

Tourism **TASMANIA** ★

Financial Statements

For the year ended 30 June 2015



Tourism
Tasmania

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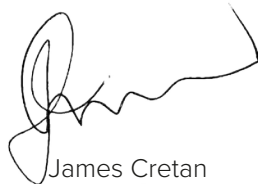
Certification of Financial Statements

The accompanying Financial Statements of Tourism Tasmania are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* and paragraph 7 of the *Tourism Tasmania Act 1996* to present fairly the financial transactions for the year ended 30 June 2015 and the financial position as at the end of the year.

At the date of signing we were not aware of any circumstances which would render the particulars included in the Financial Statements misleading or inaccurate.



John Fitzgerald
CHIEF EXECUTIVE OFFICER
11 August 2015



James Cretan
CHAIR OF THE BOARD
11 August 2015

Tourism Tasmania

Statement of Comprehensive Income

for the year ended 30 June 2015

	Notes	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Continuing operations				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue — recurrent	2.6(a), 7.1	24,563	24,563	24,192
Sales of goods and services	2.6(b), 7.2	600	272	418
Other revenue	2.6(c), 7.3	...	172	76
Total revenue and other income from transactions		25,163	25,007	24,686
Expenses from transactions				
Employee benefits	2.7(a), 8.1	5,981	5,882	7,038
Amortisation	2.7(b), 8.2	162	190	149
Supplies and consumables	2.7(c), 8.3	4,641	4,957	4,662
Grants and subsidies	2.7(d), 8.4	1,678	1,487	2,610
Advertising and promotion	2.7(e), 8.5	12,573	12,296	9,986
Finance costs	2.7(f), 8.6	...	14	(4)
Other expenses	2.7(g), 8.7	290	290	284
Total expenses from transactions		25,325	25,116	24,725
Net result from transactions (net operating balance)		(162)	(109)	(39)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	2.8(a), 9.1	...	...	(5)
Total other economic flows included in net result		...	...	(5)
Net result from continuing operations		(162)	(109)	(44)
Net result		(162)	(109)	(44)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Other movements taken directly to equity		(63)	...	...
Total other comprehensive income		(63)	...	...
Comprehensive result		(225)	(109)	(44)

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Tourism Tasmania

Statement of Financial Position

as at 30 June 2015

	Notes	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	2.9(a), 13.1	1	30	16
Receivables	2.9(b), 10.1	8	99	108
<i>Non-financial assets</i>				
Leasehold improvements	2.9(c), 10.2	194	199	234
Intangibles	2.9(d), 10.3	...	556	711
Other assets	2.9(e), 10.4	1,156	742	541
Total assets		1,359	1,626	1,610
Liabilities				
Payables	2.10(a), 11.1	77	90	60
Provisions	2.10(b), 11.2	347	197	340
Employee benefits	2.10(c), 11.3	1,156	1,390	1,165
Other liabilities	2.10(e), 11.4	4	9	5
Total liabilities		1,584	1,686	1,570
Net assets/(liabilities)		(225)	(60)	40
Equity				
Accumulated funds/(deficit)		(225)	(60)	40
Total equity/(deficit)		(225)	(60)	40

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Tourism Tasmania

Statement of Cash Flows

for the year ended 30 June 2015

	Notes	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts – recurrent		24,563	24,563	24,192
Sales of goods and services		600	337	418
GST receipts		...	1,600	1,744
Other cash receipts		...	107	76
Total cash inflows		25,163	26,607	26,430
Cash outflows				
Employee benefits		(5,981)	(5,681)	(7,028)
Supplies and consumables		(4,641)	(5,258)	(4,798)
Grants and subsidies		(1,678)	(1,487)	(2,712)
GST payments		...	(1,581)	(1,599)
Advertising and promotion		(12,773)	(12,518)	(9,389)
Other cash payments		(90)	(68)	(294)
Total cash outflows		(25,163)	(26,593)	(25,820)
Net cash from (used by) operating activities	13.2	...	14	610
Cash flows from investing activities				
Cash inflows				
Equity injections and cashflows from restructuring		1	...	...
Total cash inflows		1	...	...
Cash outflows				
Payments for acquisition of non-financial assets		...	...	(595)
Total cash outflows		...	...	(595)
Net cash from (used by) investing activities		1	...	(595)
Net increase (decrease) in cash held and cash equivalents		1	14	15
Cash and deposits at the beginning of the reporting period		...	16	1
Cash and deposits at the end of the reporting period	13.1	1	30	16

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Tourism Tasmania

Statement of Changes in Equity

for the year ended 30 June 2015

	Accumulated funds (deficit) \$'000	Total Equity (deficit) \$'000
Balance as at 1 July 2014	40	40
Net effects of changes in prior year adjustments	9	9
	49	49
Total comprehensive result	(109)	(109)
Balance as at 30 June 2015	(60)	(60)

	Accumulated funds (deficit) \$'000	Total Equity (deficit) \$'000
Balance as at 1 July 2013	84	84
Total comprehensive result	(44)	(44)
Balance as at 30 June 2014	40	40

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2015

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Note 1

Administered Financial Statements

1.1 Schedule of Administered Income and Expenses

	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Administered revenue and other income from transactions			
Revenue from Government			
Appropriation revenue – recurrent	1,000
Total administered revenue and other income from transactions	1,000
Administered expenses from transactions			
Grants and subsidies			
Tasmanian Icon Program	1,000
Total administered expenses from transactions	1,000
Administered net result from transactions

Tourism Tasmania does not have any administered assets or liabilities.

Administration of these grant payments have been transferred to Arts Tasmania and Sport and Recreation from 2014-15 onwards.

Note 2

Significant Accounting Policies

2.1 Objectives and Funding

Tourism Tasmania was established under the *Tourism Tasmania Act 1996*. Under Section 4(1) of the *Tourism Tasmania Act 1996*, the body corporate operates under the corporate name Tourism Tasmania.

Tourism Tasmania's role is to lead the industry in jointly delivering marketing and development programs that drive benefits for Tasmania from domestic and international tourism.

Tourism Tasmania's priorities are to:

- Maximise Tasmania's tourism potential
- Drive demand for Tasmania
- Enhance industry's competitive position with market-leading research and sound policy advice
- Be a highly effective organisation.

Tourism Tasmania activities are classified as either controlled or administered.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by Tourism Tasmania in its own right.

The activities of Tourism Tasmania predominantly funded through Parliamentary appropriations. It also provides services on a fee for service basis, as outlined in Note 7.2. The Financial Statements encompass all funds through which Tourism Tasmania controls resources to carry on its functions.

2.2 Basis of Accounting

The Financial Statements are general purpose Financial Statements and have been prepared in accordance with:

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board; and
- The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by Tourism Tasmania Chief Executive Officer and the Chair of the Board on 11 August 2015.

Compliance with the Australian Accounting Standards (AASBs and AASs) may not result in compliance with International Financial Reporting Standards (IFRS), as the AASBs and AASs include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. Tourism Tasmania is considered to be not-for-profit and has adopted some accounting policies under AASBs and AASs that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 2.5 below.

The Financial Statements have been prepared on the basis that Tourism Tasmania is a going concern. The continued existence

of Tourism Tasmania in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for Tourism Tasmania's administration and activities.

2.3 Reporting Entity

From 1 July 2014, Tourism Tasmania became a State Authority and State Service Agency established under the *State Service Act 2000*. This had no material impact on Tourism Tasmania's Financial Statements for 2014-15.

The Financial Statements include all the controlled activities of Tourism Tasmania. The Financial Statements consolidate material transactions and balances of Tourism Tasmania its output group.

2.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is Tourism Tasmania's functional currency.

2.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, Tourism Tasmania has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 1055 *Budgetary Reporting* – The objective of this Standard is to specify budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS of each government. Disclosures made in accordance with this Standard provide users with information relevant to assessing performance of an entity, including accountability for resources entrusted to it. There is no financial impact.
- 2013 9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]* – The objective of this Standard is to make amendments to the Standards and Interpretations listed in the Appendix:
 - (a) as a consequence of the issue of Accounting Framework AASB CF 2013 1 *Amendments to the Australian Conceptual Framework*, and editorial corrections, as set out in Part A of this Standard;
 - (b) to delete references to AASB 1031 *Materiality* in other Australian Accounting Standards, and to make editorial corrections, as set out in Part B of this Standard; and
 - (c) as a consequence of the issuance of IFRS 9 *Financial Instruments – Hedge Accounting* and amendments to IFRS 9, IFRS 7 and IAS 39 by the IASB in November 2013, as set out in Part C of this Standard.

There is no financial impact.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 15 *Revenue from Contracts with Customers* – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to

users of financial statements about the nature, amount, timing, an uncertainty of revenue and cash flows arising from a contract with a customer. This Standard applies to annual reporting periods beginning on or after 1 January 2017. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. Tourism Tasmania has not yet determined the potential effect of the revised Standard.

- 2010-7, 2014-7 and 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9* – The objective of these Standards is to make amendments to various standards as a consequence of the issuance of AASB 9 *Financial Instruments* in December 2010. Tourism Tasmania has determined that the potential impact of implementation will be nil.
- 2014 4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]* – The objective of this Standard is to make amendments to:
 - (a) AASB 116 *Property, Plant and Equipment*; and
 - (b) AASB 138 *Intangible Assets*;
 as a consequence of the issuance of International Financial Reporting Standard *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38) by the International Accounting Standards Board in May 2014. It is anticipated that there will not be any financial impact.
- 2014 8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]* – The objective of this Standard The objective of this Standard is to make amendments to:
 - (a) AASB 9 *Financial Instruments* (December 2009); and
 - (b) AASB 9 *Financial Instruments* (December 2010);
 as a consequence of the issuance of AASB 9 *Financial Instruments* in December 2014. It is anticipated that there will not be any financial impact.
- 2015 2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]* – The objective of this Standard is to make amendments to various standards (as noted) as a consequence of the issuance of International Financial Reporting Standard *Disclosure Initiative* (Amendments to IAS 1) by the International Accounting Standards Board in December 2014, and to make an editorial correction. It is anticipated that there will not be any financial impact.
- 2015 3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* – The objective of this Standard is to effect the withdrawal of AASB 1031 *Materiality* and to delete references to AASB 1031 in the Australian Accounting Standards, as set out in paragraph 13 of this Standard. Tourism Tasmania has determined that the potential impact is nil.
- 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* – The objective of this Standard is to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. There will be no material financial impact.

2.6 Income from Transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

(a) Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which Tourism Tasmania gains control of the appropriated funds. Except for any amounts identified as carried forward in Notes 7.1, control arises in the period of appropriation.

(b) Sales of goods and services

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(c) Other revenue

Other revenues are recognised when an increase in future economic benefits related to an increase of an asset or a decrease of a liability has arisen that can be measured reliably.

2.7 Expenses from Transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

(a) Employee benefits

Employee Benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(b) Amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements, once the asset is held ready for use.

Amortisation is provided for on a straight-line basis using rates which are reviewed annually. The major amortisation period is:

Leasehold improvements 5-12 years

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by Tourism Tasmania.

The major amortisation period is:

Software 5 years

(c) Supplies and consumables

Supplies and consumables, including audit fees, communications, information technology, operating lease costs, property expenses, purchase of goods and services, travel and transport, and legal expenses, are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction

in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

(d) Grants and subsidies

Grant and subsidies expenditure is recognised to the extent that

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied.

A liability is recorded when Tourism Tasmania has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

Program commitments shows amounts approved to clients payable over a period of one year or greater on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment.

(e) Advertising and promotion

Advertising and promotion are recognised as expenses when a decrease in future economic benefits related to a decrease in assets or an increase in a liability has arisen that can be measured reliably.

(f) Finance costs

Tourism Tasmania has no borrowings. The only finance costs incurred relate to unwinding of discounting of provisions.

(g) Other expenses

Other expenses are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

2.8 Other Economic Flows included in Net Result

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

(a) Gain/(loss) on sale of non-financial assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

(b) Impairment – Non financial assets

All non financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. Tourism Tasmania's assets are not used for the purpose of generating cash flows; therefore value in use is based on depreciated replacement cost where the asset would be replaced if deprived of it.

All impairment losses are recognised in the Statement of Comprehensive Income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change

in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(c) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows includes gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present values of the long service leave liability due to changes in the bond interest rate.

2.9 Assets

Assets are recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to Tourism Tasmania and the asset has a cost or value that can be measured reliably.

(a) Cash and deposits

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. Deposits are recognised at amortised cost, being their face value.

(b) Receivables

Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

(c) Plant and equipment and leasehold improvements

(i) Valuation basis

Non-current physical assets are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Tourism Tasmania and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by Tourism Tasmania is \$10,000 for all assets. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(d) Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to Tourism Tasmania; and
- the cost of the asset can be reliably measured.

Intangible assets held by Tourism Tasmania are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

(e) Other assets

Other assets are recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to Tourism Tasmania and the asset has a cost or value that can be measured reliably.

2.10 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

(a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when Tourism Tasmania becomes obliged to make future payments as a result of a purchase of assets or services.

(b) Provisions

A provision arises if, as a result of a past event, Tourism Tasmania has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

(c) Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(d) Superannuation

(i) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive

obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

(ii) Defined benefit plans

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. Tourism Tasmania does not recognise a liability for the accruing superannuation benefits for employees delivering Tourism Tasmania activities. This liability is recognised within the Finance-General Division of the Department of Treasury and Finance.

(e) Other liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

2.11 Leases

Tourism Tasmania has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

Tourism Tasmania is prohibited by Treasurer's Instruction 502 *Leases* from holding finance leases.

2.12 Judgements and Assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Details of significant accounting judgements are included at Note 6.

2.13 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated gains and losses are not material.

2.14 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of any changes in accounting policy on comparative figures are at Note 2.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

2.15 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$500 are rounded to zero and are indicated by the symbol "...".

2.16 Taxation

Tourism Tasmania is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

2.17 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

2.18 Non traded investments

In June 2001 Tourism Tasmania along with all the other State tourism authorities, and Tourism Australia contributed share capital in the establishment of Australian Tourism Data Warehouse Pty Ltd (ATDW). ATDW is a company limited by share, incorporated in NSW. The company is a central content and distribution platform for the Australian tourism industry.

In 2014-15 Tourism Australia exercised its right to sell shares under the shareholder's Agreement. Paragraph 10 of the Shareholders Agreement states that a shareholder can only dispose of shares to another shareholder. Sale of 54,261 shares from Tourism Australia to Tourism Tasmania with a total sale value of \$4.00 ("Share Package") occurred as at 30 June 2015.

Tourism Tasmania believes that because of the nature of ATDW and its shareholders and restrictions in the shareholder agreement, the shares have little value using the definition in AASB 13 of fair value. The standard defines 'fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.

Note 3

Tourism Tasmania Output Schedule

3.1 Output Group Information

Tourism Tasmania is a marketing-led organisation with a specific focus on research driven marketing and distribution programs. Its role is to deliver programs that create demand for tourism in Tasmania, to support a strong regional tourism network and to drive broad benefits for the Tasmanian economy.

Tourism Tasmania only has a single output to fulfil its role. The summary of budgeted and actual revenues and expenses for this Output are the same as in the Statement of Comprehensive Income. Therefore, the inclusion of a separate Output Schedule is not necessary.

Explanations of material variances between budget and actual outcomes are provided in Note 4 below. A reconciliation of the net result of the Output Group to the net surplus on the Statement of Comprehensive Income is not necessary as Tourism Tasmania only has one output group. For the same reason there is no separate reconciliation between the total net assets deployed for the Output Group to net assets on the Statement of Financial Position.

Note 4

Explanations of Material Variances between Budget and Actual Outcomes

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$50,000.

Tourism Tasmania has a focused Annual Operating Plan (AOP) that is overseen by a Board of Directors with the funding aligned to projects and performance is monitored against that budget, this differentiates from the original budget in the Financial Statements that is calculated by Treasury through BMS with budget aligned to type of expenditure.

4.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Continuing operations					
Sales of goods and services	(a)	600	272	(328)	(55)
Other revenue	(b)	...	172	172	100
Supplies and consumables	(c)	4,641	4,957	316	7
Grants and subsidies	(d)	1,678	1,487	(191)	(11)

Notes to Statement of Comprehensive Income variances

- (a) Sales of goods and services are below budget due mainly to a reduction in receipts from reimbursements and recoveries.
- (b) Other revenue transactions such as recoveries, reimbursements and other revenue from continuing operations, were not anticipated when the budget was set.
- (c) Supplies and consumables are above budget primarily due to the corporate support contracted services provided by the Department of State Growth of \$1.2 million.
- (d) Grants and subsidies payments were overestimated when the original budget was set.

4.2 Statement of Financial Position

	Note	Budget \$'000	2015 Actual \$'000	2014 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Receivables	(a)	8	99	108	91	...
Intangibles	(b)	...	556	711	556	155
Other assets	(c)	1,156	742	541	(414)	(201)
Provisions	(d)	347	197	340	(150)	143
Employee benefits	(e)	1,156	1,390	1,165	234	(225)

Notes to Statement of Financial Position variances

- (a) Receivables are below budget due to lower than estimated tax assets as at 30 June 2015.
- (b) Intangibles assets were not anticipated when the budget was set. Actual 2015 result is lower than prior year due to the capitalisation of the new DT.com website and full year amortisation of the website.
- (c) Other assets are below budget due to a lower than estimated balance of prepayments as at 30 June 2015. Actual 2015 balance is higher mainly due to a prepayment in relation to the Australian Tourism Data Warehouse (ATDW) of \$241,882.80.
- (d) Provisions are below budget and lower than last year actual due to the 2014-15 balance being reversed due to a reliable estimate not being able to be obtained in light of the current building lease renegotiations.
- (e) Employee benefits are above budget due to higher than estimated salary-related accruals. Actual 2015 result is higher than prior year mainly as a result of an increase in LSL balances.

4.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Sales of goods and services	(a)	600	337	(263)	(44)
GST receipts	(b)	...	1,600	1,600	100
Other cash receipts	(c)	...	107	107	100
Supplies and consumables	(d)	(4,641)	(5,258)	(617)	13
Grants and subsidies	(e)	(1,678)	(1,487)	191	(11)
GST payments	(b)	...	(1,581)	(1,581)	(100)

Notes to Statement of Cash Flows variances

- (a) Sales of goods and services are below budget due mainly to a reduction in receipts from reimbursements and recoveries.
- (b) GST receipts and GST payments relating to Tourism Tasmania were previously grouped in the former Department of Economic Development, Tourism and the Arts and were not split out when the original budget was set for 2014-15. This will be corrected in subsequent years.
- (c) Other cash receipts transactions such as recoveries, reimbursements and other revenue from continuing operations, were not anticipated when the budget was set.
- (d) Supplies and consumables are above budget primarily due to the corporate support contracted services provided by the Department of State Growth of \$1.2 million.
- (e) Grants and subsidies payments were overestimated when the original budget was set.

Note 5

Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on Tourism Tasmania's Financial Statements as at 30 June 2015 with the exception of the following:

Tourism Tasmania will have an office relocation during the 2015-16 financial year.

Note 6

Significant Accounting Judgements

Judgements made by Tourism Tasmania that have significant effects on the Financial Statements are disclosed in the relevant notes as follows:

- Provisions (refer to Notes 2.10(b), 11.2),
- Employee benefits (refer to Notes 2.10(c), 11.3); and
- Amortisation (refer to Notes 2.7(b), 8.2).

Tourism Tasmania has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Note 7

Income from Transactions

7.1 Revenue from Government

Revenue from Government includes revenue from appropriations and appropriations carried forward under section 8A(2) of the *Public Account Act 1986*.

The Budget information is based on original estimates and has not been subject to audit.

	2015 Budget \$'000	2015 Actual \$'000	2014 Actual \$'000
Appropriation revenue – recurrent			
Current year	24,563	24,563	24,192
Total revenue from Government	24,563	24,563	24,192

7.2 Sales of Goods and Services

	2015 \$'000	2014 \$'000
User charges including advertising	272	418
Total	272	418

7.3 Other Revenue

	2015 \$'000	2014 \$'000
Recoveries, reimbursements and other revenue from continuing operations	172	76
Total	172	76

Note 8

Expenses from Transactions

8.1 Employee Benefits

(a) Employee expenses

	2015 \$'000	2014 \$'000
Wages and salaries	4,252	5,094
Annual leave	315	380
Long service leave	184	127
Sick leave	136	138
Superannuation – defined benefit scheme	56	66
Superannuation – contribution schemes	566	641
Other post-employment benefits	209	337
Other employee expenses	164	255
Total	5,882	7,038

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.75 per cent (2013-14 12.5 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.5 per cent (2013-14 9.25 per cent) of salary. In addition, Tourism Tasmania is also required to pay into the Consolidated Fund a “gap” payment equivalent to 3.25 per cent (2014: 3.5 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

2015	SHORT-TERM BENEFITS		Super annuation	LONG-TERM BENEFITS			Total
	Salary	Other Benefits		Post-Employment Benefits	Termination Benefits	Other Benefits & Long-Service Leave	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Board Members							
James Cretan, Chairperson (from 12/08/2014)	41	...	4	...	...	...	45
Simon Carrant	28	...	3	...	...	...	31
Brett Torossi	28	...	3	...	...	...	31
Dallas Newton	28	...	3	...	...	...	31
Kim Seagram (to 28/02/2015)	20	...	2	...	...	...	22
Michele Cox (from 30/10/2014)	18	...	2	...	...	...	20
Kate Vale (from 30/10/2014)	18	...	2	...	...	...	20
Management personnel							
John Fitzgerald, CEO	234	6	22	...	...	6	268
Mark Jones, Director Operations & Planning	145	2	14	...	...	4	165
Guy Taylor, Executive Director of Marketing (from 11/08/2014)	154	12	15	...	...	1	182
Total	714	20	70	...	...	11	815

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Tourism Tasmania, directly or indirectly.

Remuneration during 2014-15 for key personnel is set by the *State Service Act 2000*. Remuneration and other terms of employment are specified in employment contracts. Short-term benefits include motor vehicle and car parking fringe benefits in addition to annual leave and any other short term benefits. Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year, any FBT attributable to key management personnel is reported on that basis. Long term employee expenses include long service leave, superannuation obligations and termination payments.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

Note 9

Other Economic Flows included in Net Result

8.2 Amortisation

	2015 \$'000	2014 \$'000
Intangibles	155	115
Leasehold Improvements	35	34
Total amortisation	190	149

8.3 Supplies and Consumables

	2015 \$'000	2014 \$'000
Audit fees – financial audit	40	45
Audit fees – internal audit	47	94
Operating lease costs	340	601
Consultants and contracted services	3,386	2,326
Property expenses	57	99
Maintenance	4	16
Communications	81	163
Information technology	368	684
Travel and transport	479	476
Other supplies and consumables	155	158
Total	4,957	4,662

Consultants and Contracted services are higher in 2014-15 mainly due to the corporate support contracted services provided by the Department of State Growth of \$1.2 million.

8.4 Grants and Subsidies

	2015 \$'000	2014 \$'000
Regional tourism support	977	1,085
Convention program support	...	710
Cantilevered Look Out	...	230
Hospitality	...	100
Contribution to Tasmanian Visitor Information Network (TVIN)	340	340
Contribution to Tourism Industry Council Tasmania (TICT)	170	145
Total	1,487	2,610

8.5 Advertising and Promotion

	2015 \$'000	2014 \$'000
Advertising and promotion	12,296	9,986
Total	12,296	9,986

8.6 Finance Costs

	2015 \$'000	2014 \$'000
Unwinding of discounting of provisions	14	(4)
Total	14	(4)

8.7 Other Expenses

	2015 \$'000	2014 \$'000
Salary on costs	57	56
Seminars and conferences	21	35
Contribution to Dark MOFO	200	200
Other	12	(7)
Total	290	284

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

	2015 \$'000	2014 \$'000
Net gain/(loss) on disposal of non-financial assets	...	(5)
Total net gain/(loss) on non-financial assets	...	(5)

Note 10

Assets

10.1 Receivables

	2015 \$'000	2014 \$'000
Receivables	...	...
Tax assets	99	108
Total	99	108
Settled within 12 months	99	108
Settled in more than 12 months	...	...
Total	99	108

10.2 Leasehold improvements

(a) Carrying amount

	2015 \$'000	2014 \$'000
Leasehold improvements		
At cost	388	388
Less: Accumulated amortisation	(189)	(154)
Total leasehold improvements	199	234

(b) Reconciliation of movements

	2015 \$'000	2014 \$'000
Carrying amount at 1 July	234	262
Additions	...	6
Amortisation expense	(35)	(34)
Carrying amount at 30 June	199	234

10.3 Intangibles

(a) Carrying amount

	2015 \$'000	2014 \$'000
Intangibles with a finite useful life		
Software at cost	776	776
Less: Accumulated amortisation	(220)	(65)
Total	556	711

(b) Reconciliation of movements

	2015 \$'000	2014 \$'000
Carrying amount at 1 July	711	242
Additions to work in progress	...	589
Disposals	...	(5)
Amortisation expense	(155)	(115)
Carrying amount at 30 June	556	711

10.4 Other Assets

(a) Carrying amount

	2015 \$'000	2014 \$'000
Other current assets		
Prepayments	742	541
Total	742	541
Utilised within 12 months	681	466
Utilised in more than 12 months	61	75
Total	742	541

Note 11

Liabilities

11.1 Payables

	2015 \$'000	2014 \$'000
Creditors	21	18
Accrued expenses	69	42
Total	90	60
Settled within 12 months	90	60
Settled in more than 12 months	...	...
Total	90	60

Settlement is usually made within 30 days.

11.2 Provisions

(a) Carrying amount

	2015 \$'000	2014 \$'000
Operating lease provisions	...	159
Operating lease make-good provisions	197	181
Total	197	340
Settled within 12 months	191	159
Settled in more than 12 months	6	181
Total	197	340

The amount of provisions is the best estimate of the expenditure required to settle the present obligation, as at the end of the reporting period. The best estimate at the end of the reporting period, takes into account increases of costs, using the Consumer Price Index (CPI). The provision is discounted to reflect the present value of such expenditures where the time value of money is material.

(b) Reconciliation of movements in provisions

	Operating lease make-good provision		Operating lease provisions		Total Provisions	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance at 1 July	181	188	159	159	340	347
Increases	6	6	...	...	6	6
Changes against the provision	...	(3)	(159)	...	(159)	(3)
Changes in discounting	10	(10)	...	...	10	(10)
Reversals	...	...	...	...	...	...
Balance at 30 June	197	181	...	159	197	340

The movement in the operating lease provisions relates to the balance being reversed as it was unnecessarily raised in prior years resulting in a change in accounting treatment this year.

11.3 Employee Benefits

	2015 \$'000	2014 \$'000
Accrued salaries	182	162
Annual leave	341	325
Long service leave	863	666
SSALS and PLS provisions	4	12
Total	1,390	1,165
Settled within 12 months	567	549
Settled in more than 12 months	823	616
Total	1,390	1,165

11.4 Other Liabilities

	2015 \$'000	2014 \$'000
Other liabilities		
Employee benefits – on-costs	9	5
Total	9	5
Settled within 12 months	3	2
Settled in more than 12 months	6	3
Total	9	5

Note 12

Commitments and Contingencies

12.1 Schedule of Commitments

	2015 \$'000	2014 \$'000
By type		
<i>Lease Commitments</i>		
Operating leases	572	6,744
Total lease commitments	572	6,744
<i>Other Commitments</i>		
Program commitments	4,341	7,965
Total other commitments	4,341	7,965
Total	4,913	14,709
By maturity		
<i>Operating lease commitments</i>		
One year or less	495	503
From one to five years	57	2,548
More than five years	20	3,693
Total lease commitments	572	6,744
<i>Other commitments</i>		
One year or less	3,467	3,960
From one to five years	874	4,005
More than five years	...	...
Total other commitments	4,341	7,965
Total	4,913	14,709

Operating leases are associated with rental costs for leased premises occupied by Tourism Tasmania, office equipment and motor vehicles leased through the Government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. The current lease period of these premises decreased from 11 years to only 1 year as a result of the Administrative restructure. A reliable estimate for leases below 1 year have not been able to be obtained in light of the current building lease renegotiations.

The Program commitments shows amounts approved to clients payable over a period of one year or greater on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment.

12.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding the amount or timing of the underlying claim or obligation.

As at 30 June 2015, Tourism Tasmania did not have any contingent assets or liabilities.

Note 13

Cash Flow Reconciliation

13.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by Tourism Tasmania and other cash held.

	2015 \$'000	2014 \$'000
Special Deposits and Trust Fund balance		
T535 Operating Account	29	15
Total	29	15
Other cash held		
Cash on hand and at bank	1	1
Total	1	1
Total cash and deposits	30	16

13.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2015 \$'000	2014 \$'000
Net result from transactions (net operating balance)	(109)	(39)
Depreciation and amortisation	190	149
Net effects of changes in prior year adjustments	9	...
Decrease (increase) in Receivables	9	(100)
Decrease (increase) in Other assets	(201)	613
Increase (decrease) in Employee benefits	225	10
Increase (decrease) in Payables	30	(17)
Increase (decrease) in Provisions	(143)	(7)
Increase (decrease) in Other liabilities	4	1
Net cash from (used by) operating activities	14	610

Note 14

Financial Instruments

14.1 Risk Exposures

(a) Risk management policies

Tourism Tasmania has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and

The Tourism Tasmania Board of Directors has overall responsibility for the establishment and oversight of Tourism Tasmania's risk management framework. Risk management policies are established to identify and analyse risks faced by Tourism Tasmania, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(b) Credit risk exposures

Credit risk is the risk of financial loss to Tourism Tasmania if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The credit risk on financial assets of Tourism Tasmania which have been recognised in the Statement of Financial Position is the carrying amount, net of any provision for doubtful debts. Tourism Tasmania extends 30 day credit terms for sundry receivables.

Tourism Tasmania is not materially exposed to any individual overseas country or individual customer. Concentrations of credit risk by industry on Account Receivables are 100%.

Financial Instrument	Accounting and strategic policies (including recognition criteria, measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables	Receivables are recognised at amortised cost, less any impairment losses.	The general term of trade for receivables is 30 days.
Cash and deposits	Deposits are recognised at the nominal amounts.	Cash means notes, coins and any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. Tourism Tasmania does not earn any interest on funds held.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents Tourism Tasmania's maximum exposure to credit risk without taking into account of any collateral or other security.

Analysis of financial assets that are past due at 30 June 2015 but not impaired

	Not past due \$'000	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	99	...	...	...	99

Analysis of financial assets that are past due at 30 June 2014 but not impaired

	Not past due \$'000	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	108	...	...	...	108

(c) Liquidity risk

Liquidity risk is the risk that Tourism Tasmania will not be able to meet its financial obligations as they fall due. Tourism Tasmania's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due on the basis of continued funding from the Government.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when Tourism Tasmania becomes obliged to make future payments as a result of a purchase of assets or services.	Tourism Tasmania's terms of trade are 30 days.

The following tables detail the undiscounted cash flows payable by Tourism Tasmania relating to the remaining contractual maturity for its financial liabilities:

2015

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Payables	90	...	...	...	...	...	90	90
Total	90	...	...	...	...	...	90	90

Financial liabilities

Payables	90	...	...	...	...	...	90	90
Total	90	...	...	...	...	...	90	90

2014

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Payables	60	...	...	...	...	...	60	60
Total	60	...	...	...	...	...	60	60

Financial liabilities

Payables	60	...	...	...	...	...	60	60
Total	60	...	...	...	...	...	60	60

Independent Auditor's Report

To Members of the Tasmanian Parliament

Tourism Tasmania

Financial Report for the Year Ended 30 June 2015

Report on the Financial Statements

I have audited the accompanying financial statements of Tourism Tasmania (the Authority), which comprises the statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification by the Chair of the Board and Chief Executive Officer.

Auditor's Opinion

In my opinion the Authority's financial statements:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2015, and its financial performance, cash flows and changes in equity for the year then ended
- (b) are in accordance with the *Tourism Tasmania Act 1996* and Australian Accounting Standards.

The Responsibility of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and Section 38 of *Tourism Tasmania Act 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

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and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

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

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in the Authority's financial report.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office



E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
28 September 2015

...2 of 2

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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Tourism
Tasmania

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