

Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

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Note 1

Tourism Tasmania Output Schedule

1.1 Output Group Information

Tourism Tasmania's role is to create demand for travel to the State by connecting people culturally and emotionally to Tasmania through domestic and international marketing programs that lead and activate the Tasmanian brand, and grow economic and social value.

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 2 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 2

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.

2.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Continuing operations					
Sales of goods and services	(a)	610	6	(604)	(99)
Recoveries	(b)	...	709	709	100
Net gain/(loss) on non-financial assets	(c)	...	(185)	(185)	(100)
Net gain/(loss) on financial liabilities	(d)	...	197	197	100

Notes to Statement of Comprehensive Income variances

(a) & (b) Budget allocation does not match transaction allocation. Budget should be against recoveries (other revenue) category (b).

(c) & (d) Net gain/(loss) on non-financial assets and financial liabilities both relate to the termination of the lease at 22 Elizabeth Street Hobart which resulted in the write-off of the leasehold improvements assets and the provision to make good liability.

2.2 Statement of Financial Position

	Note	Budget \$'000	2016 Actual \$'000	2015 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Receivables	(a)	108	219	99	111	120
Leasehold improvements	(b)	164	349	199	185	150
Other assets	(c)	541	505	742	(36)	(237)
Provisions	(d)	340	...	197	(340)	(197)
Employee benefits	(e)	1,165	1,303	1,390	138	(87)

Notes to Statement of Financial Position variances

(a) Unanticipated large receivable \$123,000 over year end for reimbursements in respect of 15 Murray Street fitout.
 (b) Fitout of new premises at 15 Murray Street.
 (c) Lower than anticipated year end balance of prepayments.
 (d) Make-good provisions related to vacated premises at 22 Elizabeth Street Hobart and Cornwall Square Launceston have been written off.

(e) Higher than estimated salary-related accruals of leave liabilities. Actual 2016 is lower than prior year primarily due to a decrease in accrued salaries, resulting from only one day in the first pay of 2016-17 being attributable to 2015-16, compared to 9 days in the first pay of 2015-16 being attributable to 2014-15.

2.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Sales of goods and services	(a)	610	7	(603)	(99)
Other cash receipts	(b)	...	642	642	100
GST receipts	(c)	...	1,762	1,762	100
GST payments	(d)	...	(1,769)	(1,769)	(100)
Supplies and consumables	(e)	(5,690)	(5,143)	547	(10)

Notes to Statement of Cash Flows variances

(a) & (b) Budget allocation does not match transaction allocation. Budget should be against other cash receipts category.
 (c) & (d) Net GST payable is \$7,000. No budget set.

(e) Reallocation of budget expenditure towards Tourism marketing expenses. Note Supplies and Consumables + Advertising and promotion aggregated budget \$18.56M, aggregated expenditure \$18.40M.

Note 3

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.

3.1 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 3.1, control arises in the period of appropriation.

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.

	2016 Budget \$'000	2016 Actual \$'000	2015 Actual \$'000
Appropriation revenue – recurrent Current year	25,890	25,890	24,563
Total revenue from Government	25,890	25,890	24,563

3.2 Recoveries

	2016 Actual \$'000	2015 Actual \$'000
Supplies and Consumables – office fitout	203	...
Employee Benefits – Aviation and Access	91	86
Grants and Subsidies	230	...
Supplies and Consumables co-op marketing activities	143	86
Supplies and Consumables other recoveries and reimbursements	42	...
Total Recoveries	709	172

Note 4

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.

4.1 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.

(a) Employee expenses

	2016 \$'000	2015 \$'000
Wages and salaries	4,435	4,252
Annual leave	331	315
Long service leave	75	184
Sick leave	146	136
Superannuation – defined benefit scheme	65	56
Superannuation – contribution schemes	540	566
Other post-employment benefits	95	209
Other employee expenses	142	164
Total	5,829	5,882

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an agency contribution rate determined by the Treasurer, on the advice of the State Actuary. The current agency contribution is 12.75 per cent (2015: 12.75 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 (2015: 9.5 per cent) of salary. In addition, Tourism Tasmania is required to pay into the Consolidated Fund a “gap” payment equivalent to 3.25 per cent (2015: 3.25 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

2016	SHORT-TERM BENEFITS		LONG-TERM BENEFITS		Termination Benefits \$'000	Total \$'000
	Salary	Other Benefits	Super annuation	Other Benefits & Long-Service Leave		
	\$'000	\$'000	\$'000	\$'000		
Board Members						
James Cretan, Chairperson	53	...	5	...	...	58
Simon Carrant	29	...	3	...	...	32
Brett Torossi	35	...	3	...	...	38
Dallas Newton (to 11/08/2015)	6	...	1	...	...	7
Michelle Cox	29	...	3	...	...	32
Kate Vale	29	...	3	...	...	32
Rebecca King (from 15/09/2015)	23	...	2	...	...	25
Management personnel						
John Fitzgerald, CEO	246	6	23	8	...	283
Mark Jones, Director Operations & Planning	154	3	15	5	...	177
Guy Taylor, Executive Director of Marketing	210	20	20	7	...	257
Total	814	29	78	20	...	941

2015	SHORT-TERM BENEFITS		LONG-TERM BENEFITS		Termination Benefits \$'000	Total \$'000
	Salary	Other Benefits	Super annuation	Other Benefits & Long-Service Leave		
	\$'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
Michelle 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 2015-16 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.

4.2 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
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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
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	2016 \$'000	2015 \$'000
Intangibles	155	155
Leasehold Improvements	36	35
Total amortisation	191	190

4.3 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.

	2016 \$'000	2015 \$'000
Audit fees – financial audit	40	40
Audit fees – internal audit	53	47
Operating lease costs	543	340
Consultants	8	1
Contracted services	2,112	2,171
Corporate overhead fee	1,214	1,214
Property expenses	229	57
Maintenance	3	4
Communications	101	81
Information technology	352	368
Travel and transport	615	479
Other supplies and consumables	207	155
Total	5,477	4,957

2016 Operating lease costs \$543,000 is due to operating lease costs on two premises for the first five months of 2016 due to office build and relocation.

4.4 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.

	2016 \$'000	2015 \$'000
Regional tourism support	1,200	977
Contribution to Tasmanian Visitor Information Network (TVIN)	340	340
Contribution to Tourism Industry Council Tasmania (TICT)	170	170
Total	1,710	1,487

Grant payment for Regional tourism support was partly funded by the Department of State Growth, with \$230,000 received from the Department as a recovery in the Statement of Comprehensive Income.

4.5 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.

	2016 \$'000	2015 \$'000
On-line advertising	4,571	3,010
Media advertising	2,259	3,237
Co-operative/partnership marketing	3,096	2,980
Industry trade promotions	821	832
Visitor Joint Promotion (VJP) expenses	628	612
Overseas representative expenses	636	886
Other advertising/promotional expenses	1,109	739
Total	13,120	12,296

Total direct marketing spend of \$15.2 million for 2016 which included Advertising and Promotion figure of \$13,120,000 but also comprised of Supplies and Consumables \$1.9 million and Employee Benefits for Guide Salaries \$159,000.

Note 5

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.

4.6 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.

	2016 \$'000	2015 \$'000
Salary on costs	53	57
Seminars and conferences	32	21
Contribution to Dark MOFO	...	200
Finance costs	...	14
Other	4	12
Total	89	304

Major variance between 2015 and 2016 is due to the conclusion of grant deed in 2015 for Dark MOFO and new grant deed administered by State Growth for 2016.

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

	2016 \$'000	2015 \$'000
Net loss on disposal of Leasehold improvements on vacation of 22 Elizabeth Street Hobart and Cornwall Square Launceston premises	(185)	...
Total net gain/(loss) on non-financial assets	(185)	...

5.2 Net gain/(loss) on financial liabilities

	2016 \$'000	2015 \$'000
Net gain on the write-off of the provision to make good on vacation of 22 Elizabeth Street Hobart and Cornwall Square Launceston premises	197	...
Total net gain/(loss) on non-financial assets	197	...

Note 6

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.

6.1 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.

	2016 \$'000	2015 \$'000
Receivables	127	...
Tax assets	92	99
Total	219	99
Settled within 12 months	219	99
Settled in more than 12 months	...	...
Total	219	99

6.2 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).

(a) Carrying amount

	2016 \$'000	2015 \$'000
Leasehold improvements		
At cost	370	388
Less: Accumulated amortisation	(21)	(189)
Total leasehold improvements	349	199

(b) Reconciliation of movements

	2016 \$'000	2015 \$'000
Carrying amount at 1 July	199	234
Additions – 3/15 Murray Street Hobart	370	...
Disposals – 22 Elizabeth Street Hobart and Cornwall Square Launceston	(185)	...
Amortisation expense	(35)	(35)
Carrying amount at 30 June	349	199

6.3 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.

(a) Carrying amount

	2016 \$'000	2015 \$'000
Intangibles with a finite useful life		
Software at cost	776	776
Less: Accumulated amortisation	(376)	(220)
Total	400	556

(b) Reconciliation of movements

	2016 \$'000	2015 \$'000
Carrying amount at 1 July	556	711
Amortisation expense	(156)	(155)
Carrying amount at 30 June	400	556

6.4 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.

	2016 \$'000	2015 \$'000
Other assets		
Prepayments	505	742
Total	505	742
Utilised within 12 months	505	681
Utilised in more than 12 months	...	61
Total	505	742

Note 7

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.

7.1 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.

	2016 \$'000	2015 \$'000
Creditors	28	21
Accrued expenses	21	69
Total	49	90
Settled within 12 months	49	90
Settled in more than 12 months	...	...
Total	49	90

Settlement is usually made within 30 days.

7.2 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.

(a) Carrying amount

	2016 \$'000	2015 \$'000
Operating lease make-good provisions	...	197
Total	...	197
Settled within 12 months	...	191
Settled in more than 12 months	...	6
Total	...	197

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 provision		Operating lease make-good provisions		Total Provisions	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance at 1 July	...	159	197	181	197	340
Increases	6	...	6
Changes against the provision	...	(159)	...	...	...	(159)
Changes in discounting	10	...	10
Reversals	(197)	...	(197)	...
Balance at 30 June	197	...	197

The movement in the make-good provisions relates to the balance being written-off as the leases at 22 Elizabeth Street Hobart and Cornwall Square Launceston were terminated during 2015-16. Make-good liability in relation to the new premises at 15 Murray Street Hobart has not been imposed.

7.3 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.

	2016 \$'000	2015 \$'000
Accrued salaries	20	182
Annual leave	364	341
Long service leave	914	863
Other provisions	5	4
Total	1,303	1,390
Settled within 12 months	429	567
Settled in more than 12 months	874	823
Total	1,303	1,390

7.4 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.

	2016 \$'000	2015 \$'000
Other liabilities		
Employee benefits – on-costs	9	9
PAYG withholding tax liability over year end	45	...
Total	54	9
Settled within 12 months	48	3
Settled in more than 12 months	6	6
Total	54	9

Note 8

Commitments and Contingencies

8.1 Schedule of Commitments

	2016 \$'000	2015 \$'000
By type		
<i>Lease Commitments</i>		
Operating leases	4,294	572
Total lease commitments	4,294	572
<i>Other Commitments</i>		
Program commitments	7,460	4,341
Total other commitments	7,460	4,341
Total	11,754	4,913
By maturity		
<i>Operating lease commitments</i>		
One year or less	403	495
From one to five years	2,083	57
More than five years	1,808	20
Total lease commitments	4,294	572
<i>Other commitments</i>		
One year or less	4,240	3,467
From one to five years	3,220	874
More than five years	...	...
Total other commitments	7,460	4,341
Total	11,754	4,913

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.

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. Tourism Tasmania was released from the lease at 22 Elizabeth St Hobart on 30 November 2015 and it entered into a new 10 year lease at 15 Murray Street Hobart effective 1 July 2015.

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.

8.2 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 2016, Tourism Tasmania did not have any contingent assets or liabilities.

Note 9

Cash Flow Reconciliation

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.

9.1 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.

	2016 \$'000	2015 \$'000
Special Deposits and Trust Fund balance		
T535 Operating Account	73	29
Total	73	29
Other cash held		
Petty cash float	1	1
Total	1	1
Total cash and deposits	74	30

9.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2016 \$'000	2015 \$'000
Net result	201	(109)
Depreciation and amortisation	191	190
(Gain)/loss on the disposal of non-financial assets	185	...
Net effects of changes in prior year adjustments	..	9
Decrease (increase) in Receivables	(120)	9
Decrease (increase) in Other assets	237	(201)
Increase (decrease) in Employee benefits	(87)	225
Increase (decrease) in Payables	(41)	30
Increase (decrease) in Provisions	(197)	(143)
Increase (decrease) in Other liabilities	46	4
Net cash from (used by) operating activities	415	14

Note 10

Financial Instruments

10.1 Risk Exposures

(a) Risk management policies

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

- credit risk;
- liquidity risk;

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.

The following tables analyse financial assets that are past due but not impaired:

Analysis of financial assets that are past due at 30 June 2016 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	92	123	4	...	219

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

(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.

Note 11

Events Occurring After Balance Date

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

2016

Maturity analysis for financial liabilities								Undisco	Carrying
	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	unted Total	Amount	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial liabilities									
Payables	49	...	...	...	...	...	49	49
Total	49	...	...	...	...	...	49	49

2015

Maturity analysis for financial liabilities								Undisco	Carrying
	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	unted Total	Amount	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial liabilities									
Payables	90	...	...	...	...	...	90	90
Total	90	...	...	...	...	...	90	90

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 2016.

Note 12

Other Significant Accounting Policies and Judgements

12.1 Objectives and Funding

Tourism Tasmania's role is to create demand for travel to the State by connecting people culturally and emotionally to Tasmania through domestic and international marketing programs that lead and activate the Tasmanian brand, and grow economic and social value.

The principles that will guide our actions focus on understanding Tasmania's uniqueness, challenging traditional thinking, being consumer-centric and being accountable, yet fearless.

Under T21 – *The Tasmanian Visitor Economy Strategy 2015-20* the government and the industry will collectively focus on four priorities to reach the 1.5 million visitor goal and generate the improved economic benefits. Under this joint approach, Tourism Tasmania will focus on stimulating more demand for leisure travel to Tasmania as its main contribution to reaching the 1.5 million visitor goal.

Tourism Tasmania activities are classified as controlled.

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 are predominantly funded through Parliamentary appropriations. The Financial Statements encompass all funds through which Tourism Tasmania controls resources to carry on its functions.

12.2 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 12 August 2016.

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 12.5 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.

Tourism Tasmania has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities in the next reporting period. AASB 101.

12.3 Reporting Entity

From 1 July 2014, Tourism Tasmania became a State Authority and State Service Agency established under the *State Service Act 2000*.

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.

12.4 Functional and Presentation Currency

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

12.5 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:

- *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.

- *2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]* – The objective of this Standard is to make amendment to Australian Accounting Standards that arise from the issuance of International Financial Reporting Standard *Annual Improvements to IFRSs 2012-2014 Cycle* by the IASB. This Standard applies to annual reporting periods beginning on or after 1 January 2016. Tourism Tasmania has determined that the potential financial impact is nil.

- *AASB 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 amend AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. This Standard applies to annual reporting periods beginning on or after 1 January 2016. This has resulted in some changes in the presentation of these financial statements.
- *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.

(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 2015-7 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.
- *2014-5 Amendments to Australian Accounting Standards arising from AASB 15* – The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 *Revenue from Contracts with Customers*. This Standard applies to annual reporting periods beginning on or after 1 January 2017, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2018. This Standard shall be applied when AASB 15 is applied. Tourism Tasmania has not yet determined the potential effect of the revised Standard on Tourism Tasmania's Financial Statements.
- *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 make amendments to AASB 124 *Related Party Disclosures* to extend the scope of that Standard to include not-for-profit public sector entities. This Standard applies to annual

reporting periods beginning on or after 1 July 2016. There will be no material financial impact, however there will be additional disclosures.

- *2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15* – The objective of this Standard is to amend the mandatory effective date of AASB 15 *Revenue from Contracts with Customers* so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Tourism Tasmania has not yet determined the potential effect of the revised Standard on Tourism Tasmania's Financial Statements.
- *2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* – The objective of this Standard is to amend AASB 107 *Statement of Cash Flows* to require entities preparing statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This Standard applies to annual periods beginning on or after 1 January 2017. The impact is increased disclosure in relation to cash flows and non-cash changes.
- *AASB 16 Leases* – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to leases. Tourism Tasmania has not yet determined the potential effect of the revised Standard on Tourism Tasmania's Financial Statements.

12.6 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.

12.7 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 12.5.

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

12.8 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 "...".

12.9 Taxation

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

12.10 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.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

12.11 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 2015-16 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'.



Tasmanian Audit Office

Independent Auditor's Report

To Members of the Tasmanian Parliament

Tourism Tasmania

Financial Report for the Year Ended 30 June 2016

Report on the Financial Report

I have audited the accompanying financial report of Tourism Tasmania (the Authority), which comprises the statement of financial position as at 30 June 2016 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement of compliance by the Chair of the Board and Chief Executive Officer.

Auditor's Opinion

In my opinion the Authority's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2016, and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Tourism Tasmania Act 1996* and Australian Accounting Standards.

The Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report 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 report that is 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 report 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 and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, 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 report 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 Board'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 report.

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* promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Tasmanian Audit Office



Derek S Burns
Acting Group Leader Financial Audit
Delegate of the Auditor-General

Hobart
31 August 2016

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