victoria recognises that employees against whom disclosures are made must also be supported during the handling and investigation of disclosures. All reasonable steps will be taken to ensure the confidentiality of the person who is the subject of the disclosure during the assessment and investigation process. Where investigations do not substantiate disclosures, the fact of the investigation and all relevant details will remain strictly confidential.

The PDC will ensure the person who is the subject of an investigation is informed as to the substance of the allegations and has the opportunity to respond.

## FIVE YEAR COMPARISON

FINANCIAL COMPARISON					
FIVE YEAR COMPARISON					
	2002-03	2003-04	2004-05	2006-07	2007-08
	\$000	\$000	\$000	\$000	\$000
Total assets	10,375	14,625	17,434	16,265	20,406
Total liabilities	4,678	6,714	6,693	5,919	7,163
Net assets	5,697	7,911	10,741	10,346	13,243
Surplus/(Deficit)	1,316	2,214	2,830	(395)	2,897
State Government contributions	42,202	44,886	44,690	42,786	59,869
Property, plant and equipment (WDV)	610	846	782	623	499

### Significant changes in financial position 2007-08

- I. An operating surplus of \$2,897,419 was recorded in 2007-08. This surplus was primarily a result of the accounting treatment of net government grant funding which was recorded as being received in full during 2007-08, but which will in part be expended during the 2008-09 year.

**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 change or factors which have affected the achievement of the operational objectives for the year.**

There have been no major changes or factors which have affected 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 2008

INCOME			
	Notes	2008	2007
		\$	\$
<b>REVENUE</b>			
Grant income	2(a)	59,869,251	42,786,298
Other revenue	2(b)	3,625,084	3,119,636
<b>Total revenue</b>		<b>63,494,335</b>	<b>45,905,934</b>
Other income	2(c)	(48,603)	7,712
<b>Total income</b>		<b>63,445,732</b>	<b>45,913,646</b>
<b>EXPENSES</b>			
Grants and other payments	3(a)	(21,347,837)	(7,616,648)
Employee benefits	3(b)	(10,710,926)	(10,565,718)
Depreciation and amortisation	3(c)	(232,262)	(254,359)
Capital asset charge		(47,004)	(48,000)
Supplies and services	3(d)	(22,685,061)	(22,375,659)
Administration charges	3(e)	(5,515,116)	(5,434,632)
Finance cost		(10,108)	(13,960)
<b>Total expenses</b>		<b>(60,548,313)</b>	<b>(46,308,976)</b>
<b>Net result for the period</b>		<b>2,897,419</b>	<b>(395,330)</b>

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

## BALANCE SHEET

AS AT 30 JUNE 2008

	Notes	2008	2007
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	15	16,411,824	14,422,871
Receivables	4	2,495,615	1,024,324
Prepayments		934,224	130,177
<b>Total current assets</b>		<b>19,841,663</b>	<b>15,577,372</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5	65,010	65,010
Property, plant and equipment	6	499,284	622,991
<b>Total non-current assets</b>		<b>564,294</b>	<b>688,001</b>
<b>Total assets</b>		<b>20,405,957</b>	<b>16,265,373</b>
<b>CURRENT LIABILITIES</b>			
Payables	7	4,461,498	3,413,316
Interest bearing liabilities	8	144,032	81,735
Provisions	9	2,305,067	2,178,505
<b>Total current liabilities</b>		<b>6,910,598</b>	<b>5,673,556</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing liabilities	8	64,635	71,640
Provisions	9	187,455	174,327
<b>Total non-current liabilities</b>		<b>252,090</b>	<b>245,967</b>
<b>Total liabilities</b>		<b>7,162,688</b>	<b>5,919,523</b>
<b>Net assets</b>		<b>13,243,268</b>	<b>10,345,850</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)		13,243,269	10,345,850
<b>Total equity</b>		<b>13,243,269</b>	<b>10,345,850</b>
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 2008

	2008	2007
	\$	\$
Total equity at the beginning of the financial year	10,345,850	10,741,180
Net result for the period	2,897,419	(395,330)
<b>Total equity at the end of the financial year</b>	<b>13,243,269</b>	<b>10,345,850</b>

## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Notes	2008	2007
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Government		59,543,725	43,684,003
Receipts from other entities		2,176,839	1,970,777
Payments to suppliers and employees		(63,893,397)	(49,190,050)
Net Goods and services tax recovered from the ATO		2,751,039	2,592,235
Capital assets charge		(47,004)	(48,000)
Interest and other cost of finance paid		(10,108)	(13,960)
Interest received		1,563,730	1,154,403
<b>Net cash flows from/(used in) operating activities</b>	15(c)	<b>2,084,824</b>	<b>149,408</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(178,969)	(210,922)
Proceeds from sale of property, plant and equipment		27,806	156,455
<b>Net cash flows from/(used in) investing activities</b>		<b>(151,163)</b>	<b>(54,467)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance leases		(44,575)	(192,573)
New finance leases		99,867	—
<b>Net cash flows from/(used in) financing activities</b>		<b>55,292</b>	<b>(192,573)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,988,953</b>	<b>(97,632)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>14,422,871</b>	<b>14,520,503</b>
<b>Cash and cash equivalents at the end of the financial year</b>	15(a)	<b>16,411,824</b>	<b>14,422,871</b>
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 2008

Page	Note
75	1. Summary of accounting policies
81	2. Income
82	3. Expenses
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84	6. Property, plant and equipment
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# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

## 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*, applicable Australian Accounting Standards (AAS), which includes the Australian accounting standards issued by the Australian Accounting Standards Board (AASB), Interpretations and other mandatory professional requirements.

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 2008 and the comparative information presented for the year ended 30 June 2007.

### c) Reporting entity

The financial report covers Tourism Victoria as an individual reporting entity. It is a government 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 | 21 Exhibition Street  
Melbourne  
Victoria 3000

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

### d) Objectives and funding

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

### e) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### 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 payable 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.

##### Co-operative revenue

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

##### Interest 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.

#### 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 & Equipment*

- Computer equipment 3 years (2007: 3 years)
- Others 5 years (2007: 5 years)

These rates are reviewed on an annual basis. Depreciation is charged on all assets with an acquisition cost of \$1,000 or over (2007: \$1,000). These rates are consistent with those applied in prior years.

Leasehold improvements are depreciated over the period of the lease or its estimated useful life, whichever is shorter; using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### 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

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for financial assets (refer Note 1(h)).

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.

#### Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of Tourism Victoria. 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.

##### 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.

##### 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.

##### Property, plant and equipment

Plant, equipment and building leasehold improvements are measured at cost less accumulated depreciation and impairment.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### **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 lessor*

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

##### *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 amortised over the remaining term of the lease or the estimated useful life of the improvement to Tourism Victoria, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 8 years (2007 – 8 years).

#### **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. Fair value is determined in the manner described in Note 32.

##### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### 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 or 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 recognised 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.

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 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 a 30 June 2008, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2008. Tourism Victoria has not, and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods	Impact on departmental financial statements
Interpretation 12 Service Concession Arrangements	AASB approved an Australian Interpretation 12, equivalent to IFRIC 12, applying to private sector operators, but explicitly excludes accounting for public sector grantors.	Beginning 1 Jul 2008	Tourism Victoria is not an operator of service concession, so there will be no impact on disclosures.
AASB 2007-2 Amendments to Australian Accountings Standards arising from AASB Interpretation 12.	Amendments arise from the release in February 2007 of Interpretation 12 Service Concession Arrangements.	Beginning 1 Jul 2008	As above
Revised AASB 1004 Contributions	AASB decided to relocate requirements on contributions from AAS 27, 29 and 31, substantively unamended, into AASB 1004 as part of its short-term review of AAS 27, AAS 29, and AAS 31	Beginning 1 Jul 2008	Impact on departmental financial statements
AASB 1050 Administered Items	As part of the short-term review of AAS 27, AAS 29, and AAS 31, AASB decided to relocate the requirements for the disclosure of administered items from AAS 29, substantively unamended (with some exception as noted in Appendix A) into a new topic-based standard AASB 1050.	Beginning 1 Jul 2008	Not applicable
AASB 1051 Land Under Roads	The new pronouncement AASB 1051 Land Under Roads provides the option to recognise or not recognise land under roads acquired before the end of the first reporting period ending on or after 31 December 2007. Land under roads acquired after 31 December 2007 should be accounted for following requirements of AASB 116 Property, Plant and Equipment. The State is yet to decide whether to change its policy. Until a conclusion is reached, the current default position is that land under roads will not be recognised.	Beginning 1 Jul 2008	Not applicable
AASB 1052 Disaggregated Disclosures	AASB decided to relocate requirements relating to reporting of disaggregated information from AAS 27 and AAS 29 into AASB 1052, a new topic-based standard, as part of its short-term review of AAS 27, AAS 29 and AAS 31.	Beginning 1 Jul 2008	Impact expected to be insignificant.
AASB 2007-09 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31	An accompanying amendment standard to amend existing accounting standards as part of the short term review of AAS 27, AAS 29 and AAS 31 in December 2007.	Beginning 1 Jul 2008	Impact expected to be insignificant.
AASB 8 Operating Segments.	Supersedes AASB 114 Segment Reporting	Beginning 1 Jul 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 amendment standard, also introduced consequential amendments into other Standards.	Beginning 1 Jul 2009	Impact expected to be insignificant.
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]	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.	Beginning 1 Jul 2009	Not applicable
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Editorial amendments to Australian Accounting Standards to align with IFRS terminology.	Beginning 1 Jul 2009	Impact expected to be insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (CONTINUED)

## NOTE 1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### r) GAAP-GFS convergence

The AASB has recently approved AASB 1049 *Whole of Government and General Government Sector financial reporting*, which will apply to future financial reports of the Victorian general government sector. In October 2007, the AASB extended AASB 1049 to also apply to financial reports of the Whole of Government economic entity. The standard, which will be applicable for annual reporting periods beginning on or after 1st July 2008, converges Australian Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS) reporting. It also includes additional disclosure requirements. The effect of any changes to recognition or measurement requirements as a result of this new standard is being evaluated.

## NOTE 2. INCOME

	2008	2007
	\$	\$
<b>INCOME</b>		
<b>a) Grant Income</b>		
<b>State government grants</b>		
Core Program	28,740,971	29,103,469
Special Projects	31,128,280	13,682,829
	<b>59,869,251</b>	<b>42,786,298</b>
<b>b) Other Revenue</b>		
<b>Co-operative ventures</b>		
Marketing Strategy	262,047	284,912
Product and destination marketing	1,273,043	1,172,792
International Marketing	399,225	202,849
Other	242,298	212,803
	<b>2,176,613</b>	<b>1,873,356</b>
<b>Rental Revenue</b>		
Rent Received	—	91,877
	<b>—</b>	<b>91,877</b>
<b>Interest Revenue</b>		
Interest on bank deposits	179,153	93,548
Interest from Investments	1,269,319	1,060,855
	<b>1,448,472</b>	<b>1,154,403</b>
<b>Total other revenue</b>	<b>3,625,084</b>	<b>3,119,636</b>
<b>c) Other Income</b>		
Foreign exchange rate gains/(losses)	(6,221)	5,543
Gain/(Loss) on disposal of property, plant and equipment	(42,382)	2,169
<b>Total other income</b>	<b>(48,603)</b>	<b>7,712</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### NOTE 3. EXPENSES

	2008	2007
	\$	\$
<b>EXPENSES</b>		
<b>a) Grants and other payments</b>		
Major events	10,596,734	2,897,561
Regional tourism co-operative marketing	4,839,759	2,244,183
Co-operative marketing	4,121,359	860,239
Industry development	901,156	771,521
Victoria Trade and Investment Company Pty Ltd	888,829	843,144
	<b>21,347,837</b>	<b>7,616,648</b>
<b>b) Employee benefits</b>		
Salaries and wages	7,783,459	8,056,423
Superannuation	906,465	882,313
Annual leave	845,787	706,712
Long service leave	437,158	128,988
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	738,057	791,282
	<b>10,710,926</b>	<b>10,565,718</b>
<b>c) Depreciation and amortisation expense</b>		
Depreciation of non-current assets	193,034	217,021
Amortisation of non-current assets	39,228	37,338
	<b>232,262</b>	<b>254,359</b>
<b>d) Supplies and services</b>		
Advertising	7,161,047	10,083,577
Printed material	279,500	492,457
Consultants/Professional services	1,789,443	1,797,887
Distribution	243,085	359,913
Exhibition costs/Venue hire	139,084	319,365
Familiarisation expenses	972,783	1,191,393
Hospitality and entertainment	239,428	201,541
Marketing, promotional and PR costs	9,035,068	5,045,679
Media	32,172	60,690
Online services	345,549	331,311
Overseas contractors	1,169,526	1,161,170
Photographic/Video	223,159	299,194
Research	1,019,765	1,008,897
Other	35,452	22,585
	<b>22,685,061</b>	<b>22,375,659</b>



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (CONTINUED)

## NOTE 3. EXPENSES (CONTINUED)

	2008	2007
	\$	\$
<b>EXPENSES</b>		
<b>e) Administration charges</b>		
Rent, cleaning and power	1,470,558	1,516,764
Telephone, facsimile and postage	323,305	321,278
Audit fees	20,000	22,600
Computer charges	1,317,793	1,303,767
Printing, stationery and offices requisites	214,413	250,528
Motor vehicle running costs	142,128	131,797
Travel charges	844,955	758,850
Training and development	296,655	344,227
Other	885,309	784,821
	<b>5,515,116</b>	<b>5,434,632</b>

## NOTE 4. RECEIVABLES

	2008	2007
	\$	\$
<b>Current</b>		
Debtors (i)	1,023,670	494,704
Other receivables	66,349	30,873
GST Input tax credit recoverable	1,405,596	498,747
	<b>2,495,615</b>	<b>1,024,324</b>

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

## NOTE 5. OTHER FINANCIAL ASSETS

	2008	2007
	\$	\$
<b>Current other financial assets</b>		
<b>Non traded investments</b>		
Shares in other entities (at cost)	65,010	65,010
	<b>65,010</b>	<b>65,010</b>
<b>Shares in other entities</b>		
Tourism Victoria holds shares in Australian Tourism Data Warehouse Pty Ltd		

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### NOTE 6. PROPERTY, PLANT AND EQUIPMENT

	2008	2007
	\$	\$
<b>CLASSIFICATION BY PURPOSE GROUPS – CARRYING AMOUNTS</b>		
<i>Sub classification by nature (a)</i>		
<b>Leasehold improvements</b>		
At cost	352,725	352,725
less: accumulated depreciation	(247,466)	(208,700)
	<b>105,259</b>	<b>144,025</b>
<b>Plant, equipment and motor vehicles</b>		
At cost	1,606,041	1,743,573
less: accumulated depreciation	(1,212,016)	(1,264,607)
	<b>394,025</b>	<b>478,966</b>
<b>Net carrying amount of property, plant and equipment</b>	<b>499,284</b>	<b>622,991</b>
(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.		

### NOTE 6(a). PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements at cost		Plant, Equipment & Motor expenses at cost		Total	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
<b>Opening Balance</b>	144,024	183,709	478,966	598,542	622,990	782,251
Additions	—	—	162,943	422,902	162,943	422,902
Disposals	—	—	(70,415)	(324,390)	(70,415)	(324,390)
Transfers free of charge	—	—	16,027	(3,413)	16,027	(3,413)
Depreciation/amortisation expense	(38,766)	(39,684)	(193,496)	(214,675)	(232,262)	(254,359)
<b>Closing Balance</b>	<b>105,259</b>	<b>144,025</b>	<b>394,025</b>	<b>478,966</b>	<b>499,284</b>	<b>622,991</b>

### NOTE 6(b). PROPERTY, PLANT AND EQUIPMENT

	2008	2007
	\$	\$
<b>The following useful lives of assets are used in the calculation of depreciation:</b>		
Leasehold improvements	8–10 years	8–10 years
Plant and equipment	3–5 years	3–5 years
Leased plant and equipment	3–5 years	3–5 years
<b>Aggregate depreciation allocated, recognised as expense during the year:</b>		
Leasehold improvements	38,766	39,684
Plant and equipment	154,268	177,337
Leased motor vehicles	39,228	37,338
	<b>232,262</b>	<b>254,359</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (CONTINUED)

## NOTE 7. PAYABLES

	2008	2007
	\$	\$
Trade creditors and accruals (i)	3,661,481	2,444,597
Other creditors	800,017	968,719
	<b>4,461,498</b>	<b>3,413,316</b>
(i) The average credit period on trade creditors is 30 days.		

## NOTE 8. INTEREST BEARING LIABILITIES

	2008	2007
	\$	\$
<b>CURRENT</b>		
<b>Secured</b>		
Finance lease liabilities (i) (note 11)		
At amortised cost (2007: cost):	144,032	81,735
	<b>144,032</b>	<b>81,735</b>
<b>NON-CURRENT</b>		
<b>Secured</b>		
Finance lease liabilities (i) (note 11)		
At amortised cost (2007: cost):	64,635	71,640
	<b>64,635</b>	<b>71,640</b>
<b>Aggregate carrying amount of interest bearing liabilities</b>		
Current	144,032	81,735
Non-current	64,635	71,640
	<b>208,667</b>	<b>153,375</b>
(i) Secured by the assets leased. Lease liabilities are effectively secured as the rights to the leased assets reverts to the lessor in the event of default.		



## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2008 (CONTINUED)

#### NOTE 9. PROVISIONS

	2008	2007
	\$	\$
<b>CURRENT</b>		
Employee Benefits (note 9 (a))	2,305,067	2,178,505
	<b>2,305,067</b>	<b>2,178,505</b>
<b>NON-CURRENT</b>		
Employee Benefits (note 9 (a))	187,455	174,327
	<b>187,455</b>	<b>174,327</b>
<b>Total Provisions</b>	<b>2,492,522</b>	<b>2,352,832</b>
<b>a) Employee benefits</b>		
<b>Current employee benefits</b>		
Annual leave entitlements	613,142	639,464
Unconditional long service leave	1,691,925	1,539,041
	<b>2,305,067</b>	<b>2,178,505</b>
<b>Current employee benefits that</b>		
Are expected to be utilised within 12 months after the reporting period (i)	613,142	639,464
Are expected to be utilised more than 12 months after the reporting period (ii)	1,691,925	1,539,041
	<b>2,305,067</b>	<b>2,178,505</b>
<b>Non-current employee benefits</b>		
Conditional long service leave	187,455	174,327
	<b>187,455</b>	<b>174,327</b>
<b>Total Employee Benefits</b>	<b>2,492,522</b>	<b>2,352,832</b>
(i) The amounts disclosed are nominal amounts		
(ii) The amounts disclosed are discounted to present values		

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (CONTINUED)

## 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:

	Contribution for the year	Contribution for the year	Contribution outstanding at year end	Contribution outstanding at year end
Fund	2008	2007	2008	2007
	\$	\$	\$	\$
Government Superannuation Scheme – revised and new	210,214	222,486	—	—
VicSuper	576,991	430,161	—	—
Private Funds	130,287	117,666	—	—
Other	142,825	136,166	—	—
<b>Total</b>	<b>1,060,317</b>	<b>906,479</b>	<b>—</b>	<b>—</b>

*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 2008 (CONTINUED)

## NOTE 11. LEASES

### DISCLOSURE FOR LESSEES – FINANCE LEASES

#### Leasing arrangements

Finance leases relate to motor vehicles with lease terms of one and three years.

Tourism Victoria has the options to purchase the vehicles for a nominal amount at the conclusion of the lease agreements.

	Minimum future lease payments		Present value of minimum future lease payments	
	2008	2007	2008	2007
	\$	\$	\$	\$
Not longer than 1 year	128,769	87,750	144,032	81,735
Longer than 1 year and not longer than 5 years	92,028	74,083	64,635	71,640
Longer than 5 years	—	—	—	—
Minimum lease payments *	220,797	161,833	208,667	153,375
less: Future finance charges	(12,130)	(8,458)	—	—
<b>Present value of minimum lease payments</b>	<b>208,667</b>	<b>153,375</b>	<b>208,667</b>	<b>153,375</b>

Included in the financial statements as:

Current interest bearing liabilities (note 8)	144,032	81,735
Non-current interest bearing liabilities (note 8)	64,635	71,640
	<b>208,667</b>	<b>153,375</b>

\* 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.

	2008	2007
	\$	\$
<b>Non-cancellable operating leases</b>		
Not longer than 1 year	168,356	255,042
Longer than 1 year and not longer than 5 years	611,337	385,438
Longer than 5 years	120,393	141,032
	<b>900,086</b>	<b>781,512</b>



# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (CONTINUED)

## NOTE 12. COMMITMENTS FOR EXPENDITURE

	2008	2007
	\$	\$
<b>GRANT COMMITMENTS</b>		
Commitments for the payment of grants under long-term contracts in existence at the reporting date but not recognised as liabilities and payable are:		
Not longer than 1 year	8,355,000	—
Longer than 1 year and not longer than 5 years	10,465,000	—
Longer than 5 years	—	—
	<b>18,820,000</b>	—

## NOTE 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2008	2007
	\$	\$
<b>CONTINGENT ASSETS</b>		
There were no contingent assets at 30 June 2008 (2007: nil).	—	—
<b>CONTINGENT LIABILITIES</b>		
There were no contingent liabilities at 30 June 2008 (2007: nil).	—	—

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (CONTINUED)

### 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.

Tourism Victoria does not enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

Tourism Victoria does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

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.

#### 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 2008.

		Maturity Dates						Total
		Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	More than 5 years	Non-interest bearing	
2008	Notes	%	\$	\$	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>								
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
<b>FINANCIAL LIABILITIES</b>								
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	4,670,165
<b>Net Financial Assets (Liabilities)</b>			7,611,824	8,655,968	(64,635)	—	(1,900,873)	14,302,284

#### THE FOLLOWING TABLE DETAILS TOURISM VICTORIA'S EXPOSURE TO INTEREST RATE RISK AS AT 30 JUNE 2007.

		Maturity Dates						Total
		Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	More than 5 years	Non-interest bearing	
2007	Notes	%	\$	\$	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>								
Cash and cash equivalents	15	6.17	4,422,871	10,000,000	—	—	—	14,422,871
Trade and other receivables	4	—	—	—	—	—	1,024,324	1,024,324
Shares in other entities	5	—	—	—	—	—	65,010	65,010
			4,422,871	10,000,000	—	—	1,089,334	15,512,205
<b>FINANCIAL LIABILITIES</b>								
Payables	7	—	—	—	—	—	3,413,316	3,413,316
Finance lease liabilities	8,11	6.90	—	81,735	71,640	—	—	153,374
			—	81,735	71,640	—	3,413,316	3,566,690
<b>Net Financial Assets (Liabilities)</b>			4,422,871	9,918,265	(71,640)	—	(2,323,982)	11,945,515

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (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 7.45%. (2007:6.13%)
- 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 216,207) which would expose Tourism Victoria to exchange rate risk (2007-AUD 960,796); and

- A parallel shift of +1% and -1% in inflation rate from year end rates of 4.2 % (2007: .2.1%) – Tourism Victoria has no financial instruments exposed to inflation risk (2007–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	2008 Foreign Exchange Risk				2008 Interest rate risk			
		-10% (50 basis points)		+10% (50 basis points)		-0.5% (50 basis points)		+0.5% (50 basis points)	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
<b>FINANCIAL ASSETS</b>									
Cash & cash equivalents <sup>(1)</sup>	16,411,824	21,621	21,621	(21,621)	(21,621)	(82,059)	(82,059)	82,059	82,059
Receivables <sup>(2)</sup>	2,495,615	—	—	—	—	—	—	—	—
Shares in other entities <sup>(3)</sup>	65,010	—	—	—	—	—	—	—	—
<b>FINANCIAL LIABILITIES</b>									
Payables <sup>(2)</sup>	4,461,498	—	—	—	—	—	—	—	—
Finance lease liabilities <sup>(4)</sup>	208,667	—	—	—	—	—	—	—	—
<b>Total increase/(decrease)</b>		<b>21,621</b>	<b>21,621</b>	<b>(21,621)</b>	<b>(21,621)</b>	<b>(82,059)</b>	<b>(82,059)</b>	<b>82,059</b>	<b>82,059</b>

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

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

(4) Interest bearing liabilities solely relate to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease.

This item is not subject to identified risk sensitivities.



# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2008 (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.

#### e) Fair value

Management consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

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

The financial statements include holdings in unlisted shares (note 5).

Transaction costs are included in the determination of net fair value.

Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. Changes in these assumptions do not significantly change the fair value recognised.

	Carrying amount		Fair value	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	16,411,824	14,422,871	16,411,824	14,422,871
Trade and other receivables	2,495,615	1,024,324	2,495,615	1,024,324
Shares in other entities	65,010	65,010	65,010	65,010
	<b>18,972,449</b>	<b>15,512,205</b>	<b>18,972,449</b>	<b>15,512,205</b>
<b>FINANCIAL LIABILITIES</b>				
Payables	4,461,498	3,413,316	4,461,498	3,413,316
Finance lease liabilities	208,667	153,374	208,667	153,374
	<b>4,670,165</b>	<b>3,566,690</b>	<b>4,670,165</b>	<b>3,566,690</b>

#### (f) Foreign exchange rate risk

Tourism Victoria's foreign exchange rate risk is limited to the balance of cash at bank in foreign currencies held at overseas offices. The balance of overseas offices cash at bank at 30 June 2008 was AUD\$194,768.32 (2007: AUD\$219,382)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (CONTINUED)

## NOTE 15: CASH FLOW INFORMATION

	2008	2007
	\$	\$
<b>a) Reconciliation of cash and cash equivalents</b>		
For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank and on hand	7,396,255	2,303,488
Term deposits and investments	8,800,000	11,900,000
Cash advance - (held at overseas offices)	215,569	219,383
<b>Total cash and cash equivalents</b>	<b>16,411,824</b>	<b>14,422,871</b>
<b>b) Non cash financing and investing activities</b>		
Acquisition of plant and equipment by way of finance lease	—	—
<b>Total non cash financing and investing activities</b>	<b>—</b>	<b>—</b>
<b>c) Reconciliation of net result for the period to net cash flows from operating activities.</b>		
Net result for the reporting period	2,897,419	(395,330)
<b>Non-cash movements</b>		
(Gain)/Loss on disposal of non-current assets	42,609	(2,169)
(Gain)/Loss on revaluation of non-current assets	—	—
Depreciation and amortisation of non-current assets	232,262	254,359
Allowance for doubtful debts	—	—
Other non cash items	—	3,322
<b>Movements in assets and liabilities</b>		
Changes in net assets and liabilities		
<i>(Increase)/decrease in assets</i>		
Current receivables	(1,471,291)	897,706
Other current assets	(804,047)	(61,345)
<i>Increase/(decrease) in liabilities</i>		
Current payables	1,048,182	(573,324)
Current provisions	126,562	65,309
Non-current provisions	13,128	(39,120)
<b>Net cash flows from operating activities</b>	<b>2,084,824</b>	<b>149,408</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2008 (CONTINUED)

#### 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 and Major Events	The Hon Tim Holding, MP	1 July 2007 to 30 June 2008
Chief Executive	Gregory Hywood	1 July 2007 to 30 June 2008
Chairman	John Morse, AM	1 July 2007 to 30 June 2008
Deputy Chair	Pamela Catty	1 July 2007 to 30 June 2008
Board Member	Tom Smith	1 July 2007 to 22 January 2008
Board Member	Greg Sword	1 July 2007 to 30 June 2008
Board Member	Geoffrey Conaghan	1 July 2007 to 30 June 2008
Board Member	Bee Ho Teow	1 July 2007 to 30 June 2008
Board Member	Kevin Davern, OAM	1 July 2007 to 31 July 2007
Board Member	Alla Wolf-Tasker, AM	1 July 2007 to 30 June 2008
Board Member	Judith Muir	1 July 2007 to 31 July 2007
Board Member	John Mitchell	23 October 2007 to 30 June 2008
Board Member	Brian Cook	21 May 2008 to 30 June 2008
Board Member	Janine Kirk, AM	23 October 2007 to 30 June 2008
Board Member	Penelope Hutchinson	23 October 2007 to 30 June 2008

##### 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:

\$290,000 – \$299,000 (2007: \$260,000 – \$269,999)

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

	Total Remuneration	
	2008	2007
\$1,000 – \$19,999	11	9
\$30,000 – \$39,999	1	1
	12	10
	<b>\$130,952</b>	<b>\$168,146</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (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 2007–08, directors, employees or owners/part owners of the organisations.

		2008	2007
		\$	\$
Alla Wolf-Tasker	Lake House Restaurant and Boutique Hotel	13,135	13,424
Alla Wolf-Tasker	Daylesford and The Macedon Ranges Tourism Inc.	192,511	132,651
Judith Muir	Polperro Dolphin Swims	600	1,155
John Mitchell	Mornington Peninsula Tourism Inc.	(107,138)	–
John Mitchell	Montalto Vineyard and Olive Grove	6,273	–
Tom Smith	Tourism Alliance Victoria	334,702	575,860
Tom Smith	The Marketing Intelligence Agency	44,233	–
Tom Smith	Great Ocean Road Marketing Inc.	247,050	32,685
Tom Smith	Great Southern Touring Route	143,921	(16,146)
Geoffrey Conaghan	Melbourne Airport	(114,130)	(63,285)
Kevin Davern	Melbourne Exhibition and Convention Centre	1,145	55,369
Janine Kirk	Ernst & Young	90,849	–
Janine Kirk	Melbourne Convention and Visitors Bureau	412,500	–
Penelope Hutchinson	Arts Victoria	(62,425)	–
		<b>1,203,226</b>	<b>731,713</b>



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008 (CONTINUED)

### 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.

Although the number of executives within Tourism Victoria during the year was less than the previous reporting period, total remuneration increased. For the majority of 2006/7 there were only 5 executives. Two executives were appointed in late June 2007. In 2007/8 executives were remunerated for the full year. As a result total remuneration increased in 2007/8.

Income Band	Total Remuneration		Base Remuneration	
	2008	2007	2008	2007
	No.	No.	No.	No.
\$0 – \$9,999	—	1	—	1
\$10,000 – \$19,999	—	1	—	1
\$120,000 – \$129,999	—	—	1	—
\$150,000 – \$159,999	—	1	—	2
\$160,000 – \$169,999	—	1	2	2
\$170,000 – \$179,999	3	2	2	1
\$180,000 – \$189,999	3	1	1	—
<b>Total numbers</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>7</b>
<b>Total amount</b>	<b>\$1,069,849</b>	<b>\$876,049</b>	<b>\$983,098</b>	<b>\$829,951</b>

### NOTE 18. REMUNERATION OF AUDITORS

	2008	2007
	\$	\$
<b>Victorian Auditor General's Office</b>		
Audit of the financial report	20,000	20,000
	<b>20,000</b>	<b>20,000</b>

### NOTE 19. SUBSEQUENT EVENTS

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



Level 32, 121 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 2219T  
Melbourne VIC 3001 Australia  
Tel 03 9653 9777  
Fax 03 9653 9755  
ABN 18 381 772 530  
[tourism.vic.gov.au](http://tourism.vic.gov.au)

## OFFICER'S DECLARATION

We certify that the attached financial report for Tourism 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 2008 and financial position of Tourism Victoria as at 30 June 2008.

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 3 September 2008

**Janine Kirk AM**  
*Chairman*  
Tourism Victoria  
3 September 2008

**Gregory Hywood**  
*Chief Executive*  
Tourism Victoria  
3 September 2008

**Bernie Stewart**  
*General Manager Executive Services*  
Tourism Victoria  
3 September 2008

## INDEPENDENT AUDITOR'S REPORT

**To the Board Members of Tourism Victoria***The Financial Report*

The accompanying financial report for the year ended 30 June 2008 of Tourism Victoria comprises an 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 Board Members Responsibility for the Financial Report*

The Board Members 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 internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence 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 statements published in both the annual report and on the website of the Tourism Victoria for the year ended 30 June 2008. The Board Members of the Tourism Victoria are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. 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 web site.

*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 2008 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  
5 September 2008



D D R Pearson  
Auditor-General

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## TOURISM VICTORIA'S OFFICES

### Melbourne (Head Office)

Tourism Victoria  
Level 32, 121 Collins St  
Melbourne VIC 3000

GPO Box 2219T  
Melbourne VIC 3001

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

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

### Sydney

Tourism Victoria  
Suite 7 Level 18

Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000

Tel +61 2 9287 6500  
Fax +61 2 9287 6507

### Shanghai –

#### People's Republic of China

Victoria Trade and Investment Office  
Suite 308, Shanghai Centre  
1376 Nanjing West Road  
Shanghai 200040 China

Tel 0011 86 21 6279 8681  
Fax 0015 86 21 6279 8685

tourvic.shanghai@tourism.vic.gov.au

### Hong Kong –

#### People's Republic of China

Tourism Victoria  
Suite 6706, Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

Tel 0011 852 2531 3870  
Fax 0011 852 2845 2213

### Tokyo – Japan

Tourism Victoria  
Australian Business Centre  
28F New Otani Garden Court  
4 – 1 Kioi – Cho, Chiyoda-ku  
Tokyo 102 – 0094 Japan

Tel 0011 81 3 5214 0787  
Fax 0015 81 3 5214 0790

tourvic.tokyo@tourism.vic.gov.au

### Singapore

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

Tel 0011 65 6255 6888  
Fax 0011 65 6255 2922

tourvic.singapore@tourism.vic.gov.au

### Auckland – New Zealand

Tourism Victoria  
Level 3, 125 The Strand  
Parnell

Auckland, New Zealand  
PO Box 1666  
Auckland, New Zealand

Tel 0011 649 379 0425  
Fax 0015 649 379 4361

tourvic.auckland@tourism.vic.gov.au

### Los Angeles – North America

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

Tel 0011 1 310 695 3245  
Fax 0015 1 310 695 3248

tourvic.losangeles@tourism.vic.gov.au

### Europe

Tourism Victoria  
Neue Mainzer Str 22  
60311 Frankfurt, Germany

Tel 0011 49 2740 0677  
Fax 0015 49 2740 0640

tourvic.frankfurt@tourism.vic.gov.au

### India

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

Tel 0011 9122 3296 1624  
Fax 0015 9122 2287 6355

tourvic.india@tourism.vic.gov.au

### United Kingdom/Ireland/Nordic Countries

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

Tel 0011 44 207 438 4645  
Fax 0015 44 207 240 6690

tvic.london@tvic.australia.com

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

**Contact**  
Corporate Communications  
Telephone: (03) 9653 9830  
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