



TOURISM VICTORIA 2013-14
Annual Report





TOURISM VICTORIA

16 September 2014

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

Dear Minister

RE: Tourism Victoria Annual Report 2013-14

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 2014.

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

Yours sincerely

Andrew Dwyer
Chairman
Tourism Victoria

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Our profile

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

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

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

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

Values

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

Chairman's foreword



It gives me great pleasure to present the Tourism Victoria Annual Report 2013–14, my last as Chairman of Tourism Victoria.

Over the past seven years, I have seen many changes in the tourism industry and the ever-changing environment has meant that there have been many challenges. In response, Tourism Victoria has worked with industry and government partners to build a resilient and sustainable tourism industry.

Furthermore, the launch of Victoria's 2020 Tourism Strategy and Victoria's Regional Tourism Strategy 2013–2016 during the last twelve months have provided the platform for Tourism Victoria and industry to plan and build success for the future.

The results over the past year are very pleasing. Tourism is a significant economic driver for Victoria worth \$19.6 billion or 5.8 per cent of the total Victorian economy. The tourism industry generated approximately 203,000 jobs or 7.0 per cent of employment in Victoria in 2012–13.¹

Visitors to and within Victoria spent a total of \$19.2 billion during 2013 (including domestic daytrip and overnight expenditure and international overnight expenditure) and this equates to 21.5 per cent of tourism expenditure in Australia.

The organisation continues to reinforce Victoria's reputation for setting the benchmark in destination marketing with the development of the 'Remote Control Tourist' ('RCT') campaign. An innovative and world-first tourism initiative, 'RCT' used social media, camera technology and state of the art interactivity to generate engagement about Melbourne with

audiences across the globe. The campaign resonated strongly with its target audience, with people from over 175 countries and 5800 cities visiting the website. It generated extensive global media coverage and was also recognised by the advertising community by winning awards at Cannes Lions, the 2014 SXSW Interactive Awards, and the 35th Australasian Writers and Art Directors Association Awards.

The 'RCT' campaign builds on the success of the 'Jigsaw' campaign, which in October 2013 celebrated its 20th anniversary. This milestone demonstrates the drive, vision and leadership of the Tourism Victoria team to build a brand that remains relevant and recognisable, over two decades later.

Internationally, Tourism Victoria and the industry continues to develop positive relationships in our core and emerging markets by participating in the Victorian Government's Super Trade Missions to China, India, South East Asia, Middle East and Turkey. These trade missions provide a platform for continued dialogue and an opportunity to increase the awareness of the diverse range of tourism experiences in Melbourne and regional Victoria.

We are continuing to build a sustained and solid presence in the China market, with the unveiling of the second phase of Tourism Victoria's China brand campaign 'Open Up To More' including new social media activity; the announcement of a new media partnership between Victoria and Travel & Leisure media group in China; the launch of a new visitor ambassador initiative known as the 'Melbourne Travel Connoisseurs Program' and Victoria's first official Chinese language visitor guide iPhone application.

¹ State Tourism Satellite Accounts 2012–13, Tourism Research Australia, published March 2014

Over the past seven years, I have seen many changes in the tourism industry and the ever-changing environment has meant that there have been many challenges. In response, Tourism Victoria has worked with industry and government partners to build a resilient and sustainable tourism industry.

Our sustained presence across all our international markets is an important driver for visitation and we continue to support this through the development of our eight language variant websites, featuring tourism products and experiences tailored to each market.

Investment attraction remains an organisational priority with new investment such as the Sheraton Melbourne, Australia's first Tune hotel and Quest Wodonga coming online during the year. Tourism Victoria also provided significant support to the Point Nepean Quarantine Station Project, development of Master Plans for Shipwreck Coast, Grampians Peak Trail, Falls Creek to Alpine Crossing, Budj Bim and coordinated a number of business cases to increase tourism infrastructure in Melbourne and regional Victoria.

The Government's event platform continues to generate significant economic impact for the State and deliver awareness of Melbourne and regional Victoria through global broadcasts. The marketing and promotion of major and business events in conjunction with our partners continues to be a priority for the organisation with the Melbourne Winter Masterpieces series of *Monet's Garden: The Musée Marmottan Monet, Paris* and *Hollywood Costume*, the 2013 *Melbourne Ring Cycle* and *Designing 007*, *50 Years of Bond Style*, delivering a combined economic benefit of \$66.8 million to the Victorian economy. Business events continued to deliver positive results for Melbourne during the year with the the 22nd World Diabetes Congress attracting over 10,000 delegates and the International Congress of World Federation of Hemophilia, attracting in excess of 4,000 delegates.

I acknowledge the support and leadership of the Chief Executive, Leigh Harry and his passionate and enthusiastic team. They are committed to developing tourism in this State.

To the Minister for Tourism and Major Events, Louise Asher, thank you for your continued leadership and support for the organisation and Victorian tourism and events industry.

I'd also like to recognise my fellow Tourism Victoria Board members, for their vision, foresight and guidance to build the future blueprint for tourism in this State. During the year, the Board welcomed new members, Andrew Fairley, Cinzia Burnes and Mike Brady AM and we farewelled Brian Cook, Janelle Boynton and Christopher Brown, all of whom made a significant contribution.

I wish the organisation every success in the future. I know the commitment of all the team involved is resolute and will ensure that Tourism Victoria remains engaged with industry, is innovative, relevant and focused on ensuring Victoria continues as a premier global tourism destination.



Dr Janine Kirk, AM
Chairman

Chief Executive's Foreword



During 2013–14, Tourism Victoria worked with industry, government and partners to increase visitation, encourage investment and leverage opportunities for Melbourne and regional Victoria that deliver economic benefit and employment outcomes.

This report details the organisation's achievements, through the business plan priorities that are designed to help us achieve these outcomes.

Attracting more airline services to Victoria continues to be a major focus for the organisation as this helps ensure increased visitation from our international markets. During the year, Melbourne welcomed its 25th international airline, Air Calin and increased services and additional capacity through airlines including United Airlines, Jetstar, Qatar, Etihad Airways, Malaysian Airlines, AirAsia X, Air India and Singapore Airlines.

Super Trade Missions have been a major focus for the organisation, with tourism delegations to China, India, South East Asia, Middle East and Turkey. I travelled with the Premier, Minister, senior government and industry representatives to China in October 2013, visiting Chengdu and Shanghai. In March 2014, I travelled with the Minister on the India Super Trade Mission, tourism's third delegation to this important market. These trade missions provide an opportunity for industry to gain greater market knowledge, engage with new and existing travel industry partners, whilst continuing to profile the destination by promoting new products or through new mediums.

Victoria's 2020 Tourism Strategy and Victoria's Regional Tourism Strategy 2013–16, two of our significant strategies, were launched in 2013, providing leadership for the industry for the future. Victoria's 2020 Tourism Strategy outlines the Government's plan to grow the State's overnight tourism expenditure to \$24.7 billion by 2020. This represents an annual growth of 6.6 per cent, in line with the long-term national tourism strategy. Victoria's Regional Tourism Strategy was developed to stimulate tourism in regional areas and ensure that regional Victoria will share the economic benefits of the growing tourism market. Tourism Victoria will implement both strategies in partnership with Regional Tourism Boards, local government, industry and other stakeholders.

The Victorian Government continues to recognise that tourism is a significant contributor to the Victorian economy, with the recent State Budget allocation of \$69.7 million over the next four years to increase visitor numbers to Melbourne and regional Victoria, build Victoria's business events platform and attract more air services. This funding will continue the marketing momentum in our key intrastate, interstate and international markets.

The intrastate marketing program continued with the launch of 'Our Patch' to the Melbourne market, which was designed to encourage regional dispersal. 'The Spa and Wellbeing' campaign was launched into the Sydney market to build the awareness of spa and wellbeing destinations in Victoria.

1 State Tourism Satellite Accounts 2012–13, Tourism Research Australia, published March 2014

Victoria's 2020 Tourism Strategy and Victoria's Regional Tourism Strategy 2013–16, two of our significant strategies, were launched in 2013, providing leadership for the industry for the future.

A significant focus for the organisation was the ongoing implementation across the State of Regional Tourism Boards. The activities of these Boards are vital to the success of the Regional Tourism Strategy and they work with Tourism Victoria to maximise dispersal and tourism opportunities in regional Victoria.

In January 2014, Tourism Victoria worked with Grampians Tourism, Destination Gippsland and the State's Emergency Services Agencies to assist the local tourism industry respond to the challenges resulting from bushfires. Campaigns were developed and tourism advice and support was provided to the regions, to ensure that the impacts of these natural disasters were minimised.

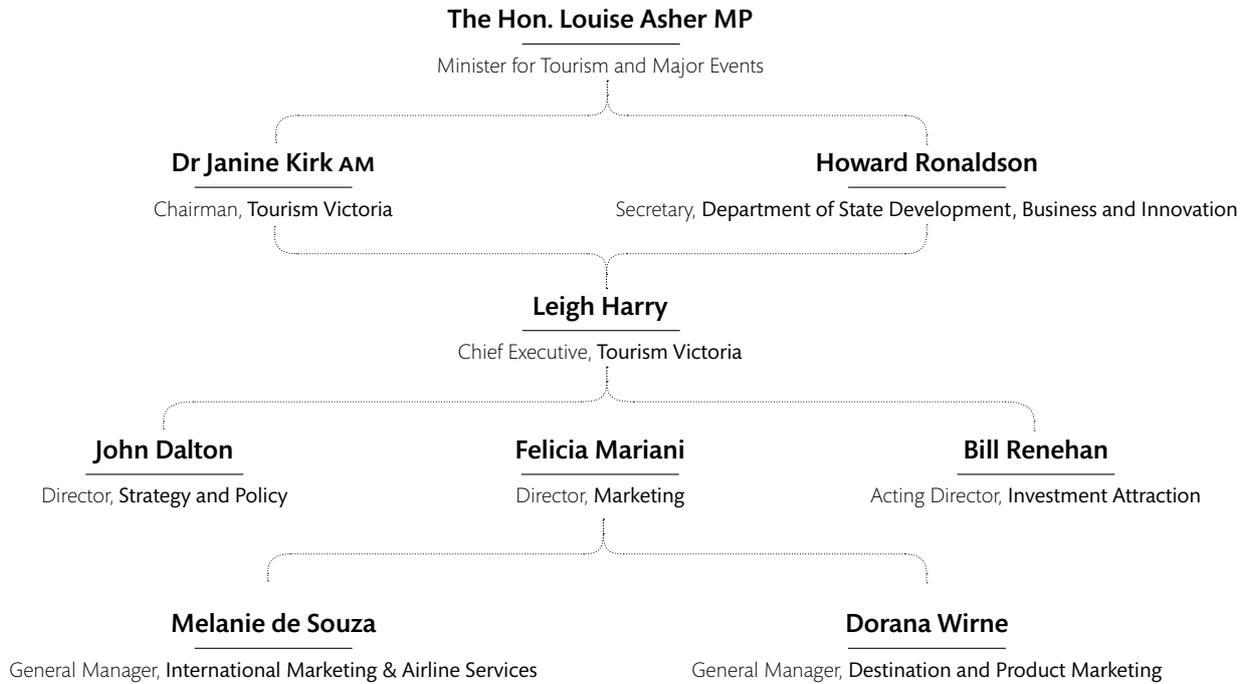
I would like to thank the Tourism Victoria Board for their continued leadership and support of Tourism Victoria and the staff who have worked diligently in a constantly changing environment.

In particular, sincere thanks go to Janine Kirk, Tourism Victoria's outgoing Chairman, for her vision, passion and dedication to developing the tourism industry and increasing tourism to this State.

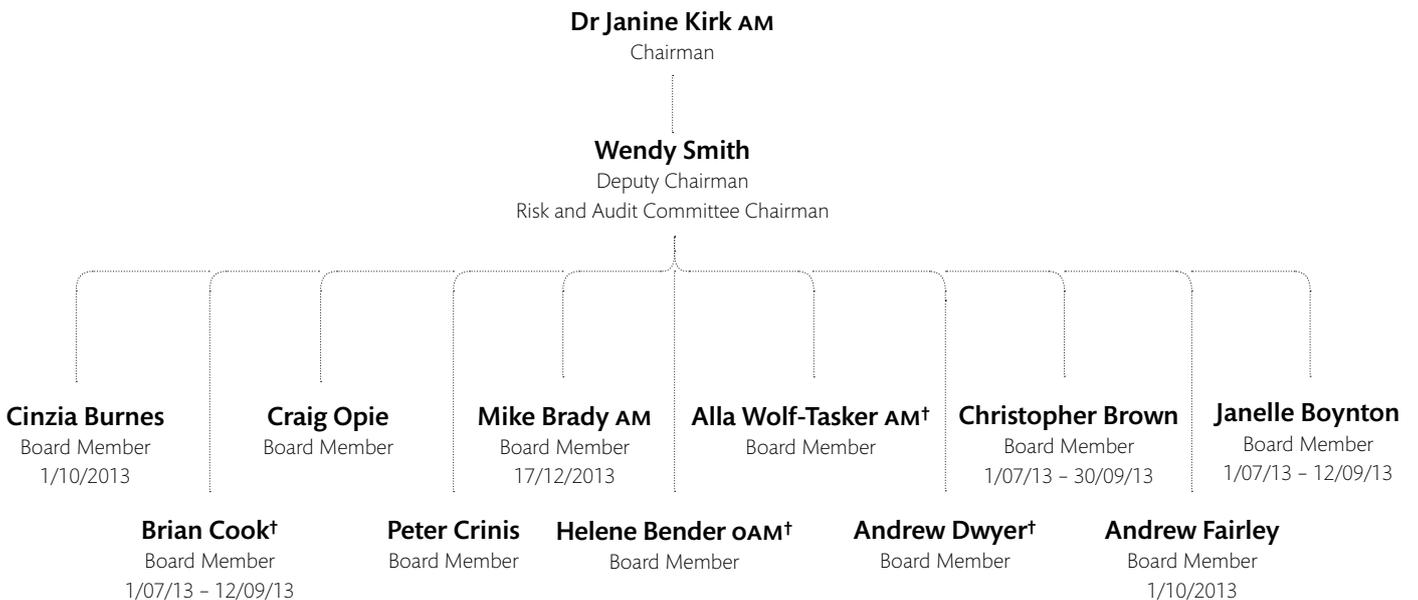


Leigh Harry
Chief Executive

Our structure*



Tourism Victoria Board



* As at June 2014

† Members of the Risk and Audit Committee in 2013–14

Board members' meeting attendance

Record of Board members' and meeting attendance in 2013-14

Board member	Position	Meetings attended	Eligible to attend
Dr Janine Kirk AM	Chairman	9	9
Wendy Smith	Deputy Chairman	6	9
Alla Wolf-Tasker AM	Member	5	9
Craig Opie	Member	7	9
Andrew Dwyer	Member	6	9
Peter Crinis	Member	6	9
Helene Bender OAM	Member	8	9
Andrew Fairley	Member	6	6
Cinzia Burnes	Member	4	6
Mike Brady AM	Member	4	4
Christopher Brown	Member	1	3
Brian Cook	Member	0	2
Janelle Boynton	Member	2	2

Record of Board: Risk and Audit Committee members' and meeting attendance 2013-14

Board member	Position	Meetings attended	Eligible to attend
Wendy Smith	Chairman	4	4
Alla Wolf-Tasker AM	Member	1	4
Andrew Dwyer	Member	3	4
Helene Bender OAM	Member	3	3
Brian Cook	Member	0	1

Output targets and performance*

Performance indicator	Unit of Measure	2013-14 Target	2013-14 Result
Number of domestic overnight visitors	number (million)	18.3	19.1**
Number of visitors (international)	number (million)	1.9	2.0
Visitor expenditure (domestic)	\$ billion	15	15.1**
Visitor expenditure (international)	\$ billion	4.6	4.8
Visitor expenditure – regional Victoria (domestic)	\$ billion	7.1	7.2**
Visitor expenditure – regional Victoria (international)	\$ million	370	316†
Value of media coverage generated: domestic	\$ million	20	21
Value of media coverage generated: international	\$ million	40	56.8
Victoria's share of domestic tourism advertising awareness among target markets: intrastate	per cent	16	16.6
Victoria's share of domestic tourism advertising awareness among target markets: interstate	per cent	25	25

* 2013-14 results are for year ending March 2014 due to a lag in survey results.

** Domestic visitation and expenditure results for the year ending March 2014 reflect a break in series due to a change in survey methodology.

† This reduction primarily relates to a fall in expenditure from traditional Western markets. Growing visitation to Victoria is from the Eastern hemisphere markets who do not typically disperse into regional Victoria.

Victoria's tourism performance

Travellers to and within Victoria spent a total of \$19.2 billion in the year ending December 2013 (including domestic daytrip, domestic overnight and international overnight expenditure). This equates to 21.5 per cent of total tourism expenditure in Australia. Victoria experienced a slight decrease of 0.5 per cent year-on-year, contrasting with an increase nationally (+2.8 per cent).

Consistent with the long-term national tourism strategy and Victoria's 2020 Tourism Strategy, Victoria's aim is for tourism overnight expenditure to reach between \$19.9 billion and \$24.7 billion by 2020. For the year ending December 2013, total overnight expenditure was \$14.9 billion which falls within the tourism industry potential range for the period and reflects an average annual growth rate of 4.3 per cent over the past four years (year ending December 2009–2013).

International visitor figures

In 2013, Victoria again recorded its highest number of total international overnight visitors – up 10.3 per cent to 1.96 million. International overnight expenditure was also the highest on record, reaching \$4.8 billion.

The year-on-year growth in visitor numbers to Victoria was led by China, which increased 15.3 per cent year-on-year to reach 322,500 visitors in 2013, as well as other key Asian markets. China was Victoria's number one international market in terms of visitors, nights and expenditure in 2013. Visitation from core Western markets, including the USA and UK, has also strengthened, as economic conditions in the USA and Eurozone improved.

At the same time, Australians' appetite for overseas travel continues to grow, driven by strong price competition in the outbound sector, cheap airfares and the strength of the Australian dollar. Australians took almost 8.8 million short-term overseas trips during 2013, representing year-on-year growth of 6.8 per cent. Over the same period the number of international arrivals to Australia grew 5.5 per cent to 6.5 million short-term arrivals².

International overnight expenditure in Victoria

International overnight visitor expenditure in Victoria grew by 9.6 per cent year-on-year to \$4.8 billion in 2013. This equates to a 24.2 per cent share of total international tourism expenditure in Australia. Since 2008, international overnight expenditure in Victoria has grown at an average annual rate of 7.8 per cent, above the national average of 4.4 per cent.

Melbourne

In 2013, Melbourne achieved its highest recorded number of international visitors, visitor nights and expenditure. International overnight visitation increased 10.7 per cent over the previous year, to 1.86 million, and the number of nights spent in Melbourne grew 7.3 per cent to 42.8 million, while international expenditure in Melbourne increased by 11.3 per cent to \$4.5 billion.

Regional Victoria

Despite an increase in visitor numbers to record levels, as well as growth in nights, international visitor expenditure in regional Victoria declined 10.5 per cent year-on-year to \$306 million in the year ending December 2013. This result reflects a lower yield per night and per visitor due to the changing composition of visitors from our traditional western markets to eastern growth markets that are also less likely to stay overnight outside of Melbourne.



² Overseas Arrivals and Departures data, Australian Bureau of Statistics, year ending December 2013

Performance of key international markets

China was the largest international source market for Victoria in the year ending December 2013, ahead of New Zealand. There were 322,500 Chinese overnight visitors to Victoria in 2013, up 15.3 per cent compared to the previous year. Growth in Chinese visitors to Victoria was driven by increases in the Visiting Friends and Relatives (+24.2 per cent) and Holiday (+23.5 per cent) segments.

Other markets that experienced strong year-on-year growth in visitation in 2013 to Victoria included Italy (+27.3 per cent to 32,000), Hong Kong (+25.0 per cent to 60,600), Thailand (+22.4 per cent to 23,500) and Germany (+19.3 per cent to 71,000).

Each of Victoria's Core Markets experienced year-on-year visitor growth: UK (+15.1 per cent to 221,000), Singapore (+13.4 per cent to 90,100), USA (+12.5 per cent to 145,500), New Zealand (+6.1 per cent to 283,900) and Malaysia (+6.1 per cent to 94,500).

China has the highest expenditure of all inbound visitors to Victoria at \$1.1 billion in 2013, up 18.4 per cent year-on-year. Chinese visitors to Victoria spent more than the next three largest markets combined, accounting for almost one quarter (24.0 per cent) of total international visitor expenditure in Victoria. The United Kingdom was the next largest spending market in 2013 (\$379 million), followed by New Zealand (\$349 million) and Malaysia (\$310 million).

Domestic (Australian) visitor figures Statewide

Over recent years, the rapid increase in outbound travel by Australians has had an impact on domestic (interstate and intrastate) travel.

Despite recording an increase in domestic overnight visitors (+1.9 per cent to 18.3 million), Victoria recorded a decrease in domestic overnight expenditure (-2.1 per cent to \$10.1 billion) and nights (-1.6 per cent to 55 million in 2013) driven by a decline in interstate business travel. Intrastate overnight expenditure in Victoria was virtually unchanged (+0.1 per cent), while interstate overnight expenditure declined (-2.3 per cent).

Melbourne

Melbourne continues to attract more interstate overnight visitors than other capital cities. It attracted 4.4 million interstate visitors in 2013 (+0.6 per cent year-on-year) compared to 4.1 million in Sydney (+1.2 per cent). Melbourne has attracted a higher number of interstate overnight visitors than Sydney each year since December 2005.

Despite an increase in overnight visitors, Melbourne's domestic overnight expenditure declined 5.2 per cent to \$5.7 billion. The decline in overnight expenditure in Melbourne reflected a decline in interstate business visitors and nights.

Results from the 2013 Roy Morgan Research Holiday Tracking Survey show that Melbourne will continue to be Australian's most preferred destination for a domestic holiday in the next two years. The survey results show 20.9 per cent of respondents wanted to holiday in Melbourne – higher than the Gold Coast (15.8 per cent) and Sydney (12.0 per cent). Among the interstate markets, preference for Melbourne was even higher at 24.1 per cent compared to the Gold Coast (14.5 per cent) and Sydney (13.5 per cent).³

Domestic overnight visitors to regional Victoria

Regional Victoria

Domestic overnight visitor numbers to regional Victoria increased by 3.0 per cent to 11.8 million visitors for the year ending December 2013. Visitor growth came from both the intrastate and interstate markets, which increased by 2.1 per cent and 8.1 per cent respectively.

Total visitor nights in regional Victoria declined marginally (-0.7 per cent to 35.4 million nights), with the decline driven by the intrastate market (-1.0 per cent to 27.5 million nights), while interstate nights increased (+0.7 per cent to 7.9 million nights).

Domestic overnight visitor expenditure in regional Victoria increased 2.2 per cent year-on-year to \$4.4 billion, with a 1.7 per cent per annum increase over the longer term (2008 to 2013). This was marginally above average annual growth for the national regional average over the same period (+1.5 per cent per annum).

After several years of strong growth, daytrips to regional Victoria declined sharply, down 7.2 per cent year-on-year to 26.4 million for the year ending December 2013. This result reflected a national trend away from daytrips, with daytrips to regional Australia falling 5.9 per cent year-on-year.

Daytrip expenditure to regional Victoria also declined, down 7.5 per cent over the year to \$2.4 billion for the year ending December 2013. The fall in daytrip expenditure resulted in a year-on-year decline of 1.5 per cent for total domestic expenditure in regional Victoria.



³ Holiday Tracking Survey, Roy Morgan Research, year ending December 2013

* Unless otherwise stated all data comes from the following sources: International Visitor Survey, year ending December 2013, Tourism Research Australia, Canberra, released April 2014. National Visitor Survey, year ending December 2013, Tourism Research Australia, Canberra, released March 2014.

Priority 1

Attracting high-yield international visitors

International marketing highlights

International overnight visitors spent \$4.8 billion in Victoria in 2013, representing year-on-year growth of 9.6 per cent. Victoria attracted 1.96 million international overnight visitors, up by 10.3 per cent compared to the previous year. During this period, 33 per cent of all international visitors to Australia stayed overnight in Victoria. Since 2008, international overnight visitors to Victoria have grown at an annual average rate of 6.1 per cent outperforming the national average (+3.0 per cent per annum), and growth for all other states and territories.⁴

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

In 2013–14, Tourism Victoria generated approximately \$56 million worth of media exposure on the destination through its global public relations activities.

Cooperative marketing campaigns were undertaken with a number of airlines and distribution partners.

Partnership with Tourism Australia: Restaurant Australia

Tourism Victoria is working with Tourism Australia on the next phase of 'There's Nothing Like Australia' to increase the profile of Victorian food and wine through their global 'Restaurant Australia' campaign. The Victorian media launch of 'Restaurant Australia' was held in June with renowned Indian chef, Sanjev Kapoor and the leading Victorian chefs Shannon Bennett and Alla Wolf-Tasker and wine expert James Halliday to cement Melbourne's reputation as Australia's food capital.

Since launching, Victorian tourism operators have submitted 269 pieces of content onto the dedicated campaign website, where the best experiences will be promoted to a global audience and via social media.

Flavours of Melbourne familiarisation

Eighteen leading international food and wine writers along with five photographers and two film crews from key international markets including South East Asia, North America, New Zealand, Korea, Europe and China travelled to Melbourne as part of the major international showcase 'Melbourne Flavours – a culinary adventure' devised by Tourism Victoria and the Melbourne Food and Wine Festival.

As part of their visit, the journalists had access to Melbourne's most popular new restaurants, discovered some of the city's tastiest secrets and met with local chefs and ambassadors. They also discovered key food and wine experiences in the Great Ocean Road, Bellarine Peninsula, Mornington Peninsula, Daylesford and the Yarra Valley.

International media familiarisations are a strategic marketing tool designed to generate publicity and showcase Victoria to overseas markets and further enhance Victoria's excellent reputation as a world leader in food and wine. Total publicity value generated from the familiarisation was \$822,562.

⁴ International Visitor Survey, year ending December 2013, Tourism Research Australia, Canberra, released April 2014.

China

China Super Trade Mission

The Premier, Minister for Tourism and Major Events and Tourism Victoria's Chief Executive, together with 35 tourism industry representatives, travelled to China in October 2013 as part of the second Victorian Super Trade Mission.

Building on the relationships cultivated during the 2012 Super Trade Mission, key activities included the unveiling of the second phase of Tourism Victoria's China brand campaign 'Open Up To More – Melbourne' including new social media activity; the announcement of a new media partnership between Victoria and Travel & Leisure media group in China; the launch of a new ambassador program known as the 'Melbourne Travel Connoisseurs Program' and Victoria's first official Chinese language visitor guide iPhone application.

'Open up to More – Melbourne' campaign – next phase of Victoria's tourism campaign in China

During the Super Trade Mission, the Premier unveiled the second phase of Victoria's dedicated brand campaign in Shanghai. The campaign, 'Open Up to More – Melbourne', featured a social media promotion encouraging Chinese residents to participate in, and share the campaign with family and friends and for Chinese residents in Victoria to share the campaign with family and friends back home in China. The objective was to activate China's extensive social media channels and build on Victoria's strong education, migrant and business links with China.

The campaign profiled four Chinese students and professionals currently living in Melbourne who were selected to share their favourite experiences from around the state. They featured in videos showcasing their experiences in Melbourne and regional Victoria.

'Melbourne Travel Connoisseurs' Program

Eight Chinese opinion leaders were selected to be part of the Melbourne Travel Connoisseurs Program, for their considerable influence in China in areas central to Victoria's liveability and brand attributes such as lifestyle, food, wine, art and culture. These opinion leaders act as ambassadors for Melbourne in their individual areas of expertise.

The Chinese opinion leaders comprised:

- Shanghai-based fashion designer Helen Lee;
- Sculptor Hongfei Xu, the current President of Guangzhou Academy of Sculpting Arts;
- Martin Hao, Chief Editor of Wine Press and a renowned author of wine appreciation books;
- Annie Zhang, Executive Director of the Chinese Edition of Travel & Leisure;
- Deke Erh, one of China's most famous photographers;
- popular Hong Kong writer Yingyi Auyeung, a well-known expert on food and wine; and
- Beijing-based blogger Wanzi Cai and furniture designer Yang Wang, owner of Shanghai-based luxury lifestyle chain Yaang Life.

New Chinese language visitor guide application (app)

Australia's first official Chinese language visitor guide app was launched during the 2013 China Super Trade Mission. The app features over 200 selected location listings including accommodation, bars, restaurants, shops, events and attractions, providing Chinese consumers with images, contact details, descriptions and interactive mapping allowing users to locate nearby locations whilst on the ground in Melbourne.

Key features of the app include seven 360 degree virtual experiences which allow consumers to interact with some of Victoria's key tourism destinations including Sovereign Hill and Crown Entertainment Complex and the ability to allow consumers to share information via social media platforms – Sina Weibo and Weixin. To date, the mobile application has been downloaded 2,800 times.

Cook Man

Tourism Victoria, together with Tourism Australia, hosted the *Cook Man* television program to Melbourne, Great Ocean Road and Daylesford to promote food and wine to the greater Chinese market. Headlined by celebrity Hong Kong actor, Nicholas Tse, Nick Cheung and Jaycee Chan, the group explores the fresh produce from the destination, whilst cooking a menu with local chefs Donovan Cooke of Crown and Alla Wolf Tasker of The Lake House. The two x 75 minute episodes were broadcast on Zhejiang Satellite TV, one of China's top five television stations with national coverage.

India

The Victorian Government undertook its third Super Trade Mission to India, and the Minister for Tourism and Major Events, Tourism Victoria's Chief Executive and 23 tourism businesses travelled to Mumbai, Delhi and Bangalore, meeting with media outlets and key travel distributors.

The Minister hosted trade and media events in Mumbai, which showcased the ICC Cricket World Cup 2015 and also announced the screening of ten episodes of the highly popular Indian drama series 'Pyaar Ka Dard' and the Victorian Government's 'Come Alive in Melbourne' campaign. In total, over 400 travel agents and 110 media attended events across all three cities.

India – 'Come Alive in Melbourne'

Tourism Victoria launched its newest social media campaign, Come Alive in Melbourne. The campaign was developed to leverage social media platforms in India to create further awareness of Melbourne and Victoria. Two Indian entertainers travelled to Melbourne and Victoria's regions, enjoying a variety of experiences and undertaking challenges as proposed by Tourism Victoria's 235,000 Indian facebook fans. The entertainers then posted and blogged about their experiences, and videos of their experiences at key locations around the State were uploaded onto visitmelbourne.com/India.aspx.

Pyaar Ka Dard television series

Pyaar Ka Dard or 'Pain of Love', is a very popular Indian television series, which filmed up to ten episodes in Victoria. The show is the number one television show for the 2200 time slot and records very strong viewership across India. The episodes included Melbourne and regional Victoria and were screened in India during March 2014. Pyaar Ka Dard is one of the most widely viewed programs in India, particularly across couples and family audiences. The broadcast was streamed in 22 countries and reached more than 22 million Hindi speakers.

India social media campaign

Tourism Victoria developed a social media campaign leveraging the work of celebrity photographer Atul Kasbekar. Mr Kasbekar visited Melbourne in February 2013 to capture images of the State, which were exhibited during the Victorian Government's Super Trade Mission to India in 2013. In the Facebook-based campaign, consumers voted for their favourite Kasbekar image and by providing a caption for the image, they then went in to the draw to win a trip for two to Melbourne. Ten lucky winners received a signed Atul Kasbekar image of Melbourne. 17,366 Indian consumers viewed the competition in July 2013.

Melbourne NOW! India campaign

Strong preliminary results have been received for Phase Two of 'Melbourne NOW!' Tourism Victoria's India campaign, launched in April 2013.

The campaign saw Tourism Victoria working with Singapore airlines and the winning travel agencies from Phase One to deliver cooperative tactical advertising activity. Phase Two generated 4,000 enquiries and 2,900 passengers were booked increasing regional dispersal and overnight stays in the regions.

South East Asia

The Minister for Tourism and Major Events led the Super Trade Mission to Singapore and Malaysia in June 2014. Twenty-six tourism industry businesses, representing new products and experiences, accompanied the Minister and participated in a series of events that showcased the destination to media and across business-to-business sessions with key travel distributors.

The theme across the week highlighted the diversity of the State's arts and culture in all its genres and reflected on how art and design find creative expression in our laneways, galleries, fashion and architecture.

Prominent Chef, Dan Hunter from regional Victorian restaurant Brae and specialist chocolatier Remco Brigou from Yarra Valley Chocolaterie and Ice Creamery promoted Victoria's strong food and wine credentials and a 52 page supplement *Art.Life.Melbourne* was launched by the Minister providing the depth of destination content that the 'mature' consumers from these markets are seeking.

Tourism Victoria in conjunction with Tourism Australia, hosted the following international film crews from Asia to film and promote selected Melbourne and regional Victoria locations for their broadcast programs in the respective markets:

Tabi Salad – Japan

Tabi Salad, a travel program produced by Asahi Broadcasting Corporation (ABC) undertook filming in Melbourne, Mornington Peninsula, Yarra Valley and Great Ocean Road to showcase Victoria's strengths in food and wine, incredible scenery and history and heritage. This is the first time that *Tabi Salad* has ever filmed a whole episode on a foreign country and was broadcast to more than 9 million people nationwide on 27 TV stations.

Running Man – Korea

One of the most popular reality shows in Korea and across Asia, including China, Hong Kong, Singapore and Malaysia, travelled to Melbourne and Sovereign Hill in Ballarat to film a 50-minute episode. The program broadcast nationally in Korea in March 2014 and the show presented an ideal opportunity to showcase Melbourne's iconic laneways and café culture and profile the Royal Exhibition Building and Sovereign Hill. The broadcast attracted good following in Tourism Victoria's Korean social media channels and resulted in enhanced enquiries for Victoria across key Korean trade partners.

3 Peas in a Pod

Tourism Victoria leveraged the opportunity surrounding the movie *3 Peas In A Pod* which was filmed in Melbourne, the Great Ocean Road and the Grampians. Tourism Victoria posted on xinnsmn the 'behind the scenes' videos and tourism content. A Grampians image was used for movie promotion as well as Tourism Australia's Road Trips brand campaign which was in market at the time of the release of the movie. A four page movie trail map was distributed with the 8 Days magazine in Singapore. Tourism Victoria supported media trips to profile the Grampians and the Great Southern Touring Route and delivered a mobile and online campaign to promote the movie trailer and 'Me To Melbourne' Facebook contest.

United Kingdom

2014 RHS Hampton Court Palace Flower Show campaign

Tourism Victoria partnered with the Royal Botanic Gardens Melbourne, Tourism Northern Territory, Qantas Australia and UK tour operator Trailfinders to present the 'Essence of Australia' show garden, which showcased the landscapes of Victoria and the Northern Territory celebrating Australia's love of the outdoors. Designed to promote tourism to Victoria, the campaign included print advertorial and editorial content, integration into partner marketing platforms, tactical advertising, and a dedicated 16-page newspaper supplement in the UK Telegraph newspaper. The *Essence of Australia* show garden won a Gold medal and Best in Show. Coverage of the garden and the win has been broadcast on the BBC and *Gardener's World*. The target market for this iconic Flower Show corresponds strongly with the outbound traveler demographic that is the focus of Australia's marketing efforts. Trailfinders, a key distributor for travel to Australia was also a partner in this initiative and it is hoped that increased interest in the destination will see enhanced conversion for holidays to the State via this important travel intermediary.

#MelbourneTouring – UK Blogger Campaign

Tourism Victoria, in partnership with Royal Brunei Airlines, launched a bloggers campaign with five respected and influential bloggers from the United Kingdom. The bloggers travelled to Victoria with Royal Brunei Airlines and experienced individual itineraries featuring Melbourne and regional Victoria with the support of regional operators and touring routes. During their visit, the bloggers updated their extensive social media networks using the common hashtag #MelbourneTouring and created rich content on Melbourne and Victoria for future use. Over 1.5 million social media accounts were reached in the first week alone and over 18 million opportunities to see the #MelbourneTouring content were created by the bloggers. Future campaign activity includes ongoing creation of blog content and the development of an e-Book utilising content and images generated as a result of the bloggers' visit to Victoria.

USA

James Beard House New York Promotion

Tourism Victoria has partnered with Tourism Australia on an extensive food and wine partnership throughout 2013-14 which promoted Victoria's exceptional food and wine experiences through paid media, events and public relations. One key aspect of this partnership was an event held on 22 November at the James Beard House in New York. Chef Alla Wolf-Tasker from Lake House in Daylesford prepared a media luncheon and a dinner for James Beard members. The luncheon was attended by close to 30 media and the extensive food and wine experiences from Victoria and Australia were outlined in detail to all media.

New Zealand

Tourism Victoria has partnered with Yahoo! New Zealand to launch the next phase of the 'Play Melbourne and Beyond' campaign in the New Zealand market. A key element of this campaign is to provide regional Victoria destination content to New Zealanders that will motivate them to visit regional Victoria. Building on the New Zealander expat theme used in the 2013 'Play Melbourne and Beyond' campaign activity, this next phase uses New Zealand expats living in Victoria to deliver a deep, ongoing tale of recommendations from inspirational everyday New Zealanders to uncover the best Victoria has to offer.

This campaign follows four expat New Zealand ambassadors on a tour of Melbourne and surrounding regions, introducing themselves and their lives, sharing their favourite experiences, destinations and activities in their region and across Victoria. These ambassadors become narrators of their journeys. As their story unfolds they visit new regions of Victoria and introduce New Zealand consumers to their network of friends living in Victoria.

Qantas was the key airline partner for this campaign which was also being supported by six Regional Tourism Associations and Touring Routes: Mornington Peninsula Tourism, Bendigo Tourism, the Murray Tourism Board, South East Touring, Sydney – Melbourne Touring and the Great Southern Touring Route.

Priority 2

Increasing the domestic market

Melbourne – ‘Remote Control Tourist’ (RCT)

In October 2013, the Minister launched Stage 2 of the ‘Play Melbourne’ campaign, which involved an innovative digital activation – Melbourne Remote Control Tourist. The aim of the initiative was to allow consumers to explore the depth and breadth of Melbourne’s tourism offerings and it entailed four Remote Control Tourists wearing helmets with cameras, live-streaming their adventures around Melbourne from 9–13 October.

‘RCT’ invited would-be visitors to control a live person and use them to explore everything that is Melbourne, bringing the sights, sounds, streets, people and unique experiences of Melbourne to an online audience, all in real time via social media.

Since its launch in October 2013, the campaign generated over 233,000 total unique visits to the campaign website, with people from over 175 countries and over 5800 cities spending on average over six minutes on the site. During the five days, more than 1.59 million views of the campaign’s videos were viewed on YouTube and through digital advertising on online video websites. There were also over 12,000 mentions of the campaign in social media, resulting in over 60 million social media impressions worldwide.

Integrated global PR activity achieved earned media coverage with an estimated value of \$3.9 million and estimated reach of over 160 million people globally.

A number of event based promotions were negotiated to leverage the campaign. The promotions in partnership with the Australian Open Tennis, White Night Melbourne, 2014 Formula One Grand Prix and *Les Misérables* encouraged consumers to explore the ‘RCT’ website and video content. The Australian Open Tennis promotion saw an additional 30,000 visitors to the website while the White Night Melbourne promotion generated over 1 million social media impressions across Facebook and Twitter. The Grand Prix promotion drove over 25,000 unique visitors to the website, and the *Les Misérables* promotion attracted over 41,000 additional unique visits to the site as well as generating over 2.2 million impressions in social media.

Regional Marketing

Intrastate Campaign ‘Our Patch’

During the year, Tourism Victoria, in partnership with Fairfax media, delivered an integrated print and online intrastate tourism marketing campaign ‘Our Patch’ to encourage Melburnians to travel to regional Victoria.

‘Our Patch’ builds on the momentum created by the ‘Spotted by Locals’ campaign to increase the understanding of the depth and diversity of experiences across regional Victoria, by encouraging *The Age* audiences to share their favourite regional Victoria experiences and destinations.

The campaign commenced in March 2014 with over 10,000 special edition copies of *The Age* handed out across the Melbourne CBD to encourage participation, supported by online and radio promotions on 3AW. Ten articles were featured in *The Age* newspaper and across Fairfax Media’s Victorian regional titles as well as on *The Age* website, to bring these experiences to life.

Intrastate Strategy Development

Tourism Victoria commenced work on the development of a dedicated strategy that aims to stimulate visitation to regional Victoria by Melburnians. Qualitative research was undertaken in 2013 in Melbourne and regional Victoria across a range of lifestyles to determine the key perceptions, motivations and barriers to travel to regional Victoria. Tourism Victoria is using this research to develop an overarching strategy and for the development of a dedicated marketing campaign that will be created during 2014–15 and launched in 2015–16.

Spa and wellbeing campaign

Targeting the ‘enriched wellbeing segment’ of females aged 35 years+ in Sydney, Tourism Victoria partnered with leading national publications Marie Claire and Vogue Entertaining and Travel to continue to raise awareness of Victoria’s spa and wellbeing experiences in key interstate markets and position Victoria as delivering an authentic spa and wellbeing experience based around the naturally occurring mineral waters of Daylesford and geothermal waters of the Mornington Peninsula.

The magazine partnership included an eight-page photo shoot feature in Daylesford, with supporting ‘behind the scenes’ content in the April issue of Marie Claire, and a special issue of Vogue Entertaining and Travel including editorial content featuring spa and wellbeing experiences across the State. Supporting activity continued into June and included double page spread advertising and search engine marketing.

A range of spa and wellbeing experiences and offers were developed by industry to support the campaign, across the State, with special deals and details available at www.visitvictoria.com/spa

Partnership Marketing

Qantas Australia Memorandum of Understanding (MoU) domestic activity

Tourism Victoria entered into a Memorandum of Understanding with Qantas Australia regarding cooperative marketing activities from 2013–2016. The objective of the MoU is to grow inbound visitors to Victoria and promote Melbourne as Australia's premier events and tourist destination.

As part of the MoU, Tourism Victoria undertook a number of cooperative marketing activities, including a tactical campaign promoting 'Play Melbourne' and flights to Melbourne in October 2013, as well as a three month digital marketing campaign from March – May 2014. Both campaigns successfully increased bookings to Melbourne over the campaign period.

Virgin Australia domestic activity

A cooperative marketing campaign with Virgin Australia was implemented in June 2014 to encourage visitation to Melbourne and Victoria via a tactical sale fare. Key markets for this campaign included Sydney, Brisbane, Adelaide, and the Gold Coast. The one week activity included print and digital executions, social media activation, and homepage presence on virginaustralia.com, a dedicated Melbourne landing page, eDMs, and access to Velocity Frequent Flyer and various retail messages via their channels.

Online travel partner campaigns

Tourism Victoria partnered with the Wotif Group (including Lastminute.com.au) on a number of cooperative campaigns in 2013–14. The activities included two regional-focused campaigns with Lastminute.com.au and a Melbourne campaign with Wotif.com.

In March 2014, Daylesford was selected as Lastminute's 'Destination of the Month' to further position Victoria as the State offering spa and wellbeing experiences. This partnership with Tourism Victoria continued Lastminute.com's support for regional Victoria's destinations and experiences and generated a 10 per cent year-on-year room night growth to the region and over 6,000 competition entries.

Tourism Victoria and the City of Bendigo undertook a cooperative marketing campaign in partnership with Lastminute.com to promote both Bendigo and Melbourne packages. The two week digital and press campaign, which commenced in June 2014, highlighted Bendigo's cultural offerings, including the winter 2014 exhibitions *Undressed: 350 Years of Underwear* and *The Body Beautiful in Ancient Greece*.

Tourism Victoria also partnered with Wotif.com to promote Melbourne nationally commencing on Monday 26 May through until Sunday 8 June 2014. The campaign messaging 'You never know what you'll find' showcased Melbourne experiences, flights to Melbourne, accommodation deals and packages. The campaign landing page also featured the Melbourne 'Remote Control Tourist' highlights video.

Media leveraging

Over the course of the year, Tourism Victoria implemented a range of creative destination communications campaigns and initiatives to generate high calibre coverage of Victoria's destinations, events and tourism products in influential Australian media outlets.

Tourism Victoria supported more than 100 domestic media familiarisations, strategically leveraged media relations and relationships with industry partners, and implemented media events to generate editorial opportunities for Victoria.

Tourism Victoria also worked closely with a range of television production houses to secure national broadcast exposure opportunities including significant coverage of regional Victoria via Matt Moran's *Paddock to Plate* series, the *Today Show*, *Sunrise*, *Getaway*, *Postcards*, *The Living Room* and BBC's *Coast Australia*. In addition, sponsorship/partnership agreements were established with Channel Nine's *Postcards* and the *Today Show* to support and extend regional marketing initiatives.

The organisation leveraged the partnership with Shine Australia to influence content resulting in widespread coverage of Melbourne, regional Victoria, the State's produce and chefs to reinforce Victoria's culinary credentials through *MasterChef Australia*.

The above activity generated over \$21 million value in domestic earned media coverage throughout the year, with the *MasterChef Australia* partnership delivering a further estimated \$9.7 million in media exposure through Series 5 and the first couple of months of Series 6.

Ski

Tourism Victoria together with the Alpine Resorts Coordinating Council (ARCC) launched the Alpine Resorts Strategic Marketing Plan 2014–2018. This plan outlines the State Government's strategic direction and opportunities for the industry to foster growth of the sector. The 2014 Snow Winter Marketing program was delivered in partnership with the ARCC.

In addition, Tourism Victoria worked with the ARCC, the Australian Ski Areas Association and Destination NSW to implement a national snow marketing program that targeted first time and beginner skiers. Tourism Victoria also implemented an international marketing program that targeted Singapore, Malaysia and Indonesia.

Television partnership - Postcards

Tourism Victoria again partnered with Channel Nine's Postcards to secure three episodes profiling the State's priority product segments of food and wine, arts and culture and nature-based experiences. These episodes showcased hero experiences across regional Victoria

Regional Tourism Partnership Program

2013–14 marked the first year of the \$9 million (over three years) Regional Tourism Partnership Program 2013–16. This three year program was developed to continue the streamlined approach to working with Regional Tourism Boards, local government and industry. The program aims to bring together all available resources, knowledge and expertise to coordinate and maximise the best possible tourism outcomes for regional Victoria. Regional Tourism Boards submitted their annual tourism plans and are required to provide an evaluation of their performance for the 2013–14 year by September 2014.

Crisis Recovery - Marysville, Grampians

Following the February 2014 Bushfires that impacted the northern section of the Grampians National Park, Tourism Victoria implemented a crisis response marketing program that promoted the region in the lead up to the Labour Day long weekend and Easter holiday period. The campaign involved print and radio advertising in metro Melbourne publications as well as the Grampians region. The campaign also accessed print community service announcement placements via the Department of Premier and Cabinet.

As part of the Marysville Bushfire Recovery Program 2011–2014, a number of activities were undertaken including the development of new creative assets and the development of a brand guidebook.

In addition, planning has been undertaken for a marketing campaign to raise awareness of Marysville as a short break destination targeting the Melbourne market.

Maximising our digital marketing opportunities

During 2013–14, 8,606,395 visitors to Tourism Victoria's consumer sites viewed 29,691,778 pages of content, this represents a 17.9 per cent increase in visitation to the site over the previous year. Mobile traffic continues to increase, almost half (42 per cent) of visits to the site in 2013–14 were on mobile devices compared to 28 per cent in 2012–13. Tourism Victoria launched a dedicated mobile version of the site in November 2013 to provide improved content and experience to mobile users.

The innovative Remote Control Tourist campaign generated 304,230 total visitors from its launch in October 2013 to 30 June 2014. Visitors spent double the average time on the campaign site compared to the average time for all consumer sites of 6:48 minutes compared to 3:04 minutes, indicating strong engagement with the digital activity. Content and search optimisation strategies have grown organic search traffic accounting for 66 per cent of all visitation to the consumer sites, compared to 55 per cent in 2012–13.

In addition to the English site, eight customised foreign language sites in Simplified Chinese, Traditional Chinese, Korean, Japanese, German, French Italian and Spanish promote Melbourne and Victoria to global visitors representing 26 per cent of all consumer site visitors during 2013–14. The top five international markets by visitation were China, USA, UK, Singapore and New Zealand.

Visits to Tourism Victoria's websites from social media sites have increased by 54 per cent this financial year driven by close integration of social media across both domestic and international campaigns, increased advertising effectiveness, and the increased engagement of our communities across social media channels. Social media management has increasingly been integrated across the organisation.

Tourism Excellence (TE)

Over the past 12 months, the TE website has undergone a major upgrade to assist industry increase their skills and knowledge.

The upgrade included: a complete rewrite of the content for each of the seven modules; development of a new module – Marketing Excellence; incorporation of the Participation module into the Growing Destinations module; new interactive image and video content and social media highlights.

The website now underpins the TE program conducted by the Regional Tourism Boards including industry workshops, mentoring, conferences and leadership programs and provides a wealth of information and links to material relevant to the operation of tourism businesses.

Priority 3

Attracting and leveraging events

Major Events

Victoria's major event platform continues to deliver a range of economic and social benefits to Victoria including: branding, increasing tourism to the State, enhancing liveability for Victorians, support of the local creative community and jobs for Victorians.

Tourism Victoria worked with the Victorian Major Events Company, government departments and event organisers to promote and leverage the tourism benefits of major events.

Tourism Victoria undertook event advertising campaigns with the Melbourne Cup Carnival, Australian Open, Australian Masters Golf, Virgin Australia Melbourne Fashion Festival, Melbourne Food and Wine Festival, White Night Melbourne, *King Kong*, *Les Misérables*, Melbourne Winter Masterpieces, and Castrol Edge France Tour (Australia v. France Rugby Union) to drive visitation from key interstate and international markets.

Tourism Victoria worked to enhance the branding and broadcast integration of Victoria within a number of major events such as Ironman, Rip Curl Pro, the Australian Open and Melbourne Cup Carnival. Tourism Victoria developed a new television commercial for inclusion in international event broadcast opportunities. The commercial titled 'Forever Yours' highlights a number of signature Melbourne and regional Victorian products and experiences. 'Forever Yours' made its debut as part of the Australian Open Tennis broadcast in the United States and South Asia in January. Tourism Victoria further leveraged Victoria's strong event offering through integration across a number of Tourism Victoria's channels including the 'Remote Control Tourist' campaign, online platforms, outdoor signage, famils and public relations opportunities.

Cultural events featured strongly in 2013 including the world premiere of *King Kong*, the outstanding success of *Monet's Garden: The Musée Marmottan Monet, Paris* at the NGV and *Hollywood Costume* at ACMI as part of the Melbourne Winter Masterpieces series, followed by Opera Australia's production of the *Ring Cycle* at the State Theatre Melbourne, White Night Melbourne and *Designing 007: 50 years of Bond Style* at Melbourne Museum.

The Melbourne Winter Masterpieces exhibition continued its success with over 342,029 people attending *Monet's Garden: The Musée Marmottan Monet, Paris* exhibition and generating more than 87,000 visitors from interstate and overseas. At the Australian Centre for the Moving Image, the *Hollywood Costume* exhibition attracted over 204,000 visitors, with 27 per cent coming from outside of Victoria.

King Kong generated an economic benefit of \$104 million, with 30 per cent of visitors to the show from interstate and over five per cent from overseas. The producers also confirmed that the show had re-engaged theatre-goers and encouraged more men to attend.

The Melbourne Winter Masterpieces series of *Monet's Garden: The Musée Marmottan Monet, Paris* and *Hollywood Costume*, the 2013 *Ring Cycle* and *Designing 007 - 50 Years of Bond Style*, together, delivered an economic benefit of \$66.8 million to the Victorian economy.

In 2014, Melbourne welcomed the new production of *Les Misérables*, the Australian premiere of *Italian Masterpieces* from Spain's Royal Court Museo Del Prado at the NGV alongside the world premiere of *DreamWorks Animation The Exhibition* at ACMI.

Tourism Victoria promoted the Australian Open Tennis Championship across key international and interstate markets. China, North America, and Japan were identified as the key international markets given the growth opportunities and market trends associated with the event. Tourism Victoria worked in partnership with Tennis Australia to drive awareness and generate travel bookings to the event. Within Australia, Tourism Victoria undertook marketing activity in conjunction with Tennis Australia across a range of digital assets, further supported through PR, social media and across a range of online channels. Tourism Victoria and Tennis Australia undertook a digital campaign across The Australian Open Mobile, Australian Open app and Australian Open TV (China), which featured Melbourne brand television commercials to drive brand awareness across Australia and China. In addition, Tennis Australia provided direct links from the AO mobile app (event guide) and mobile site to Tourism Victoria's new mobile site and consumer sites.

Tourism Victoria's Events Program

Tourism Victoria's Events Program is a state-wide program providing funding to Melbourne and regional Victorian events that currently generate, or have potential to generate, tourism related benefits to the State. The program in 2013–14 funded over 40 of these events. Of this approximately 40 per cent of funding was to Melbourne based events and the remainder to regional events.

Country Victoria Events Program (CVEP)

The 'Country Victoria Events Program' provides up to \$10,000 per event to assist with tourism marketing and event delivery and development. During the year, 47 regional events benefited from this \$75,000 program.

The 'Country Victoria Events Program' targets smaller regional events to enable local tourism and community groups to promote their region, grow visitor numbers and importantly, extend the length of stay in regional centres. By supporting these smaller events, it has a positive flow-on effect to the local accommodation, retail and hospitality industries, meaning local small businesses will also receive a boost.

Business Events

International business events visitors to Victoria decreased by 10.2 per cent for the year ending December 2013, compared to a national average decrease of 2.8 per cent. However, over the longer term (2008 to 2013) Victoria (+7.8 per cent per annum) outperformed growth in the national average (+1.7 per cent per annum).

During 2013–2014, the Melbourne Convention Bureau on behalf of Tourism Victoria secured 175 business events for the State of Victoria. These business events, to be held between 2013 and 2021, will attract almost 60,000 delegates and deliver approximately 140,000 room nights for Melbourne.

The year also saw Melbourne Convention and Exhibition Centre host a number of prestigious health-related conferences previously secured for Melbourne by the Melbourne Convention Bureau, including the 22nd World Diabetes Congress in December, which attracted 10,237 delegates and the International Congress of World Federation of Hemophilia, attracting in excess of 4,000 delegates.

On behalf of Tourism Victoria, Business Events Victoria (BEV) delivered the '2010–14 Regional Victoria Business Events Program'. The aim of the Program is to facilitate lead generation for regional Victoria operators and support selected marketing activities. During the year BEV referred 202 individual leads to regional Victoria operators, up 18 per cent on the previous year. These leads resulted in events which delivered 28,463 delegate days and 15,072 room nights.

Regional events secured this year include the Australian College of Midwives Association (Gippsland Branch) Conference, 300 delegate days; the Institute of Chartered Accountants Conference, 100 delegate days; and Plan Australia Commercial Conference, 200 delegate days.

Priority 4

Air services attraction

Successive Victorian Governments have emphasised the importance of direct international air services to Melbourne. This support has included planning for growth in services, the provision of infrastructure and enabling regulation, and in recent years, direct support for new international air services.

Direct international aviation links provide a critical connection for international trade, and have a significant impact in terms of business opportunities and tourism – driving visitation for leisure, business, friends and family, education and other purposes. These impacts have a strongly positive effect on the Victorian economy through direct airline expenditure, visitor spend, facilitating trade and business linkages as well as increased awareness of Victoria in international markets.

Since 2009, Melbourne has grown its market share of total air service capacity in Australia to 23.3 per cent, an increase of 2.7 percentage points (20.6 per cent market share). During this same period, while Sydney continues to have a dominant market share, Sydney's market share has decreased from 43.0 per cent to 40.8 per cent (-2.2 percentage points) and Brisbane has decreased its market share from 17.3 per cent to 14.8 per cent (-2.5 percentage points).

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

As of 30 June 2014, Victoria has 25 international airlines flying to and from Melbourne Airport. Melbourne Airport is Australia's second largest airport, with more than 31 million passengers passing through its terminals in the 2013-14 financial calendar year. Of these, 7.7 million were international passengers an increase of 9.2 per cent on the previous year.

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

2013-14 saw a number of airline service achievements for the State, including:

- Air Calin launching a Melbourne – New Caledonia twice weekly flight on 6 June 2014, becoming the State's 25th international airline.
- United Airlines announced it would commence a six times weekly non-stop flight between Melbourne and Los Angeles from 28 October 2014 (replacing its current 'tag' operation to Melbourne from its Sydney-Los Angeles service).
- Jetstar commenced a Melbourne – Tokyo three times weekly service on 29 April 2014; creating the first direct flights between Victoria and Japan in more than five years. Jetstar also launched a service between Melbourne and Osaka (via Cairns) on 30 March 2014.
- Qatar – increased seat capacity on its Melbourne – Doha route by 30 per cent through an up-gauge in aircraft to a B777-300ER.
- Etihad Airways – commenced a B777-300ER on its Abu Dhabi – Melbourne flights on 1 December 2013 providing an additional 13,104 seats per year for the State.
- Jetstar another new service, commencing a twice weekly service to Phuket from Melbourne in December 2013 which increased to three times weekly in April 2014.
- Malaysia Airlines launched a third daily service to Melbourne on 22 November 2013.
- AirAsia X – increased to double daily services in October 2013.
- Air India launched daily flights between Delhi and Australia on 30 August 2013; operating a triangulated service to both Melbourne and Delhi. Of these, Melbourne will receive three direct non-stop inbound services each week.
- Singapore Airlines introduced a fourth daily Melbourne – Singapore service from July 2013.

Over the past year, meetings between key airline partners and the Victorian Government were undertaken to continue to foster relationships with key international markets as part of the Victorian Government's Super Trade Missions to China, the Middle East and Turkey as well as to South East Asia.

Additionally, Tourism Victoria undertook in-market visits to key airline partners in China and across Asia as well as attending the 'Route Development Forums – Route Asia and World Routes' – in order to undertake meetings with airlines regarding upcoming airline service opportunities for the State.

Priority 5

Investment attraction

Tourism Victoria has focused on a number of public and private tourism investment opportunities over the past 12 months.

With Melbourne CBD hotel occupancy rates averaging around 80 per cent, new hotels are needed to keep up with forecast demand for the city. Tourism Victoria helped facilitate a number of projects that have opened during the past 12 months. These include Australia's first 235 room Tune hotel that opened in Melbourne in October 2013; a 5-star, 174 room Sheraton Melbourne hotel in Little Collins Street that opened in April 2014; and the 80 room Quest Wodonga that opened in August 2013.

A number of new internationally branded hotel proposals are planned for the Melbourne CBD in the coming years. Many of the proposals are for mixed used developments with a combination of retail, office, residential and a hotel incorporated into the design.

In regional Victoria, there are a number of projects that are progressing as a result of the Victorian Government's initiative to allow sensible and sensitive development in National Parks. Point Nepean is one such opportunity that the Government has taken out to the market through an expression of interest (EOI) process to seek investment in the Quarantine Station precinct.

The site presents an ideal opportunity to explore the rest of the National Park from the precinct. The EOI follows a consultation phase that led to the Point Nepean master plan being finalised and a process identified to seek investment. The process has the potential to attract a signature tourism experience on the site that will have a wide appeal and draw additional interstate and international visitors to the region.

The investment team has continued its partnership with Austrade and Tourism Australia to raise the profile of key tourism investment opportunities seeking investment funding partners. Work has progressed on preparing an investment framework which will provide advice and assistance to project proponents on preparing supporting business case information for their investment projects. A pilot program is currently being undertaken with two key tourism investment projects.

A number of master plans were progressed in conjunction with other agencies. These include the Grampians Peaks Trail, Shipwreck Coast and the Falls Creek to Mount Hotham Alpine Crossing master plans. The Falls Creek to Mount Hotham Alpine Crossing master plan will identify appropriate tourism investment opportunities along the trail.

Further work and a business case were undertaken for the Yarra Street Pier in Geelong. The Geelong region also saw the development of a 92 room RACV Torquay hotel that received Tourism Victoria's planning facilitation assistance.

The investment team has also assisted a number of private sector proponents advance their tourism projects across the State. Examples include the delivery of an EOI process to develop a new hotel adjacent to Sovereign Hill and concept and feasibility work on a tourism development on the Murray River and the development of the Arthurs Seat Skylift.

The Port of Echuca Discovery Centre on the banks of the Murray River opened its doors in December 2013. The investment team worked with a range of stakeholders to develop and secure funding for this new attraction from both State and Commonwealth Governments.

The investment team revised the concept and developed a business case for further investment in Puffing Billy Railway.

Tourism Victoria is working on a number of projects that have the potential to enhance tourism in the State. These include partnering Gunditjmara and other government agencies in the development of the Budj Bim master plan. This plan identified a staged development approach to guide the organisation in building appropriate infrastructure to support its heritage and cultural indigenous product for domestic and international tourists.

Tourism Victoria partnered with other agencies and East Gippsland Shire Council to identify tourism investment opportunities in the Old Slipway site in Lakes Entrance. A study is focusing on the type of investment that will enhance its appeal to visitors including additional boating tourists.

Investigations continue into enhancing the Flagstaff Hill Maritime Village. Tourism Victoria partnered with local Government and other stakeholders to identify sustainable tourism opportunities for the site. A report tabled a number of options that have the potential to enhance yield and dispersal in the region.

Tourism Investment and Reforms

Work continues on implementing the Victorian Government's response to the Victorian Competition and Efficiency Commission (VCEC) report *Unlocking Victorian Tourism* and related initiatives.

The *National Parks Amendment (Leasing Powers and Other Matters) Act 2013* was assented to in August 2013, allowing leases of up to 99 years in national parks (excluding specified areas), up from 21 years.

Changes to the Act have been supported by the release in October 2013 of the *Making a Proposal* package to guide submissions for sustainable nature-based tourism opportunities. The package lays out clear steps required to make a submission for sensible and sensitive private sector tourism investment. The package also provides further detail to the previously released *Guidelines for Tourism Investment Opportunities of Significance in National Parks*, which provides a five stage process to ensure that any proposal will meet rigorous environmental standards.

Tourism Victoria has been actively engaged in changes to the planning scheme to reflect the Government response to the VCEC report. Reformed rural zones were introduced in September 2013 that provide greater flexibility for a range of tourism uses in regional Victorian areas. Tourism uses have also been given greater recognition in key planning scheme documentation such as Plan Melbourne (released May 2014) and Regional Growth Plans for all Victorian regions.

Tourism Victoria has also been actively engaged in broader Government initiatives to reduce red tape. In March 2014, the *Travel Agents Repeal Act 2014* received assent. The Act puts in place transitional arrangements to remove licensing requirements for travel agents, and is part of a broader nationwide initiative to wind up the Travel Compensation Fund and replace it with broader consumer powers and improved industry standards.

Tourism in Victoria continues to be a beneficiary of the Government response to the Taxi Industry Inquiry (released May 2013). Key changes have included increasing the supply of taxi licenses in Victoria; an independent exam to test driver knowledge of sites and routes, English language proficiency and customer service skills; new fare structures; and measures to improve safety for drivers and passengers. Over time, these reforms will enhance the visitor experience and perception of Melbourne and Victoria.

Priority 6

Investing in our Workforce

2013 RACV Victorian Tourism Awards

The standard of submissions in 2013 was high and this was reflected in the number of placegetters at the 2013 RACV Victorian Tourism Awards Gala.

Tourism Victoria, in partnership with the RACV, Victoria Tourism Industry Council (VTIC) and industry, launched the program in February and delivered more workshops to assist tourism businesses understand and complete the submissions and site visit process, along with mentoring sessions.

A Melbourne workshop webinar was again developed, featuring a panel session with judges and mentors to assist those businesses unable to attend the workshops.

Victoria's tourism operators were recognised at the 29th Qantas Australian Tourism Awards in February 2014. Over 100 industry representatives travelled to Sydney to represent Victoria at the 29th Qantas Australian Tourism Awards in February 2014. The Frankston Visitor Information Centre was recognised for a second year as the country's best visitor information centre. Other winners were Melbourne Cup Carnival and Blue Moon Cottages. Victoria was awarded seven silver and two bronze placegetters.

Industry crisis management

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

In response to the bushfires affecting the State throughout January and February 2014, particularly the Grampians and the Hazelwood mine fire, Tourism Victoria provided advice and support to affected regional tourism stakeholders and emergency services.

In preparation for the summer season, Tourism Victoria, in partnership with the Country Fire Authority, produced a new toolkit, the *Tourism Business Fire Ready Kit* to assist tourism businesses prepare for bushfires.

In April 2014, Tourism Victoria released the *Tourism Crisis Management Planning: A guide for destination managers publication*. Building upon the original *Crisis Communications Handbook for Regional Tourism*, the guidebook contains information primarily to assist tourism destination managers to develop a Tourism Crisis Management Plan that is tailored to the needs of their area or region and which is adaptable to any crisis situation.

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

Following the fires in Tasmania and the Blue Mountains, Tourism Victoria also provided advice and relevant crisis management resources to Tourism Tasmania, Destination New South Wales and relevant regional tourism bodies.

Accessible Tourism Toolkit

Tourism Victoria in partnership with the Office for Disability, Department of Human Services, developed the *Accessible Tourism: It's Your Business* kit, the first of its kind for the Victorian tourism industry.

The kit was developed to raise awareness within the tourism industry of the accessible tourism market and designed specifically to meet the needs of tourism businesses, regional tourism boards and associations and visitor information centres.

This is an important step in positioning Victoria as an inclusive destination, which welcomes and caters for all types of travellers.

Workforce Development

The Victorian Tourism Workforce Development Plan 2010–2016 (WDP) was released in late 2010 and was the first of its kind developed for the Victorian tourism industry.

The plan outlines specific actions to increase the industry's share of the current and future labour market, focusing on the attraction and retention of appropriately skilled labour.

Early in 2013–14, content designed for employers, employees and those entering the tourism workforce was included on Tourism Victoria's corporate website. In addition, a range of newspaper articles and case studies were prepared.

During the year, Tourism Victoria, Austrade and KPMG worked in collaboration with local industry, Regional Tourism Boards and local councils to develop the Mornington Peninsula and Phillip Island Tourism Employment Plan.

Visitor Information Centres Futures Study 2013

Tourism Victoria, in conjunction with the Victoria Tourism Industry Council (VTIC), commissioned Urban Enterprise to undertake an analysis of Visitor Information Centres (VICs) in Victoria in order to propose a vision for VICs in Victoria in 2022. This Study was released in early 2014.

The report highlights that while visitors use technology to gain information pre-visit, visitor centres are useful at providing invaluable local, personal insights that add value to a visitor's holiday or short break.

The document is written for all levels of government, especially local government and, in particular, highlights some key actions to be considered by stakeholders in improving the VIC network in Victoria.

The report enables local government to benchmark and make informed decisions about visitor services within their area.

The report also highlights the importance of the collection of visitor statistics to enable this benchmarking to occur and to determine long-term trends and impact of crisis on a local tourism industry.

Tourism Victoria continued to support accredited visitor information centres in 2013–14 through a general service agreement with VTIC to ensure ongoing professional development of visitor centre staff and grow visitor centre standards.

Legislative Requirements

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

Risk Attestation Statement

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



Andrew Dwyer
Chairman
Tourism Victoria

Insurance Attestation Statement

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



Leigh Harry
Chief Executive
Tourism Victoria

Consultancies

In 2013-14 there were two consultancies where the total fees payable to the consultants were \$10,000 or greater (excluding GST). The total expenditure incurred during 2013-14 in relation to these consultancies was \$94,213 (excluding GST).

Details of consultancies over \$10,000

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2013-14 (excluding GST)	Future expenditure (excluding GST)
Airport Strategy and Marketing Limited	Air Services Strategy Project	Jul-13	Sep-13	\$80,000	\$71,388	\$0
CBRE PTY LTD	Investment Review	Aug-13	Jul-13	\$22,825	\$22,825	\$0

Details of consultancies under \$10,000

There were no consultancies under \$10,000 engaged by Tourism Victoria in 2013-14

OTHER RELEVANT INFORMATION

Legislation

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

Merit and Equity Statement

In accordance with Government policies and guidelines, all appointments to Tourism Victoria in 2013-14 were made on the basis of merit.

Employees' Health and Safety

This year's Annual Report for the Department of State Development, Business and Innovation covers occupational health and safety matters and performance indicators concerning staff employed in the Tourism Victoria offices. See the Department's Annual Report 2013-14.

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 2013-14 in relation to legislation relating to Tourism Victoria.

Application of the Competition Test to New Legislative Proposals

No new legislation was introduced during 2013-14 relating to Tourism Victoria.

Compliance with the *Building Act 1993*

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

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

Application of Competitive Neutrality Principles to significant Government business activities

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

Application of Competitive Neutrality principles to In-House Bids

There were no in-house bids relating to Tourism Victoria in 2013–14.

Other Information

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

Victorian Industry Participation Policy

During 2013–14 Tourism Victoria did not commence any contracts to which VIPP applied.

Summary of additional information available on request

- A statement that declarations of private interests have been duly completed by all relevant officers.
- Details of publications produced during 2013–14.
- Details on any major external review carried out during 2013–14.
- Details of any major research and development activities.
- Details of overseas visits undertaken.
- Details of major promotional, public relations and marketing activities undertaken during 2013–14.

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

Workforce data as at 30 June 2014

	Ongoing Employees			Fixed Term & Casual Employees		Total Employees
	Full time (headcount)	Part time (headcount)	Total (headcount)	Total (FTE)	Total (FTE)	Total (FTE)
June 2013	62	7	69	66	3	69
June 2014	52	13	65	60	1	61

	June 2013		June 2014			June 2014 totals (FTE)
	Ongoing Employees		Ongoing Employees		Fixed Term & Casual Employees	
	Headcount	FTE	Headcount	FTE	FTE	

Gender

Male	28	28	1	24	24	0	24
Female	41	38	2	41	36	1	37

Age

Under 25	0	0	0	0	0	0	0
25–34	16	15	2	15	13	0	13
35–44	28	27	0	24	22	0	22
45–54	18	17	1	19	18	1	19
55–64	6	6	0	6	6	0	6
Over 64	1	1	0	1	1	0	1

Classification

VPS1	0	0	0	0	0	0	0
VPS2	0	0	0	0	0	0	0
VPS3	8	7	0	7	6	0	6
VPS4	12	12	1	12	11	0	11
VPS5	25	23	2	25	22	1	23
VPS6	16	16	0	15	15	0	15
STS	1	1	0	1	1	0	1
Executives	7	7	0	5	5	0	5

(i) FTE means full time equivalent

(ii) All figures reflect employment levels during the last full pay period in June of each year.

(iii) Excluded are those on leave without pay or absent on secondment, external contractors/consultant, temporary staff employed by employment agencies and statutory appointees.

(iv) Also excluded are Aviation employees under the Tourism & Aviation division employed by the Department of State Development, Business & Innovation.

These employees are included in the department's annual report. For reference, the excluded FTE are: June 2013 - 4 FTE June 2014 - NIL

DIVERSITY, EQUALITY AND ENVIRONMENTAL MANAGEMENT

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

Throughout the year, Tourism Victoria complied with the office-based environmental performance improvement initiatives and requirements of the Department of State Development, Business and Innovation (DSDBI).

The Department manages matters relating to the application of merit and equity principles and environmental practices. See the DSDBI Annual Report 2013-14.

FREEDOM OF INFORMATION

Publication Requirements

The *Freedom of Information Act 1982* allows the public a right of access to documents held by Tourism Victoria. During the year, Tourism Victoria received two Freedom of Information requests specifically pertaining to Tourism Victoria, and five additional departmental requests which captured data from Tourism Victoria.

Making a Request

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

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

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

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

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

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

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

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

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

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

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

Reporting procedures

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

Employees of the Department of State Development, Business and Innovation (DSDBI) who provide administrative support within the Tourism and Airline Services division may make disclosures to the Department's Protected Disclosure Coordinator.

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

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

The Department's Protected Disclosure Coordinator is:

Ms Rosemary Martin
 Director, Legal, Audit and Risk
 Corporate Services & Communications
 Level 9, 121 Exhibition Street
 Melbourne Vic 3000
 Phone: 9651 9862
 Email: rosemary.martin@dbi.vic.gov.au

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

The Independent Broad-based Anti-corruption Commission (IBAC) Victoria
 Level 1, North Tower, 459 Collins Street
 Melbourne, VIC 3001
 Phone: 1300 735 135
 Mail: IBAC, GPO Box 24234, Melbourne, VIC 3000
 Internet: www.ibac.vic.gov.au
 Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures

Further information

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

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

Disclosures under the *Protected Disclosure Act 2012*

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

	2013-14 Number	2012-13 Number
The number and types of disclosures made by an individual to the department and notified to the Independent Board-based Anti-corruption Commission.		
Assessable disclosures	0	0

Five Year Comparison

	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Total Assets	28,436	30,473	24,143	17,592	15,785
Total Liabilities	13,196	11,149	7,896	6,819	7,239
Net Worth/Accumulated Surplus	15,239	19,234	16,246	10,772	8,546
Surplus/(Deficit)	(1,176)	1,084	(3,078)	(5,474)	(2,226)
Property, Plant & Equipment (WDV)	193	143	176	134	88
State Government Contributions	73,829	132,342	86,331	61,493	62,828
Total Expenditure	81,822	133,738	94,508	70,573	67,261

Significant changes in financial position 2013-2014

State government contributions increased by \$1.3 million (2.1 per cent) in 2013-14 to \$62.8 million. This was due to a number of factors, including additional funding provided for international marketing, the China Tourism Strategy and regional tourism. This was partly offset by a reduction in recurrent funding. The figure for contributions was also influenced by funding provided for event management during the year.

The operating deficit of \$2.226 million for 2013-14 indicates a reduction in the amount of committed activity, funded in the current year that is to be delivered in future years.

The net worth of Tourism Victoria at 30 June 2014 is \$8.5 million. This will partially fund contractual commitments totalling \$16.4 million at year end which are due and payable in the 2014-15 financial year. The majority of these commitments relate to:

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

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

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

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

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

Comprehensive operating statement

for the financial year ended 30 June 2014

	Notes	2014 \$	2013 \$
Income from transactions			
Grant income	2(a)	62,828,050	61,492,822
Other income	2(b)	2,199,689	3,626,074
Total income from transactions		65,027,739	65,118,896
Expenses from transactions			
Grants and other payments	3(a)	(26,860,779)	(29,125,808)
Employee expenses	3(b)	(8,505,512)	(10,885,707)
Depreciation	3(c)	(53,084)	(67,346)
Capital asset charge		(47,000)	(47,000)
Supplies and services	3(d)	(27,584,375)	(26,073,450)
Administration charges	3(e)	(4,185,417)	(4,336,677)
Finance costs		(25,246)	(37,350)
Total expenses from transactions		(67,261,412)	(70,573,338)
Net result from transactions (net operating balance)		(2,233,672)	(5,454,442)
Other economic flows included in net result			
Net gain on non-financial assets	4(a)	12,565	5,846
Net loss on financial instruments	4(b)	(3,606)	(30,396)
Other gains/(losses) from other economic flows	4(c)	(1,657)	4,969
Total other economic flows included in net result		7,302	(19,581)
Comprehensive result		(2,226,371)	(5,474,023)

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

Balance sheet

as at 30 June 2014

	Notes	2014 \$	2013 \$
Assets			
Financial assets			
Cash and deposits	15(a)	11,535,314	14,788,879
Receivables	16	4,038,603	1,456,938
Investments	5	1	1
Total financial assets		15,573,918	16,245,818
Non-financial assets			
Property, plant and equipment	6	88,009	134,478
Prepayments		123,235	1,211,412
Total non-financial assets		211,244	1,345,890
Total assets		15,785,162	17,591,708
Liabilities			
Payables	7	4,410,207	3,968,970
Borrowings	8	81,963	104,189
Provisions	9	2,747,025	2,746,213
Total liabilities		7,239,195	6,819,372
Net assets		8,545,966	10,772,336
Equity			
Accumulated surplus		8,545,966	10,772,336
Net worth		8,545,966	10,772,336
Commitments for expenditure	12		
Contingent liabilities and contingent assets	13		

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

Statement of changes in equity

for the financial year ended 30 June 2014

	Accumulated surplus	Total
	\$	\$
Balance at 1 July 2012	16,246,359	16,246,359
Net result from transactions	(5,454,442)	(5,454,442)
Other economic flows included in net result	(19,581)	(19,581)
Balance at 30 June 2013	10,772,336	10,772,336
Net result from transactions	(2,233,672)	(2,233,672)
Other economic flows included in net result	7,302	7,302
Balance at 30 June 2014	8,545,966	8,545,966

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

Cash flow statement

for the financial year ended 30 June 2014

	2014	2013
	\$	\$
Notes		
Cash flows from operating activities		
Receipts		
Receipts from government	60,103,226	61,676,998
Receipts from other entities	2,109,161	3,215,123
Net goods and services tax recovered from the ATO (i)	4,804,629	4,156,129
Interest received	337,859	787,123
Total receipts	67,354,875	69,835,373
Payments		
Payments to suppliers and employees	(70,516,313)	(77,119,075)
Capital assets charge	(47,000)	(47,000)
Interest and other costs of finance paid	(25,246)	(37,350)
Total payments	(70,588,559)	(77,203,425)
Net cash flows from/(used in) operating activities	15(b) (3,233,685)	(7,368,052)
Cash flows from investing activities		
Purchases of non-financial assets	(31,367)	(34,379)
Proceeds from disposal of property, plant & equipment	37,318	14,327
Net cash flows from/(used in) investing activities	5,951	(20,052)
Cash flows from financing activities		
Repayment and disposal of finance leases	(53,592)	(47,053)
Proceeds from borrowings	31,367	34,379
Net cash flows from/(used in) financing activities	(22,225)	(12,674)
Net increase/(decrease) in cash and cash equivalents	(3,249,958)	(7,400,778)
Cash and cash equivalents at beginning of financial year	15(a) 14,788,879	22,220,054
Effect of exchange rate fluctuations on cash held in foreign currency	4(b) (3,606)	(30,396)
Cash and cash equivalents at the end of the financial year	15(a) 11,535,314	14,788,879

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

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

Notes to the financial statements

30 June 2014

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Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Tourism Victoria for the period ended 30 June 2014. The purpose of the report is to provide users with information about Tourism Victoria's stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

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

These annual financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance.

(b) Basis of accounting preparation and measurement

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l));
- superannuation expense (refer to Note 1(g)); and
- the fair value of leasehold improvements and plant, equipment and motor vehicles (refer to Note 1(k)).

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

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- derivative financial instruments are measured at fair value with changes reflected in the comprehensive operating statement.

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

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

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

Notes to the financial statements (continued)

30 June 2014

Note 1. Summary of significant accounting policies (continued)

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

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

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

(c) Reporting entity

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

Its principal address is:

Tourism Victoria
Level 32, 121 Exhibition Street
Melbourne VIC 3000

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

(d) Objectives and funding

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

(e) Scope and presentation of financial statements

Comprehensive operating statement

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

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

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

Balance sheet

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

Cash flow statement

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

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

Statement of changes in equity

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

Rounding

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

(f) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

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

Grant income

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

Other income

CO-OPERATIVE VENTURES INCOME

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

INTEREST INCOME

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

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

(g) Expenses from transactions

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

Grants and other payments

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

Employee expenses

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

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

SUPERANNUATION

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

Tourism Victoria does not recognise any defined benefit liability in respect of the superannuation plan because Tourism Victoria has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

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

Note 1. Summary of significant accounting policies (continued)

Depreciation

Depreciation is provided on property, plant and equipment. Depreciation is generally calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the term of the lease agreement as the leased building does not revert to the State at the end of the lease term. The depreciated cost is a reasonable approximation of fair value where the assets are depreciated (to reflect its consumption) over the term of the lease agreement.

The expected useful lives are as follows:

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

These rates are reviewed on an annual basis.

Capital asset charge

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

Supplies and services

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

Administration charges

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

Finance costs

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

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

(h) Other economic flows included in the net result

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

Net gain/(loss) on non-financial assets

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

REVALUATION GAINS/(LOSSES) OF NON-FINANCIAL PHYSICAL ASSETS

Refer to accounting policy on property, plant and equipment, provided in Note 1(k) non-financial assets.

DISPOSAL OF NON-FINANCIAL ASSETS

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

GAIN/(LOSS) ARISING FROM TRANSACTIONS IN FOREIGN EXCHANGE

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

OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- transfer of amounts from the reserves and/or accumulated surplus to net result due to disposal or derecognition or reclassification.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

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

REVALUATIONS OF FINANCIAL INSTRUMENTS AT FAIR VALUE

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

(i) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Tourism Victoria's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial

assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the Department are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

LOANS AND RECEIVABLES

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

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

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

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

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

FINANCIAL LIABILITIES AT AMORTISED COST

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (refer to Note 21).

Notes to the financial statements (continued)

30 June 2014

Note 1. Summary of significant accounting policies (continued)

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

Impairment of assets

Tourism Victoria has no intangible assets.

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

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

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

(j) Financial assets

Cash and deposits

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

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

Receivables

Receivables consist of:

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

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note (i) *Financial Instruments* for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified

as financial instruments because they do not arise from a contract.

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

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

Investments

Investments are classified in the following categories:

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

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

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

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

(k) Non-financial physical assets

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

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

This condition is regarded as met only when:

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

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

Prepayments

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

Property, plant and equipment

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

LEASEHOLD IMPROVEMENTS

The cost of leasehold improvements to or on leasehold properties is capitalised as an asset and depreciated over the remaining term of

the lease. Leasehold improvements held at the reporting date are being depreciated over 8 years (2013: 8 years).

REVALUATIONS OF NON-FINANCIAL PHYSICAL ASSETS

Non-financial physical assets are measured at fair value on a cyclical basis in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRDs.

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

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

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

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

(l) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income. Accounts payable represent liabilities for goods and services provided to Tourism Victoria prior to the end of the financial year that are unpaid, and arise when Tourism Victoria becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as fringe benefits tax payables.

Note 1. Summary of significant accounting policies (continued)

Tourism Victoria do not need to present statutory 'taxes payables' in the note, as the amount of fringe benefit tax payable is not material.

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

Borrowings

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

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

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

Provisions

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

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

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

Based on management review of probability factors of leave taken by employees, the non-current employee benefits provision relating to long service leave has been restated for the prior year balances.

Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date. These are recognised when incurred, except for contributions in respect of defined benefit plans.

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

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

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

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

(ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer

of benefits in exchange for the termination of employment. Tourism Victoria recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

ON-COSTS

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

(m) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Tourism Victoria as lessee

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

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

Finance Leases

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

Operating Leases

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

Notes to the financial statements (continued)

30 June 2014

Note 1. Summary of significant accounting policies (continued)

(n) Commitments

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

(o) Contingent assets and contingent liabilities

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

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

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

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

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

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

(q) Foreign currency balances/ transactions

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

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

(r) Events after reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Tourism Victoria and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial 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 end of the reporting period that are considered to be of material interest.

(s) Changes in accounting policies

Subsequent to the 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when Tourism Victoria is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. Tourism Victoria has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, Tourism Victoria has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised. However, AASB 13 has predominantly impacted the disclosures of Tourism Victoria. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*.

AASB 119 Employee Benefits

In 2013-14, Tourism Victoria has applied AASB 119 *Employee Benefits* (September 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on Tourism Victoria.

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

Tourism Victoria considers change in classification has not materially altered its measurement of the annual leave provision.

Note 1. Summary of significant accounting policies (continued)

(t) Australian Accounting Standards issued that are not yet effective

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

As at 30 June 2014, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for the financial year ending 30 June 2014. Tourism Victoria has not early adopted these standards.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Tourism Victoria financial statements
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

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

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.
- AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.
- AASB Interpretation 21 Levies.

Notes to the financial statements (continued)

30 June 2014

Note 2. Income from transactions

	2014	2013
	\$	\$
(a) Grant income		
State government grants		
Core program	26,142,678	28,731,321
Special projects	36,685,372	32,761,501
Total grant income	62,828,050	61,492,822
(b) Other income		
Co-operative ventures		
E-Marketing revenue	608,482	511,444
Product and destination marketing	584,324	1,376,129
International marketing	311,101	330,809
Other	362,067	635,893
	1,865,975	2,854,275
Interest income		
Interest on bank deposits	87,330	132,144
Interest from investments	246,384	639,655
	333,714	771,799
Total other income	2,199,689	3,626,074

Note 3. Expenses from transactions

	2014	2013
	\$	\$
(a) Grants and other payments		
Events	20,729,196	19,518,244
Regional tourism co-operative marketing	3,186,213	4,025,971
Victoria Trade and Investment Company Pty Ltd	1,542,581	4,230,006
Industry development	307,159	471,943
Other	1,095,629	879,645
Total grants and other payments	26,860,779	29,125,808
(b) Employee expenses		
Salary & wages	6,643,369	8,334,783
Superannuation	639,768	780,830
Annual leave	524,353	733,385
Long service leave	104,175	371,260
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	593,847	665,449
Total employee expenses	8,505,512	10,885,707
(c) Depreciation		
Leasehold improvements	-	139
Plant and equipment	24,789	28,171
Leased motor vehicles	28,295	39,036
Total depreciation	53,084	67,346
(d) Supplies and services		
Advertising	9,990,942	6,232,127
Printed material	209,810	176,261
Consultants, outsourcing & professional services and agency staff	5,496,811	5,275,000
Distribution	99,743	109,094
Exhibition costs/venue hire	239,053	397,738
Familiarisation expenses	1,093,810	832,105
Hospitality & entertainment	407,683	479,698
Marketing, promotional, PR and media costs	7,222,163	9,450,860
Online services	660,631	799,965
Overseas contractors	769,059	699,430
Photographic/video	317,505	334,226
Research	1,052,056	1,277,605
Other	25,108	9,340
Total supplies and services	27,584,375	26,073,450
(e) Administration charges		
Rent, cleaning and power	1,006,584	1,051,915
Telephone, facsimile and postage	278,891	301,533
Audit fees	32,930	32,930
Computer charges	1,594,824	1,641,930
Printing, stationery and offices requisites	152,856	136,869
Motor vehicle running costs	56,868	97,817
Travel charges	675,525	701,459
Training and development	255,957	247,190
Other	130,983	125,033
Total administration charges	4,185,417	4,336,677

Notes to the financial statements (continued)

30 June 2014

Note 4. Other economic flows included in net result

	2014	2013
	\$	\$
(a) Net gain on non-financial assets		
Net gain on disposal of physical assets	12,565	5,846
Total net gain on non-financial assets	<u>12,565</u>	<u>5,846</u>
(b) Net loss on financial instruments		
Net loss on financial instruments	(3,606)	(30,396)
Total net loss on financial instruments	<u>(3,606)</u>	<u>(30,396)</u>
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(1,657)	4,969
Total other gains/(losses) from other economic flows	<u>(1,657)</u>	<u>4,969</u>
Total other economic flows included in net result	<u><u>7,302</u></u>	<u><u>(19,581)</u></u>

Note 5. Investments

	2014	2013
	\$	\$
Non traded investments		
Shares in other entities (at cost)	1	1
	<u>1</u>	<u>1</u>

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

Paragraph 10 of the Shareholders Agreement states that a shareholder can only dispose of shares to another shareholder. In practical terms this means that the shares cannot be sold as they will not be purchased by an existing shareholder.

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

Note 6. Property, plant and equipment

	2014	2013
	\$	\$
Classification by purpose groups – carrying amounts		
Sub classification by nature		
Leasehold improvements		
Gross carrying amount	133,528	133,528
less: accumulated depreciation	(133,528)	(133,528)
Net carrying amount	-	-
Plant, equipment and leased motor vehicles		
Gross carrying amount	282,221	326,779
less: accumulated depreciation	(194,212)	(192,300)
Net carrying amount	88,009	134,478
Net carrying amount of property, plant and equipment	88,009	134,478

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

Notes to the financial statements (continued)

30 June 2014

Note 6. Property, plant and equipment (continued)

	Leasehold improvements at fair value		Plant, equipment and leased motor vehicle at fair value		Total	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Opening balance	-	140	134,478	175,787	134,478	175,927
Additions	-	-	31,367	34,379	31,367	34,379
Disposals	-	-	(24,753)	(8,482)	(24,753)	(8,482)
Depreciation expense	-	(140)	(53,084)	(67,207)	(53,084)	(67,346)
Closing balance	-	-	88,009	134,478	88,009	134,478

	2014 \$	2013 \$
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The following useful lives of assets are used in the calculation of depreciation:

Leasehold improvements	8 years	8 years
Plant and equipment	3-5 years	3-5 years
Leased motor vehicles	1-3 years	1-3 years

Aggregate depreciation allocated, recognised as expense during the year:

Leasehold improvements	-	140
Plant and equipment	24,789	28,171
Leased motor vehicles	28,295	39,036
	53,084	67,346

	2014 \$	2013 \$
Gross sales proceeds	37,318	14,327
Carrying amount of non-financial assets disposed	(24,753)	(8,482)
Net gain on disposal	12,565	5,846

Note 6. Property, plant and equipment (continued)

Fair value measurement hierarchy for assets as at 30 June 2014

Plant and equipment at fair value	Carrying amount as at	Fair value measurement at end of reporting period using:		
	30-Jun-14 \$	Level 1(i) \$	Level 2(i) \$	Level 3(i) \$
Plant and equipment	6,942	-	-	6,942
Total of plant and equipment at fair value	6,942	-	-	6,942

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

Plant and equipment

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

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

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

Reconciliation of Level 3 fair value

2014	Plant and equipment \$
Opening balance	31,731
Purchases	-
Sales	-
Gains or losses recognised in net result	-
Depreciations	(24,789)
Closing balance	6,942

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Plant and equipment	Depreciated replacement cost	Cost per unit	\$5,645-\$30,382 per unit (\$12,357 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of plant and equipment	3-5 years (3 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Notes to the financial statements (continued)

30 June 2014

Note 7. Payables

	2014	2013
	\$	\$
Current		
Contractual		
Trade creditors and accruals ((i), (ii))	3,836,504	3,751,451
Other payables (iii)	573,703	217,519
Total current payable	4,410,207	3,968,970

(i) The average credit period is 30 days.

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

(iii) Other payables represent accrued employee expenses and prepaid revenue.

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

Note 8. Borrowings

	2014	2013
	\$	\$
Current borrowings		
Secured		
Finance lease liabilities (i) (Note 11)	49,079	68,684
Total current borrowings	49,079	68,684
Non-current borrowings		
Secured		
Finance lease liabilities (i) (Note 11)	32,884	35,504
Total non-current borrowings	32,884	35,504

(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.

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

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

Note 9. Provisions

	2014	2013
	\$	\$
Employee benefits and related on-costs		
Current employee benefits		
(i) Annual leave:		
(ii) Unconditional and expected to settle within 12 months	693,177	701,564
(i) Long service leave:		
(ii) Unconditional and expected to settle within 12 months	76,719	76,511
(iii) Unconditional and expected to settle after 12 months	1,457,652	1,453,701
	<u>2,227,547</u>	<u>2,231,776</u>
Provisions related to employee benefit on-costs		
(ii) Unconditional and expected to settle within 12 months	125,357	126,755
(iii) Unconditional and expected to settle after 12 months	231,765	236,918
	<u>357,122</u>	<u>363,673</u>
Total current provisions	<u>2,584,668</u>	<u>2,595,449</u>
Non-current employee benefits		
(i) Conditional long service leave	140,084	129,636
Conditional long service leave on-costs	22,273	21,128
Total non-current provisions	<u>162,357</u>	<u>150,764</u>
Total provisions	<u>2,747,025</u>	<u>2,746,213</u>
Employee benefits and related on-costs		
Current employee benefits		
Annual leave	806,335	815,850
Unconditional long service leave	1,778,333	1,779,599
Non-current employee benefits		
Conditional long service leave	162,357	150,764
Total employee benefits	<u>2,747,025</u>	<u>2,746,213</u>
On-costs		
Current on-costs	357,122	363,673
Non-current on-costs	22,273	21,128
Total on-costs	<u>379,394</u>	<u>384,801</u>

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

(ii) The amounts disclosed are nominal amounts.

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

Notes to the financial statements (continued)

30 June 2014

Note 10. Superannuation

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

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

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

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

Fund	Contribution for the year 2014 \$	Contribution for the year 2013 \$	Contribution outstanding at year end 2014 \$	Contribution outstanding at year end 2013 \$
(i) Defined benefit plans:				
State Superannuation Fund – revised and new	147,417	171,471	-	-
Defined contribution plans:				
VicSuper	328,371	420,753	-	-
Private Funds	159,614	150,148	-	-
Total	635,402	742,371	-	-

The bases for contributions are determined by various schemes.

Note 11. Leases

(a) Disclosure for lessees – finance leases liabilities

Leasing arrangements

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

Finance lease liabilities

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2014	2013	2014	2013
	\$	\$	\$	\$
Not longer than 1 year	51,983	73,310	49,079	68,684
Longer than 1 year and not longer than 5 years	33,908	37,284	32,884	35,504
Minimum future lease payments	85,891	110,594	81,963	104,189
less: Future finance charges	(3,928)	(6,405)	-	-
Present value of minimum lease payments	81,963	104,189	81,963	104,189
Included in the financial statements as:				
Current borrowings (Note 8)			49,079	68,684
Non-current borrowings (Note 8)			32,884	35,504
			81,963	104,189

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

(b) Disclosure for lessees – operating leases

Refer to Note 12(b).

Notes to the financial statements (continued)

30 June 2014

Note 12. Commitments for expenditure

(a) Grant Commitments

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

	2014	2013
	\$	\$
Not longer than 1 year	14,121,379	18,159,775
Longer than 1 year and not longer than 5 years	7,856,200	10,751,331
Longer than 5 years	9,067,300	12,383,800
	31,044,879	41,294,905

(b) Operating leases commitment payable

Leasing arrangements

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

Non-cancellable operating leases

	2014	2013
	\$	\$
Not longer than 1 year	128,166	158,716
Longer than 1 year and not longer than 5 years	106,843	103,953
Longer than 5 years	-	-
	235,009	262,669

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

(c) Other commitments

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

	2014	2013
	\$	\$
Not longer than 1 year	6,157,087	6,793,185
Longer than 1 year and not longer than 5 years	2,283,461	2,349,656
	8,440,549	9,142,840

Note 13. Contingent liabilities and contingent assets

Contingent assets

There were no contingent assets at 30 June 2014 (2013: nil).

Contingent liabilities

	2014	2013
	\$	\$
Legal proceedings and disputes	15,000	-
	15,000	-

During the year claims for damages were lodged against Tourism Victoria in relation to alleged copyright infringement. The matter is scheduled for mediation in November 2014.

Note 14. Financial instruments

(a) Financial risk management objectives

Tourism Victoria's principal financial instruments comprise of:

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

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

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

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

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

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

Tourism Victoria uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Risk and Audit Committee of Tourism Victoria.

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

	Notes	2014 \$	2013 \$
Financial assets			
Cash and deposits	(i)	11,535,314	14,788,879
Receivables	(i)	3,731,799	817,409
Investments	(ii)	1	1
Total financial assets (a)		15,267,114	15,606,289
Financial liabilities			
Payables	(iii)	4,492,170	4,073,159
Total financial liabilities (b)		4,492,170	4,073,159

Categorisation of financial instruments

- (i) These are loans and receivables
- (ii) Contractual financial assets/liabilities designated at fair value through profit and loss
- (iii) These are contractual financial liabilities at amortised costs

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

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

Notes to the financial statements (continued)

30 June 2014

Note 14. Financial instruments (continued)

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

	2014	2013
	\$	\$
Financial assets		
Cash and deposits	333,714	771,799
Total financial assets	333,714	771,799
Financial liabilities		
Finance lease	(5,838)	(7,494)
Total financial liabilities	(5,838)	(7,494)

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

- for cash and deposits, loans or receivables, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost;
- for financial asset and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or losses calculated by taking the movement in the fair value of the financial asset or liability.

(b) Credit risk

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

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

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

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

Note 14. Financial instruments (continued)

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

	Financial Institutions (AA-rating)	Government Departments (AAA-rating)	Other Government Entities (AAA-rating)	Regional Tourism Bodies (min BBB credit rating)	Other (not rated)	Total
2014						
Cash and deposits	5,813,492	-	5,500,000	-	221,822	11,535,314
Receivables	6,124	3,182,422	-	232,774	310,480	3,731,799
Investments	-	-	-	-	1	1
Total contractual financial assets	5,819,616	3,182,422	5,500,000	232,774	532,303	15,267,114
2013						
Cash and deposits	4,638,560	-	9,900,000	-	250,319	14,788,879
Receivables	10,268	286,233	165,000	35,710	320,198	817,409
Investments	-	-	-	-	1	1
Total contractual financial assets	4,648,829	286,233	10,065,000	35,710	570,518	15,606,289

(i) The total amounts disclosed here exclude statutory amounts (i.e. amounts owing from Victorian Government and GST input tax credit recoverable). There are no material financial assets which are individually determined to be impaired.

Ageing analysis of contractual financial assets (i)

	Carrying amount	Not past due and not impaired	Past due but not impaired		
			Less than 1 month	1-3 months	3 months - 1 year
2014					
Debtors	3,244,469	2,943,809	300,660	-	-
Loan to third party	92,368	92,368	-	-	-
Other receivables	394,962	394,962	-	-	-
	3,731,799	3,431,139	300,660	-	-
2013					
Debtors	570,911	295,571	275,000	340	-
Loan to third party	94,894	94,894	-	-	-
Other receivables	151,604	151,604	-	-	-
	817,409	542,069	275,000	340	-

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

Notes to the financial statements (continued)

30 June 2014

Note 14. Financial instruments (continued)

(c) Liquidity risk

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

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

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

(d) Market risk

Tourism Victoria's exposure to market risk is primarily through interest rate risk and foreign currency risk.

Objectives, policies and processes used to manage each of these risks are disclosed below:

Foreign currency risk

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

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

Interest rate risk

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

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Tourism Victoria does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

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

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

Note 14. Financial instruments (continued)

The following table details Tourism Victoria's exposure to interest rate risk as at 30 June 2014.

Interest rate exposure of financial instruments

2014	Note	Weighted average effective interest rate	Variable interest rate	Maturity dates				Total
				Less than 1 year	1-5 years	More than 5 years	Non-interest bearing	
		%	\$	\$	\$	\$	\$	\$
Financial assets								
Cash and deposits	15	2.60%	6,035,314	5,500,000	-	-	-	11,535,314
Receivables	16		-	-	-	-	3,731,799	3,731,799
Investments	5		-	-	-	-	1	1
			6,035,314	5,500,000	-	-	3,731,800	15,267,114
Financial liabilities								
Payables	7		-	-	-	-	4,410,207	4,410,207
Finance lease liabilities	8,11	6.12%	-	49,079	32,884	-	-	81,963
			-	49,079	32,884	-	4,410,207	4,492,170
Net financial assets/(liabilities)			6,035,314	5,450,921	(32,884)	-	(678,407)	10,774,944

2013	Note	Weighted average effective interest rate	Variable interest rate	Maturity dates				Total
				Less than 1 year	1-5 years	More than 5 years	Non-interest bearing	
		%	\$	\$	\$	\$	\$	\$
Financial assets								
Cash and deposits	15	3.19%	4,888,879	9,900,000	-	-	-	14,788,879
Receivables	16		-	-	-	-	817,409	817,409
Investments	5		-	-	-	-	1	1
			4,888,879	9,900,000	-	-	817,410	15,606,289
Financial liabilities								
Payables	7		-	-	-	-	3,968,970	3,968,970
Finance lease liabilities	8,11	6.62%	-	68,684	35,504	-	-	104,189
			-	68,684	35,504	-	3,968,970	4,073,159
Net financial assets/(liabilities)			4,888,879	9,831,316	(35,504)	-	(3,151,560)	11,533,130

Notes to the financial statements (continued)

30 June 2014

Note 14. Financial instruments (continued)**Sensitivity disclosure analysis**

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

- a parallel shift of +0.5% and -0.5% in market interest rate (AUD) from year end rates of 2.57%. (2013: 2.78%)
- proportional exchange rate movement of -10% (depreciation of AUD) and +10% (appreciation of AUD) against foreign currencies, from the year end rates. At year end there were foreign currency balances (AUD 1,779,511) which would expose Tourism Victoria to exchange rate risk (2013: AUD 2,192,124); and
- a parallel shift of +1% and -1% in inflation rate from year end rates of 3.0% (2013: 2.4%) – Tourism Victoria has no financial instruments exposed to inflation risk (2013: 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	2014 Foreign exchange risk				2014 Interest rate risk			
		-10%		+10%		-0.5% (50 basis points)		+0.5% (50 basis points)	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		\$	\$	\$	\$	\$	\$	\$	\$
Financial assets									
Cash & deposits (1)	11,535,314	177,951	177,951	(177,951)	(177,951)	(57,677)	(57,677)	57,677	57,677
Receivables (2)	3,731,799	-	-	-	-	-	-	-	-
Investments in other entities (3)	1	-	-	-	-	-	-	-	-
Financial liabilities									
Payables (2)	4,410,207	-	-	-	-	-	-	-	-
Finance lease liabilities (4)	81,963	-	-	-	-	-	-	-	-
Total increase/(decrease)		177,951	177,951	(177,951)	(177,951)	(57,677)	(57,677)	57,677	57,677

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

Note 14. Financial instruments (continued)

- (1) In 2013-14, \$9,755,803 cash and deposits are held in Australian Dollars. \$4,255,182 is held on deposit at variable interest rates. \$5,500,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD \$1,779,511 is held in 7 overseas currencies. In 2012-13, \$12,596,755.41 cash and deposits are held in Australian Dollars. \$2,696,755.41 is held on deposit at variable interest rates. \$9,900,000 is invested in Australian Dollars in interest bearing accounts. The equivalent of AUD 2,192,124 is held in 7 overseas currencies
- (2) The carrying amount is denominated in Australian Dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (3) Investments are denominated in Australian Dollars and are non-interest bearing. This item is not subject to identified risk sensitivities.
- (4) Interest bearing liabilities solely relate to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease. This item is not subject to identified risk sensitivities.

(e) Fair value

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

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

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

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

Comparison between carrying amount and fair value

	Carrying amount	Fair value	Carrying amount	Fair value
	2014	2014	2013	2013
Contractual financial assets				
Cash and deposits	11,535,314	11,535,314	14,788,879	14,788,879
Receivables	3,731,799	3,731,799	817,409	817,409
Investments	1	1	1	1
Total contractual financial assets	15,267,114	15,267,114	15,606,289	15,606,289
Contractual financial liabilities				
Payables	4,492,170	4,492,170	4,073,159	4,073,159
Total contractual financial liabilities	4,492,170	4,492,170	4,073,159	4,073,159

Notes to the financial statements (continued)

30 June 2014

Note 15. Cash flow information

	2014	2013
	\$	\$
(a) Reconciliation of cash and cash equivalents		
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash at bank and on hand	5,814,113	4,639,360
Short term deposits and investments	5,500,000	9,900,000
Cash advance – (held at overseas offices)	221,201	249,519
Balance as per cash flow statement	<u>11,535,314</u>	<u>14,788,879</u>
(b) Reconciliation of net result for the period		
Net result for the reporting period	(2,226,371)	(5,474,023)
Non-cash movements		
Gain on disposal of non-current assets	(12,565)	(5,846)
Depreciation and amortisation of non-current assets	53,084	67,346
Loss on foreign exchange currency	3,606	30,396
Movements in assets and liabilities		
<i>Changes in net assets and liabilities</i>		
<i>(Increase)/decrease in assets</i>		
Current receivables	(2,581,665)	338,435
Other current assets	1,088,177	(1,197,926)
<i>Increase/(decrease) in liabilities</i>		
Current payables	441,237	(1,065,413)
Current provisions	(10,780)	(163,288)
Non-current provisions	11,593	102,267
Net cash flows (used) in operating activities	<u>(3,233,685)</u>	<u>(7,368,052)</u>

Note 16. Receivables

	2014	2013
	\$	\$
Current receivables		
Contractual		
Debtors (i)	3,244,469	570,911
Loan to third party	92,368	94,894
Other receivables	394,962	151,604
	3,731,799	817,409
Statutory		
GST Input tax credit recoverable	306,804	639,529
	306,804	639,529
Total current receivables	4,038,603	1,456,938

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

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

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

Notes to the financial statements (continued)

30 June 2014

Note 17. Responsible persons

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

Names

The persons who held positions in Tourism Victoria are as follows:

Minister for Tourism and Major Events	The Hon. Louise Asher, MP	1 July 2013 to 30 June 2014
Chief Executive	Leigh Harry	1 July 2013 to 30 June 2014
Chairman	Dr Janine Kirk, AM	1 July 2013 to 30 June 2014
Deputy Chairman	Wendy Smith	1 July 2013 to 30 June 2014
Board Member	Alla Wolf-Tasker, AM	1 July 2013 to 30 June 2014
Board Member	Craig Opie	1 July 2013 to 30 June 2014
Board Member	Helene Bender, OAM	1 July 2013 to 30 June 2014
Board Member	Peter Crinis	1 July 2013 to 30 June 2014
Board Member	Andrew Dwyer	1 July 2013 to 30 June 2014
Board Member	Brian Cook	1 July 2013 to 12 September 2013
Board Member	Janelle Boynton	1 July 2013 to 12 September 2013
Board Member	Christopher Brown	1 July 2013 to 30 September 2013
Board Member	Andrew Fairley	1 October 2013 to 30 June 2014
Board Member	Cinzia Burnes	1 October 2013 to 30 June 2014
Board Member	Mike Brady, AM	17 December 2013 to 30 June 2014

Remuneration

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

\$320,000 – \$339,999 (2013: \$320,000 – \$359,999).

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

Total remuneration	2014 No.	2013 No.
\$1,000 – \$19,999	8	6
\$20,000 – \$29,999	4	3
\$40,000 – \$49,999	1	1
	13	10
	\$213,211	\$197,171

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

Note 17. Responsible persons (continued)

Related parties

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

In addition to the remuneration outlined above, Tourism Victoria entered into payable and receivable transactions with the following organisations in its domestic dealings and within normal customer relationships on terms and conditions no more favourable than those available in similar arm's length dealings. The Board members listed below were, during all or part of 2013-14, directors, employees or owners/part owners of the organisations.

			2014	2013
			\$	\$
Alla Wolf-Tasker	Co-owner/Managing Director	Lake House Restaurant & Boutique Hotel (1)	31,975	13,807
Alla Wolf-Tasker	Chairman	Daylesford Macedon Produce (2)	8,250	6,500
Peter Crinis	Chief Operating Officer, Retail, Food and Beverage	Crown Melbourne Ltd (3)	96,054	115,025
Peter Crinis	Board member	Melbourne Convention Bureau (4)	5,542,900	(13,410)
Cinzia Burnes	Co-owner/Managing Director	AOT Inbound Pty Ltd (5)	12,635	-
Helene Bender	Deputy Chancellor	Deakin University (6)	(500)	-
Andrew Fairley	Chairman	Parks Victoria (7)	49,200	-
			5,740,514	247,962

The following notes provide an analysis of the 2013-14 financial transactions:

- (1) Familiarisation and hospitality expenses \$31,975. Tourism Victoria runs both trade and media familiarisations programs. Trade familiarisations programs are to promote Victoria to the tourism industry; Media familiarisations programs are to generate media publicity in pursuit of the marketing objectives of Tourism Victoria.
- (2) Grant payments \$8,250.
- (3) Familiarisation expenses \$96,054.
- (4) Grant payments \$5,542,900.
- (5) Familiarisation expenses \$12,635.
- (6) Training revenue \$500.
- (7) Co-operative revenue \$11,000. Project management fees \$59,500. Familiarisation expenses \$700.

Notes to the financial statements (continued)

30 June 2014

Note 18. Remuneration of Executives and payments to other personnel

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

In 2013-14, the departure of an Executive Officer, Director of Aviation and Investment Attraction has resulted in a decrease in the total annualised employee equivalent and the consequential decrease in the base and the total executives remuneration payments.

Income band	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
\$60,000 – \$69,999	1	–	1	–
\$70,000 – \$79,999	1	–	1	–
\$100,000 – \$109,999	–	1	–	–
\$110,000 – \$119,999	–	–	–	1
\$170,000 – \$179,999	1	–	1	1
\$180,000 – \$189,999	–	2	1	1
\$190,000 – \$199,999	1	–	–	2
\$200,000 – \$209,999	–	2	1	1
\$210,000 – \$219,999	1	1	–	–
\$220,000 – \$229,999	–	–	1	–
\$230,000 – \$239,999	1	–	–	–
Total numbers	6	6	6	6
Total annualised employee equivalent (i)	4.5	5.6	4.5	5.6
Total amount	\$943,302	\$1,114,421	\$923,289	\$1,062,198

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

There is no payment made for 2013 and 2014 to contractors with significant management responsibilities.

Note 19. Remuneration of auditors

	2014 \$	2013 \$
Victorian Auditor-General's Office		
Audit of the financial reports	32,930	32,930
	32,930	32,930

Note 20. Subsequent events

There were no subsequent events at 30 June 2014 (2013:nil)

Note 21. Glossary

Administration charges

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

Borrowings

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

Comprehensive result

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

Capital asset charge

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

Commitments

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

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

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

Employee expenses

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

Ex-gratia expenses

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

Finance costs

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

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

Financial statements

A complete set of financial statements comprises:

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

Grants and other payments

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

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

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

Interest expense

Costs incurred in connection with interest component of finance leases repayments, and the increase in financial liabilities and non employee provisions due to the unwinding of discounts to reflect the passage of time.

Note 21. Glossary (continued)

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Non financial assets

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

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets; and
- fair value changes of financial instruments;

Payables

Includes accounts payable, grants, taxes and interest payable.

Receivables

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

Supplies and services

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

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style conventions

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

The notation used in the tables is as follows:

..	zero, or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x-0x	year period

The financial statements and notes are presented based on the illustration for a government department in the *2013-14 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Department's annual reports.



14 August 2014

Officer's Declaration

We certify that the attached financial statements for Tourism Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.

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

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

We authorise the attached financial statements for issue on 14 August 2014.

Andrew Dwyer
Chairman

Tourism Victoria

Melbourne
14 August 2014

Leigh Harry
Chief Executive

Tourism Victoria

Melbourne
14 August 2014

Rodney Lim
Chief Finance Officer

Tourism Victoria

Melbourne
14 August 2014

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Tourism Victoria

The Financial Report

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

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

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

Matters Relating to the Electronic Publication of the Audited Financial Report

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

MELBOURNE
22 August 2014

T. D. H.
for Dr Peter Frost
Acting Auditor-General

Disclosure index

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

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

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