



Tourism Tasmania
Annual Report
2007 | 2008



Tourism Tasmania

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Letter to the Minister

The Hon. Michelle O'Byrne MP | Minister for Tourism

Dear Minister

In accordance with Section 41 of the Tourism Tasmania Act 1996, I have pleasure in submitting to you the 2007-2008 Annual Report for Tourism Tasmania.



Bob Annells

Chairman
Board of Directors
October 2008



About Our Annual Report

Tourism Tasmania's 2007-2008 Annual Report details the Authority's performance during the year in review, describes core priorities and strategies that have shaped and contributed to that performance, explains how the Authority has achieved its stated goals within budget, and provides a comprehensive financial report.

The Annual Report is available online and distributed in print to Government, the tourism industry and key stakeholders.

Who We Are



Tourism Tasmania is a statutory authority operating under the Tourism Tasmania Act 1996. It has a Board appointed by the Governor on the recommendation of the Minister. The Board has strong expertise in tourism development, marketing and commerce. (See Our Board).

Tourism Tasmania is part of the Department of Economic Development and Tourism. It links government and the private sector in marketing the assets which make Tasmania unique and works with the industry to achieve sustainable growth. We also provide strategic advice to the Minister for Tourism.



How to contact us

Postal:

GPO Box 399
Hobart, Tasmania 7001
Australia.

Location:

Level 2 22 Elizabeth Street
Hobart, Tasmania 7000
Australia.

Phone: (03) 6230 8235

Fax: (03) 6230 8353

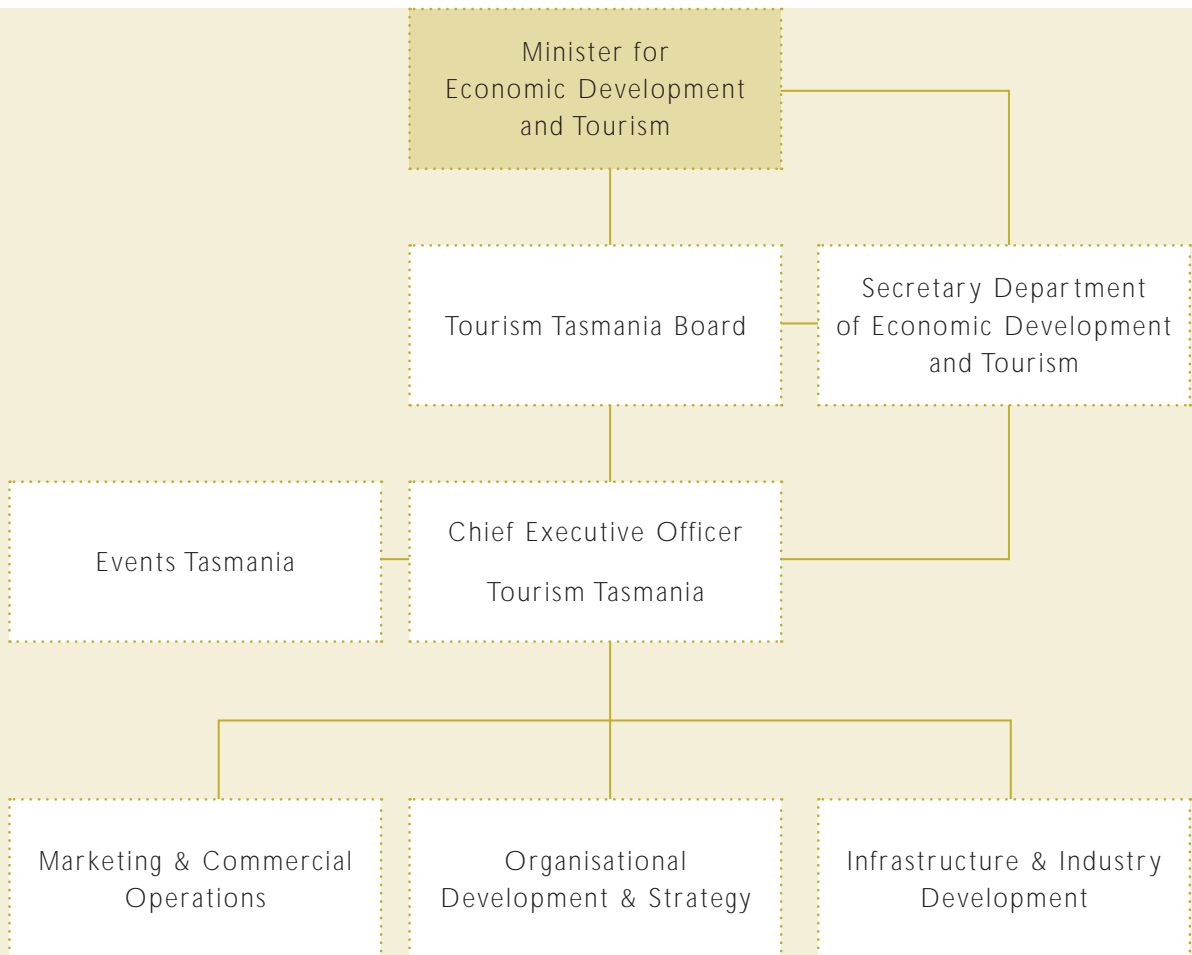
Email: reception@tourismtasmania.com.au

Website: www.tourism.tas.gov.au



Tourism Tasmania supported the production and distribution of 180,000 copies of the Blooming Tasmania brochure with inserts included in Gardening Australia magazine

Our Structure



Chairman's Report



Tourism Tasmania two years ago released its plan called New Directions. In it, we committed to delivering more relevant knowledge to the industry; to aggressively addressing barriers to conversion; to more clearly articulating the State's core brand values and better aligning our offer to match consumer expectations.

We have delivered on all of those undertakings, and now, following a remarkable period of change and re-organisation, tourism in Tasmania has not only performed ahead of other states in a declining market, but is now much better positioned to continue this growth in a very tough market.

Whilst all contributors to the industry can be pleased with this result, the markets in which we operate are under pressure, as is evident to even the most casual onlooker. With high interest rates, rising prices in fuel and commodities along with great uncertainty in the economy generally, times have rarely been more challenging for both the domestic and international markets.

Recognising and addressing these challenges continues to be our priority.

Over the past year we've changed our approach to the way we market Tasmania and established new partnerships with industry to support this change.

We've introduced new programs to improve industry knowledge and performance and to strengthen its capacity to deliver quality visitor experiences. Our Insights Program, for example, is helping operators make better business decisions by providing them with critical information about consumer's behaviour, the future visitor market, and the products, services and experiences being sought by our visitors. The program will also assist the decision making of local councils and other stakeholders.

We're working with selected operators to build 'signature experiences' - a special combination of activities and products that can be packaged to consumers; and which will deliver Tasmania a sustainable competitive advantage in the marketplace.

We're moving to embrace new technology that will comprehensively improve business capability and in particular will enable all operators to better interact with, and experience the benefits from, new technologies available to the industry and the consumer. In this context we are working with Skills Tasmania and the Tourism Industry Council Tasmania to assist the industry in developing the skills to engage in the world of online distribution.

These achievements have taken hard work and whilst the Board is pleased with the progress, much remains to be done. The year has however seen us lay a strong foundation for the future and we are well placed to fulfil the remainder of the plan through until 2011.

I want to thank all members of the Board and Felicia and her dedicated team for the commitment and determination they have shown through a very difficult period. I also want to thank our former Minister, The Hon. Paula Wriedt, for her great support and assistance throughout the year.

A handwritten signature in gold ink, which appears to read 'Bob Annells'. The signature is fluid and cursive.

Bob Annells
Chairman

Chief Executive Officer's Report



The last 12 months have seen us work hard to deliver one of the most ambitious and exciting reform agendas ever undertaken by Tourism Tasmania. And I am pleased to report that although challenges may still remain, we are now better positioned to manage those challenges and continue to drive growth for our industry in the state.

We've made significant changes to the way we market Tasmania. Our innovative approach aligns the state into five regional marketing zones, each with its own characteristic identity based on the travel experiences found in the region. The five zones match the way holiday makers perceive Tasmania and allow us to reinforce our existing messages as well as tell people about the many other experiences on offer around the state.

We've also changed the way we're managing this marketing effort. Each zone has its own management group made up of local industry stakeholders with extensive knowledge of their region and its tourism potential. The groups developed their own marketing plans for their zones along with initiatives to implement these plans. This closer partnership between government and the industry is improving the quality of our marketing and significantly extending government and industry's return on investment.

Changing trends in tourism and the take up of new technologies has led us to reassess our approach to distribution. While continuing with our wholesale distribution strategy, we're broadening our distribution mix so that we no longer rely exclusively on wholesale as the primary channel to take Tasmanian tourism product to the world.

Wholesale is of course still very much an important part of our business and we're now working in partnership with a range of wholesalers, in addition to Tasmania's Temptation Holidays, to find new and more effective ways to take Tasmanian product to the world.

Our new digital marketing strategy is directing our efforts to harness the benefits available through the use of new technologies. The strategy is well underway with a redesign of the Discover Tasmania consumer website and the launch of the 'Startpoint' and 'Building Visitor Experience' websites to support industry growth.

On a global perspective, we're reshaping our international marketing team to better meet the challenges of an increasingly competitive international environment. The addition of two new positions to our team will strengthen our global operations and give us greater capacity to help more Tasmanian tourism operators get their product export ready.

We have made good progress in implementing our agenda for change. This progress is a result of the hard work of all my colleagues at Tourism Tasmania and the leadership and support shown by the Board and the Minister for Tourism.

At Tourism Tasmania we know there's still much to do. But we're confident that with clear objectives, strong partnerships with industry and new approaches to distribution, we can successfully meet the challenges of an ever-changing world and continue to highlight Tasmania as a unique destination of choice.

Felicia Mariani
Chief Executive Officer

Our Board

2007-08 Board Members

Tourism Tasmania's Board is responsible to the Minister for Tourism for the Authority's performance against the activities detailed in the corporate plan, and for ensuring that the Authority is functioning in a manner that is lawful and consistent with sound business practice.



Bob Annells

Bob Annells has held a number of senior positions in Tasmania including Director General of the Lands Department and Secretary of the Department of Tourism, Sport and Recreation. He has held senior positions in the tourism industry including Chief Executive of Tourism Victoria, Chairman of the Melbourne Convention and Exhibition Trust, Chair of the Northern Territory Tourist Commission, Chairman of the Australian Standing Committee on Tourism (twice), and Board Member of the former Australian Tourist Commission. Bob brings marketing, events, public and private sector tourism experience at the highest level, as well as issues and strategic management. He was awarded the Public Service Medal in 2001 and a Centenary of Federation Medal. He was inducted into the National Tourism Hall of Fame in 2004 and awarded the 'Outstanding Contribution by an Individual' award at the 2005 Victorian Tourism Awards.



Felicia Mariani

Felicia Mariani is CEO of Tourism Tasmania and her experience in the public and private sectors spans everything from family businesses to multi-national corporations. Her previous role was with Tourism New South Wales, where she was Director of Marketing. Felicia has spent the past 15 years working in key marketing and communications roles in the tourism, leisure and entertainment industries. She introduced ground-breaking campaigns in Sydney and regional New South Wales, and orchestrated the establishment of the Olympic Media Servicing Unit in the leadup to the Sydney Olympics in 2000. Her earlier background includes major branding, marketing and public relations roles with Connex Group Australia and orchestrating senior marketing and communications projects for major Australian domestic tourism initiatives.



Simon Currant

Simon Currant is Chairman of the Tourism Industry Council Tasmania, a Director of TT-Line, and leading developer and operator of tourism infrastructure. His past and present developments - among them Cradle Mountain Lodge, Franklin Manor, Strahan Village, Peppermint Bay and Hobart Cruises - have won 11 State and nine national tourism awards. In addition to his current ventures of Peppermint Bay and Hobart Cruises, he is developing the World Heritage Area site of Pumphouse Point, at Lake St Clair. He also runs a tourism consultancy specialising in remote and natural area tourism. Simon has won national and state Best Small Business awards, a Churchill Fellowship, was state winner and national finalist in the 2004 Entrepreneur of the Year, and was the 2004 Tasmanian of the Year. In 2006 Simon was honoured with a Member of the Order of Australia Award, for service to the community and the Tasmanian tourism industry.



Wayne Kirkpatrick Wayne Kirkpatrick has extensive business, financial, marketing, sales, tourism, resort management and property development experience. As Managing Director / CEO he has successfully led some of Australia's most significant resorts over the past 25 years, among them Thredbo Alpine Resort, the two Mirage Resorts in Qld, Ayers Rock Resort and Hamilton Island. He has been a Commissioner of the Northern Territory Tourist Commission, a Director of the Central Australian Tourist Industry Association and past Chairman of Tourism Whitsundays. He was a Director of the Association of Marine Park Tourism Operators (Great Barrier Reef), a member of the Tourism Recreation and Reef Advisory Committee and the National Oceans Advisory Group. He has served as Chairman of Tourism Council Australia, a Director of Tourism Task Force and Tourism Australia. In 2003, the Australian Tourism Export Council (ATEC) recognised Wayne's contribution to the Australian tourism industry with an award, namely Outstanding Contribution to the Industry by an Individual, for Excellence in Exporting the Australian Tourism Experience to the World. Tourism Whitsundays also recognised his work in growing the success of Hamilton Island and the Whitsundays generally, with a similar Outstanding Contribution by an Individual Award. Wayne is Chairman of Tourism Tasmania's Audit, Finance and Risk Committee.



Kimberly Seagram Kimberly Seagram is co-owner and co-developer of the award-winning Stillwater River Café, Restaurant and Wine Bar in Launceston. She is currently Deputy Chair of Brand Tasmania, Chair of the Launceston, Tamar and the North Zone Marketing Group, and an Executive Committee member of the Launceston Chamber of Commerce. Prior to Stillwater, Kim and her husband owned and operated Lalla Gully Vineyard and Ripples Café in the Pipers River region of north-east Tasmania. In 1997, Kim was elected to the Vineyards Association of Tasmania Committee of Management and she continues a high level of involvement with the wine industry, where she has made a significant contribution to strategy and marketing development. Prior to living in Tasmania, Kim held a number of positions in the Canadian tourism industry in sales and promotion.



Juanita von Stieglitz Juanita von Stieglitz has over 25 years experience in Travel Agency Distribution and Travel Products Marketing. She started her working career in the travel agency sector in Tasmania, and more recently has held Senior Regional Positions for American Express with responsibility for the managing travel and lifestyle agencies across many markets: Japan, Hong Kong, India, Singapore, Thailand, Taiwan, Malaysia, Australia and New Zealand. Key responsibilities during this time were negotiation, development and sales and marketing of specialist premium travel products, and full Profit and Loss responsibilities of all travel and lifestyle businesses for American Express Premium Card members. She is a past Board Member of American Express Wholesale Currency Business and a past Chairman of Tourism Tasmania Audit Committee. She has also been a member of the Tourism Council of Australia, and a judge of the National Tourism Awards. She is currently a member of the Australian Institute of Company Directors, and also a member of the Audit, Finance and Risk Committee for the Tourism Tasmania Board.



Alison Stubbs Alison Stubbs is co-founder and General Manager of the award-winning Freycinet Adventures with business partner and husband, Simon. They established Freycinet Adventures with a passion for delivering exceptional service and their achievements have been recognised with two Telstra Tasmanian Small Business Awards and six Tasmanian Tourism Awards (including the induction into the Awards Hall of Fame in 2004 for Adventure Tourism). Alison was awarded the 2005 Minister's Young Achiever Award at the Tasmanian Tourism Awards and the Tasmanian Telstra Young Business Woman of the Year in 2003.

Statement of Corporate Intent



Tourism is of vital importance to the Tasmanian economy, directly contributing \$950 million to Gross State Product. While we have experienced a period of strong growth, the immediate present and the foreseeable future will be challenging.

More than ever, leisure travel competes on new ground – ground defined by changes to consumer behaviours and associated spending patterns, travel industry and infrastructure change and global sociographic and demographic trends.

Our intent for July 2007 to June 2010, as outlined in our Corporate Plan, is shaped by our recognition of the changed world for tourism and Tasmania and the need for Tourism Tasmania to continue to change to meet the challenges of this new world.



Our Role

Our new reality – the 'new normal' for Tourism Tasmania - requires us to be more focused, strategic and innovative, and in the coming years our role is clear:

To lead the industry to jointly deliver marketing and development programs that drive benefits for Tasmania from domestic and international tourism.

To fulfill that role we will actively intervene in the tourism market to:

1. Create new knowledge and understanding for industry and stakeholders about tourism through research, analysis and insights
2. Address the barriers to conversion and travel to Tasmania by identifying and taking effective, consistent action with those who can make a difference
3. Establish, articulate and maintain the brand and brand values, particularly through creative and innovative marketing
4. Achieve alignment of Tasmania's tourism product, experiences and infrastructure to match market expectations of the brand.



Our Goals

We have defined seven goals that focus our priorities and strategies on increasing tourism growth and yield and increasing visitor, industry and stakeholder satisfaction.

Our seven key goals are to:

1. Grow our domestic tourism market share
2. Grow our international tourism market share
3. Grow the number of Tasmanians holidaying on the island
4. Attract high yield visitors
5. Strengthen our relationship between our brand and consumers
6. Increase stakeholder satisfaction with our performance
7. Increase customer satisfaction with their Tasmanian experience.

We also recognise the need to balance these economic goals with care for our community, protection of the environment, and preservation of our heritage assets.



Tasmania defied the national trend for declining Japanese visitor numbers with 7300 Japanese visitors arriving in Tasmania during the 12 months to September 2007, a rise of 26.7 per cent.

Our Opportunities

We will work with industry to further define our clear and motivating brand positioning – one based on the unique experiences on offer, and targeted to those potential visitors who offer the best prospects for visiting. We will enter into true partnerships with the regions of Tasmania to add both depth and breadth to our brand.

Tourism Tasmania will help grow the Tasmanian economy through maintaining existing markets and segments that continue to be valuable to us. We will target key domestic markets by geographic area and market segment including:

- Melbourne and regional Victoria
- Sydney, Canberra and regional NSW
- Brisbane and South East Queensland
- Tasmanians – to take at least some of their holidays at home
- Other opportunities at a national level including Adelaide.

Our key international markets will include:

- UK and Germany
- North America
- New Zealand
- Singapore
- Japan.

We will also pursue our developing opportunities in:

- Considering new trends in the changing international aviation environment
- New domestic and international markets and segments, including 'New Asia'¹, 'new' families (that may include groups of friends) and affinity groups such as divers, hikers and luxury automobile touring groups²
- New, strong partnerships with tourism and non-tourism related industries
- Understanding and using new forms of communications and distribution technology to position Tasmania ahead of our competitors.

While we will be investing in a range of programs and activities, we will particularly focus on our brand development, research and sharing its interpretation with industry, using digital media for marketing and distribution, leveraging the value of our call centre and reducing or removing barriers to conversion.

Our Future

We designed a strong business and marketing program for 2006-2007 as the first step in a three year destination marketing and development strategy to be undertaken by an organisation that:

- Listens to its market
- Builds a strong and distinctive brand for Tasmania
- Identifies and interprets the trends and changes for its industry partners
- Attracts visitors through imaginative and motivating marketing campaigns
- Works with industry to develop the products and services of greatest appeal including an events program which will become a vital part of our offer
- Provides clear opportunities for partnerships in jointly building the brand, carrying our messages to key markets in Australia and overseas and delivering on our promises
- Develops strong and mutually beneficial relationships with Tourism Australia and other State Tourism Organisations (STOs)
- Listens and responds to feedback
- Is willing to challenge and be challenged and to try new ideas.

The success of the years ahead depends on getting many things right and, particularly, on getting them right together. Our intent focuses on building a tourism industry that is sustainable into the future and is supported by the people of Tasmania.

¹ Includes India, China and emerging Asian travel communities such as Vietnam and Korea.

² Detailed analysis of all those opportunities is required however to ensure a fit with our brand and experience offerings and effective and efficient means to reach those markets. This includes special interest opportunities with diving, golf, hiking, fishing and many others.

Our Operating Environment



The 'new normal' in travel and tourism, indeed in all business, offers a less predictable horizon than has previously been the case. Change is the constant and to deal with that comes our need to be more alert, responsive, strategic and more focused than ever.

Tourism Tasmania recognises the world we live in has changed dramatically in the past few years. Increasingly, we compete as a destination, not just with other parts of Australia and overseas, but with changing patterns of Australian consumer behaviour and spending.

In a period of growing concern over climate change, the diminishing strength of various world economies and the growth in the cost of fuel, Tourism Tasmania remains focussed on helping to grow the Tasmanian economy. It does so through targeting new markets and segments that represent the greatest potential for growth, while maintaining existing markets and segments that continue to be of value to us.



Independent studies have found that the leading trends driving new models of consumer demand and behaviour include an increasing desire for customised individual experiences, the use of holiday time to reconnect with friends and family, and the desire to rest and rejuvenate.

We also know that Australians have accumulated huge reserves of holiday time. The impacts these trends will have on travel are obvious; people leave home less frequently, spend more when they do, increasingly they travel in small groups and are determined to have holidays that are special and personal.



Tourism Tasmania has shaped its new strategic direction in recognition of this changed world of tourism.



The number of cruise ship visitors to Tasmania grew by 44 percent to 83,000 visitors, while the number of navy ship visitors increased from 1,900 visitors to 4,000 visitors over the same period

Visitors to Tasmania



Visitor numbers to Tasmania continued to grow steadily over the year with 936,700 people visiting the state, an increase of six per cent on the previous year.

The Tasmanian Visitors Survey is a systematic sample survey of departing passengers conducted at the airports in Hobart, Launceston, Devonport and Burnie as well as the Spirit of Tasmania terminal in Devonport.

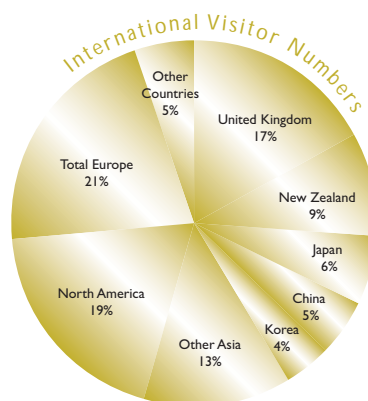
In addition to the Tasmanian Visitor Survey, data is collected from the National Visitor Survey and the International Visitor Survey conducted by Tourism Research Australia.

The following tables provide a summary of the 2007-2008 results.

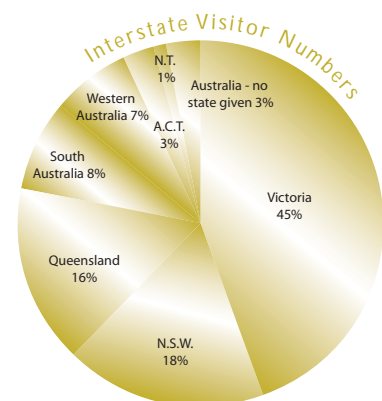
KEY INDICATORS			
	12 months ending Jun 07	12 months ending Jun 08	% Change
Visitors			
Total Visitors: (all air and sea visitors including Cruise and Navy)	886,500	936,700	6%
<i>Following data includes scheduled air and sea visitors - and does not include Cruise ships or Navy Ships.</i>			
Total Nights	7,276,300	7,170,600	(-1%)
Average Length of Stay (nights)	8.8	8.4	(-5%)
Expenditure	\$1.33 billion	\$1.39 billion	5%
Purpose of visit			
*Leisure	605,200	631,100	4%
*Leisure Nights	5,477,400	5,501,700	0%
Average Length of Stay (nights)	9.1	8.7	(-4%)
*Leisure Expenditure (\$'000s)	\$1,086,200	\$1,157,500	7%

Source: Tasmanian Visitor Survey, Tourism Tasmania

*Leisure: includes both Holiday and Visit friends and relatives



Total International Visitors 07-08: 155,900 (IVS)



Total Interstate Visitors 07-08: 744,300 on scheduled air and sea services (IVS)



Without any prompting on advertising for holidays and travel, 16.3 per cent of Australians in the year ending March 2008 were aware of Tasmania as a holiday destination, a three percentage point increase compared to the same time last year. As well, Tasmania had the second highest level of prompted advertising awareness for the year at 32 per cent, following Queensland (57%).

INTERNATIONAL VISITATION			
	12 months ending Jun 07	12 months ending Jun 08	% Change
International Visitors	157,400	155,900	(-1%)
Total Nights	3,322,500	3,057,400	(-8%)
Average Length of Stay (nights)	21.1	19.6	(-7%)
Modeled International			
- Excluding package expenditure (\$million)	\$231 million	\$245 million	6%
Purpose of visit			
*Leisure	130,000	129,700	0%
*Leisure Nights	1,468,200	1,571,900	7%
Average Length of Stay (nights)	11.3	12.1	7%
*Leisure Expenditure (\$million)	\$123	\$114	(-7%)

Source: International Visitor Survey, Tourism Research Australia

*Leisure: includes both Holiday and Visit friends and relatives

ADVERTISING AWARENESS, PREFERENCE AND INTENTION TO VISIT TASMANIA			
Marketing Performance	2006-07 % of Aust. Pop.	2007-08 % of Aust. Pop.	% Change
¹ Advertising Awareness (Unprompted)	14.8	17.8	20
¹ Advertising Awareness (Prompted)	29.5	32.2	9
² Preference to visit Tasmania	17.2	17.2	0
³ Intention to visit Tasmania	4.5	4.7	4
⁴ Behaviour	4.6	4.8	4
⁵ Tagline Awareness - 'Island of Inspiration'	n.a.	13.2	n.a.

Source: Holiday Tracking Survey, Roy Morgan Research

¹ Advertising Awareness - Percentage of Australians with un-prompted & prompted advertising awareness for holidays in Tasmania.

² Preference - Percentage of Australians that would like to visit Tasmania in the next 2 years.

³ Intention - Percentage of Australians planning or intending to visit Tasmania on their next trip.

⁴ Behaviour - Percentage of Australians that visited Tasmania in the last 12 months.

⁵ Tagline Awareness - Percentage of Australians with an awareness of Tasmania's advertising tagline 'Island of Inspiration' launched in January 2007.

Highlights 07-08



Tourism Tasmania is producing a second series of its television program Discover Tasmania, in partnership with Southern Cross Television and Subaru Australia, to air in 2009.

- During 2007-08, Tourism Tasmania introduced five marketing zones and new partnership approaches to more effectively market Tasmania's regions in the domestic market.
- At G' Day USA, the largest foreign country promotion in the US, Tourism Tasmania secured high-profile media exposure resulting in Tasmania featuring in documentaries, promotions and cable network lifestyle programs in the US market.
- The second edition of the motivational Tasmania Magazine was distributed to 1.3 million people as an insert in News Ltd newspapers in Victoria and New South Wales.
- The National and Special Interest Grant Program supported 72 events with an estimated 27,808 visitors generating a yield of \$27.1 million, an increase of \$3.1 million over the previous year.
- The Touring Events Program supported 21 events, with 3,841 visitors yielding around \$6.7 million, an increase of over \$2 million compared to the previous year.
- Tourism Tasmania worked collaboratively with Tiger Airways to successfully introduce flights from Melbourne to Hobart and Launceston.
- Over the previous year Tourism Tasmania's Visiting Journalists Program delivered 769 articles or programmes with an equivalent advertising value of \$25.7 million.
- The State Government, through Tourism Tasmania, began a five-year sponsorship arrangement with the Hawthorn Football Club. The team reached the second round of the AFL finals series and the naming rights sponsorship generated a total media value of \$1,950,543 throughout the season. The staging of the four AFL premiership season games in Tasmania has generated a value add economic impact of \$7,269,000 to the Tasmanian economy.
- The Tourism Tasmania call centre had a total of 168,631 contacts of which 46% were online contacts and 54% telephone contacts. Visitor numbers booked by the call centre were 41,467 resulting in a contribution to industry of \$18.7 million.
- The production of Discover Tasmania, a ten-episode television series intended to boost intrastate travel, reached 844,830 combined total viewers and is the only Tasmanian series of its type to be picked up for Network Broadcast on the 7 Network and regionally with Channel 7 affiliates.
- A partnership with Paddy Pallin resulted in Tasmania featuring exclusively in the Paddy Pallin Winter Catalogue and in an in-store promotion run nationally through its 13 retail outlets.
- A performance by Elton John at Launceston's Aurora Stadium generated around \$1 million for Launceston businesses and tourism operators during a traditionally quiet period before Christmas.

Performance Against Priorities



This section provides a comprehensive report on Tourism Tasmania's performance against the priorities and strategies articulated in our three-year business strategy *New Directions for Our Island 2006-2009*.

Priority 1: Understand the market

Provide critical insights about consumer behaviour, the future visitor market, the products, services and experiences on offer and the performance of the tourism industry to the organisation and industry stakeholders to improve decision making.



1.1 Conduct targeted market research

Tourism Tasmania commissioned social research firm Colmar Brunton to undertake a major consumer insight study. The findings led to Tourism Tasmania developing its Zone Marketing Strategy to better communicate the attractions, products and experiences available to visitors.

First Point Research and Consulting undertook research on behalf of Tourism Tasmania to determine the best way to inform consumers about the marketing zones. The research emphasised the need to highlight the unique experiences in each zone, the ways people can be involved and the rewards of visiting the zone.

The findings from this study are helping Tourism Tasmania and the zone marketing groups to better communicate to visitors the range of experiences available and how they can be accessed.



In partnership with Colmar Brunton, Tourism Tasmania also undertook research to identify current and emerging trends around the globe that will influence travel patterns and behaviour. Analysis of previous research, consultation with experts from the travel and tourism industry and analysis of international sources revealed 11 trends which will affect future travel. These include rising affluence, the rising cost of oil, increasing environmental awareness, aging populations, shifting spending patterns, the desire for personalisation, and the increasing value placed on experience as status.

1.2 Monitor consumer behaviour, analyse changes and where appropriate conduct research and provide insights

Tourism Tasmania monitors consumer behaviour using three major visitor surveys: the Tasmanian Visitor Survey (TVS), the National Visitor Survey (NVS) and the International Visitor Survey (IVS). The information generated from these surveys allows Tourism Tasmania to profile visitor characteristics, understand travel behaviour, expenditure and market share.

An analysis of the survey results and associated insights were reported quarterly. Results were provided to the Tasmanian tourism industry and to government agencies to better promote the development of the industry.

The reports from these visitor surveys were also made publically available on Tourism Tasmania's corporate website. As well, Tourism Tasmania provided free access to detailed results from the TVS via the online data analysis tool, WebReporter.

Tourism Tasmania also initiated a research program to build an understanding of the influence of events that shape interstate and international visitors' perceptions of Tasmania. The program aims to encourage repeat visitation and increased interstate travel.

1.3 Identify and analyse strategic international market opportunities

Tourism Tasmania conducted ongoing assessment, audit and industry engagement to ensure its strategic choices were consistent with the principles and objectives of Tourism 21, the three-year Strategic Business Plan developed by Tourism Tasmania in partnership with the Tourism Industry Council Tasmania (TICT).

We conducted a comprehensive audit of international markets to inform our international marketing strategy. The audit identified a range of approaches including the building of a balanced portfolio of activities across markets that focus on target segments with the highest yield potential. It also recognised the importance of maintaining strong relationships with traditional partners in target markets, as well as developing relationships with partners in the emerging markets of China, India and Korea.

In response to the audit, Tourism Tasmania realigned its operations in its international markets to ensure the activities of Regional Managers and Public Relations agencies in target countries were consistent with the new strategic direction.

Tourism Tasmania undertook research that led to the release of a Lighthouse Report on the value of international markets to Tasmania. The report revealed that most of the anticipated growth in visitation will be generated from international markets.

1.4 Monitor, analyse and provide insights on tourism performance and future trends.

Tourism Tasmania used sophisticated tracking and modelling techniques developed by BDA Marketing Planning to monitor progress against targets identified in the Tourism 21 Strategic Business Plan. This information is essential in helping the industry achieve the Strategic Business Plan's targets for 2010 and 2017.

In partnership with social research company Colmar Brunton, we identified new trends in global travel. The research revealed that demand for travel and tourism is expected to increase from the emerging middle classes of Brazil, Russia, India and China.

The research also identified the need for an industry response to the rising environmental awareness of businesses, governments and consumers, with consumers increasingly calling for environmentally friendly products and services.

1.5 Establish a work pattern with stakeholders for priority research

Tourism Tasmania is an industry partner in the Co-operative Research Centre for Sustainable Tourism (CRC). The CRC delivers a range of research projects of relevance to Tasmanian tourism businesses and the broader tourism industry. Over the past 12 months Tourism Tasmania participated in several industry reference groups for projects that produced reports of value to industry.

We are working with Tourism Research Australia on two key local level projects. The first, a visitor survey at town or local level was trialled in six locations around the state and subsequently at 70 locations across Australia to allow local level comparisons. The second project involves a series of community surveys to benchmark the impact of tourism on local communities. The work builds on surveys previously undertaken in the Coles Bay area and will contribute to an increased understanding of the social costs and benefits associated with tourism activity.

In addition, a scholarship was awarded to support a PhD student at the University of Tasmania for one year. The area of research focuses on wine tourism and entrepreneurial marketing.

1.6 Communicate results to stakeholders and industry

Regionally based consultants and Tourism Tasmania staff provided input on emerging trends and opportunities in the tourism industry. They contributed to local tourism associations, tourism sector groups, local government and tourism operators. Staff provided relevant and timely information to assist decision making at all levels of the tourism industry.

Tourism Tasmania planned a series of presentations to inform industry stakeholders of useful insights that will assist in their decision making. These 'Insights' presentations address consumer behaviour, the future visitor market, the products, services and experiences on offer and the performance of the tourism industry.



Target audiences include, but are not limited to, local councils, regional and local tourism associations, sector groups and significant industry partners.

Two Lighthouse Reports distilling current information on hot topics were distributed to stakeholders in 2007-08. The first, *Shining the Light on Customer Perceptions*, addressed the changed travel and tourism landscape and our customers' perceptions of Tasmania. The subsequent *Opportunities in the International Market* report focussed on international market potential.

Tourism Tasmania hosted the state's first international tourism symposium. Australian tourism industry experts, including Tourism Tasmania's senior international marketing staff and overseas public relations representatives, provided nearly 100 delegates with insights and practical information on working in international markets. The symposium stressed to operators the need for them to understand the international market and to act accordingly and emphasised Tourism Tasmania's commitment to provide education and support to operators wanting to enter international markets.

Tourism Infrastructure Investment Project

The Tourism Infrastructure Investment Project aims to address the infrastructure needs that are limiting the growth of tourism in Tasmania.

Infrastructure needs such as power, water, sewerage, telecommunications, roads, transport and access can limit growth and development in the tourism sector. This project will help address these needs by developing a strategic approach that will guide decisions on infrastructure and tourism asset issues over the next three to five years.

The project will help ensure a consistent government perspective on tourism infrastructure and investment priorities and will give investors greater clarity about future Government plans and priorities.

As local government play a vital role in implementing tourism development, the project will also identify opportunities for implementation and alignment with other local government and regional infrastructure plans. For local government, the project will provide a useful development tool, without any impost to municipalities, that will feed into other planning strategies across local government areas and regions.

Priority Two: Respond to the Market

Strategically develop tourism products and services, including events, to build competitive advantage and exceed visitor expectations.

2.1 Lead development of a product and experience portfolio that meets the needs of targeted segments

Over the past year Tourism Tasmania worked with event organisers and concept entrepreneurs to develop a range of sustainable, high quality, niche event experiences that reflect the regional strengths of Tasmania.

The presentation of a highly successful international concert, performed by Elton John at Aurora Stadium in Launceston, demonstrated that Tasmania has the capability to deliver large-scale events. This major performance was followed by the Southern Roots Festival. The festival engaged audiences at the Royal Tasmanian Botanical Gardens and created a new ambiance in one of Hobart's most picturesque localities.

Tourism Tasmania direct-marketed a funding round of 'Your Club Our Island' to special interest groups and clubs, including choirs, wine tours, sporting and corporate social clubs and AFL supporter groups. Visitors were encouraged to travel to Tasmania between May and September. A total of 11 events, including the Tasmanian Trout Expo and the Kangaroo AFL Supporters Club, accepted the offer and embraced the winter season.

Similarly, Tourism Tasmania's National and Special Interest Grant Program provided increased levels of funding to events converting their travel to the off-peak periods. This resulted in an increase of the previous year's nine events to fifteen over the same period.

We continued to manage the Regional Experience Development Program, funded under the Tourism Promotion Plan. The program includes product and experience development, capacity building for regional tourism authorities and co-operative marketing. Tourism Tasmania approved a total of 14 product and experience grants this past financial year. The program contributed to the development of



The upgraded Aurora Stadium in Launceston now offers a multipurpose, easy access stadium suitable for a range of events.

numerous products across the state such as the Nant Whisky Distillery, the Tarkine Hotel at historic Corinna, conference facilities at Mt Paul on Freycinet Peninsula and the restoration of the pickers huts at Hartzview Vineyard.

A Heritage Tourism Experience Project was also finalised. The project developed a thematic interpretation framework and implementation plan to develop visitor experiences around the heritage attributes of the region between Launceston and Westbury. The project will inform interpretation of the heritage stories of the region with the expectation of promoting visitation, enhancing the visitor experience and encouraging longer stays.

2.2 Develop partnerships to deliver infrastructure that supports tourism

Tourism Tasmania, in partnership with the Department of Economic Development and Tourism, established a Tourism Infrastructure Investment Project to provide strategic guidance to government and tourism industry stakeholders on infrastructure investment opportunities. The project will support and encourage investment and growth in the industry over the next three to five years.

In partnership with local government and industry stakeholders, we delivered the St Helens Precinct Development Plan. The plan is designed to maximise the economic and community benefits from tourism and to add depth to the visitor experience in the area. The plan is being implemented on a staged basis and will deliver infrastructure improvements in the area.

Increasing interest from intrastate and local event organisers in using the upgraded infrastructure facilities at Symmons Plains and Aurora Stadium acted as a powerful catalyst in shaping new business models for these venues.

Symmons Plains hosted rounds of the V8 Supercars and Australian Superbike Championships with modifications made to the track to ensure it met the required safety standards for each event. Octagon Australia included the track at Symmons Plains as part of its corporate hospitality package for its event - Targa Tasmania.

2.3 Significantly build industry capability, particularly with regard to electronic marketing and distribution.

Tourism Tasmania, as part of its Digital and Distribution Strategy, initiated a training program in partnership with Tourism Industry Council Tasmania and Skills Tasmania to build operators knowledge and skills in digital marketing and distribution.

Product development workshops were conducted with sector associations with a particular focus on digital distribution and conversion.

Improvements to the TigerTour database, as well as the



Symmons Plains hosted rounds of the V8 Supercars with modifications made to the track to meet safety standards for the event.

restructure of the consumer website discovertasmania.com to reflect Tourism Tasmania's new approach to zone marketing, has improved the connectivity of tourism operators to consumers.

Tourism Tasmania prepared a public tender for an Open Exchange booking platform that will give consumers a wider choice of product to book on discovertasmania.com. Open Exchange will provide a booking system for all bookable Tasmanian product as well as allow suppliers to present product inventories through as many online distribution channels as they choose, including their own websites. Open Exchange will also provide a secure payment gateway and deliver instant booking and confirmation details to customers.

2.4 Build awareness and capability for the long-term future of tourism in Tasmania

Tourism 21, the joint industry-government three-year strategic business plan to 2010 sets a long term agenda to 2017. It establishes targets and forecasts for growth and proposes opportunities and approaches to help industry achieve those targets.

An important component of the plan is its recognition of the need for new investment if targets and forecasts are met. With significantly more demand than supply during peak periods, and with demand also growing during shoulder and winter periods, without new investment this ceiling will prevent long-term sustainable growth. Specific projects are underway to support appropriate new investment in tourism. Tourism Tasmania has also informed the industry of these emerging trends in order to build awareness and capability for long-term growth.

Tourism Tasmania hosted an international tourism expert, Anna Pollack, to promote industry discussion on a response to climate change and consumer views on the long term future of tourism. During her visit, Tourism Tasmania held a workshop for industry and a series of meetings with industry associations. As a result, Tourism Tasmania and industry agreed on a process to build the industry's capacity to respond to climate change.

We remain active at the national level to ensure the Tasmanian tourism industry is well placed to take the lead in this area of growing global concern.

Zone Marketing Strategy

Zone Marketing is Tourism Tasmania's new approach to marketing Tasmania. It replaces the three regional areas that traditionally make up Tasmania with five new marketing zones.

The need to change our approach was driven by the results of an extensive consumer insight study. Tourism Tasmania's Perceptions Study showed that while potential visitors can articulate some aspects of Tasmania well - for example our natural wilderness, our clean and green environment, and our good wine and produce - they don't have a depth of knowledge about Tasmania or its diverse offerings.

The previous three regions – north-west, north and south – were largely built around administrative areas that didn't make sense to holiday consumers. Zone Marketing presents Tasmania in a way that makes sense to them. The five new marketing zones correspond to the way consumers select a holiday and choose a holiday type such as coastal, city or nature.

The five zones are Hobart and Surrounds; East Coast; Launceston, Tamar and the North; North West Coast and the Western Wilderness.

Each zone has a Zone Marketing Group that manages the strategic marketing in their area. The groups consist of local operators with tourism expertise and an appreciation of the region's attractions. The groups meet monthly and work with the Regional Tourism Authority and Tourism Tasmania to develop and implement their zone campaign. As well as develop an annual Zone Marketing Plan, the groups are also active local advocates and contact points for their campaigns.

The new strategy brings the state's tourism industry into much closer partnership with government and significantly improves the government's and industry's return on their marketing investment.



Priority Three: Stimulate the Market

Maximise all elements of the marketing mix to stimulate consumer interest and awareness of our island, build brand appeal and drive conversion.

3.1 Build a strong and distinctive brand for Tasmania and its regional areas

Extensive consumer research led Tourism Tasmania to develop a new approach to the marketing of Tasmania. The new Zone Marketing Strategy is Tourism Tasmania's response to a consumer need for more information on what the state has to offer. The strategy sees the creation of five marketing zones that better fit the way people perceive the state.



First meeting of the Western Wilderness Zone Marketing Group

Tourism Tasmania and the Regional Tourism Authorities completed a series of workshop presentations in each of the five zones outlining this new direction for the regionally-focussed marketing of Tasmania in domestic markets. The presentations outlined the concept for the proposed new marketing zones and were followed by workshops to determine how each zone might be best positioned and sold to consumers.

Following these sessions, Tourism Tasmania received feedback via Regional Tourism Association partners, from the workshop participants and from other interested operators and tourism bodies across the state.

Tourism Tasmania met with the Regional Tourism Associations to review the feedback as well as revise the guidelines, timetables and processes for implementing the strategy.

We also developed specific marketing-zone brand creative templates that reflect the strategic directions of the Tourism Tasmania brand campaign. These were developed in response to consumer research using focus groups in Sydney, Melbourne and Brisbane. Creative templates were designed to incorporate zone collateral and marketing activities such as Consumer Holiday Planners and content for the Discover Tasmania website.



Tourism Tasmania placed magazine advertisements in special interest publications to support its Island of Inspiration campaign



Tasmania Magazine was inserted into News Ltd newspapers and distributed to over 1.3 million readers



Tourism Tasmania at the Melbourne International Flower and Garden Show



Tasmanian-born actress Rachel Taylor encouraged US students to work and study in Tasmania at an Aussie Youth Day event in Los Angeles



200,000 copies of Our Island magazine were distributed through the Mercury, Advocate and Examiner newspapers across Tasmania



Tourism Tasmania's promotion of Targa Tasmania in the UK market included two feature spreads by the Motoring Editor of the Saturday Telegraph

3.2 Develop and deliver highly differentiated communications, including advertising to promote the destination

Over the past year, Tourism Tasmania produced new images and video footage that highlighted special interest experiences in Tasmania. Videos and podcasts were developed to promote diving in Tasmania with 4,000 DVDs distributed direct to market and online via the Discover Tasmania website. An updated and expanded fly fishing DVD and podcast were also produced for distribution direct to market.

Innovative destination promotion using online banners tied to special interest publications were developed to promote Tasmania as a travel destination to the Gay and Lesbian market.

Tourism Tasmania, in partnership with industry, highlighted Tasmanian travel experiences to over 400,000 consumers at special interest consumer and trade shows. Shows attended included the Melbourne International Flower and Garden Show, the Melbourne Sport Fishing and Great Outdoors Expo, the Brisbane and Adelaide Boats Shows and the Sydney Mardi Gras.

The successful Island of Inspiration campaign continued to provide brand, motivational material and information to mainland consumers. The campaign included television

advertising using an emotive television commercial aired nationally on Pay TV and SBS and on free-to-air television in Sydney, Melbourne, regional New South Wales, Regional Victoria and South East Queensland.

Other campaign activity saw advertising in a range of magazines including Good Weekend, Sunday Life, West Weekend magazine, Travel & Leisure, In-flight magazines, and Explore magazine distributed in the Sun Herald and Sunday Age. Outdoor billboards were also used in high traffic locations in Melbourne and Sydney.

The second edition of the Tasmania Magazine included a wide range of editorial information and stories on Tasmanian destinations, events and tourism products. This high quality, motivational magazine was distributed to 1.3 million people as an insert in News Ltd newspapers in Victoria and New South Wales.

A production team from TVB Hong Kong visited Tasmania to film 'The Last Paradise'. TVB is the most influential TV station in Hong Kong with 2.1 million household viewers plus its cable network in China of 52 million households. Large promotions surrounded the show when it aired as it was the first high definition program to be produced by TVB for Hong Kong viewers.

Tourism Tasmania promoted Targa Tasmania in the UK



Traffic billboard on City Link in Melbourne promotes the Tasmania brand



Celebrity chef Ian Parmenter promotes Tasmanian fine food at G'Day USA 2008



Animal adventurer and wildlife celebrity, Jack Hanna, in Tasmania filming episodes for his new television series, Into the Wild



Tourism Tasmania secured six international media representatives to cover the Mark Webber Challenge 2007

market using a range of approaches including two feature spreads by the Motoring Editor of the Saturday Telegraph, the UK'S leading broadsheet newspaper. These were supported by video clips and a presence at the London Motor Sports Show. As well, a 16 page tabloid profiling Tasmania, created in partnership with the Daily Telegraph, also included a story on Targa. Tailor Made Travel and Qantas were introduced as partners in the campaign to enable conversion of demand.

North America's recognised animal adventurer and wildlife celebrity Jack Hanna filmed three 30 minute episodes in Tasmania for his new television series, Into the Wild, with the episodes airing in October and November 2008.

Tourism Tasmania maintained its presence at G'Day USA 2008, the largest foreign country promotion in the US market, with the distribution of fact sheets loaded onto USB bracelets and the booking of comprehensive itineraries. As a result, Tasmania will feature in a range of documentaries, promotions and cable network lifestyle programs in the US market.

These include San Francisco culinary lifestyle series Bringing it Home with Laura McIntosh, a feature story in the prestigious Lexus magazine mailed directly to Lexus owners in the US, and a seven page feature story in Natural History Magazine on the plight of the Tasmanian Devil. Also secured was a partnership and major familiarisation with the high-end

specialist travel agent consortium Virtuoso Travel who cater for the needs of the exclusive US traveller.

A marketing and media campaign with National Geographic Kids included a competition, a visit to Tasmania, broadcast coverage, a fully integrated on-line component and efforts to assist in the save the Tasmanian Devil campaign.

Tourism Tasmania secured six international media to cover the Mark Webber Challenge 2007. Total media coverage for the event has been \$6.7 million.

3.3 Build digital capacity to stimulate and convert the market

Tourism Tasmania's digital capabilities increased significantly with the launch of the redesigned, brand-aligned discovertasmania.com website. Improvements to the website included increased functionality, streamlined navigation and the development of content to aid search engine optimisation.

The discovertasmania.com website upheld a competitive market share position in the travel sector on the search engine websites of Google, MSN and Yahoo as a result of refining keyword usage and employing search engine marketing techniques.

Online marketing campaigns included individual and partnered pay per click activities with industry, and link building

and content syndication partnerships with Totaltravel.com and Neo Neighbourhood, the online insider's guide to the best experiences in cities around the world.

Tourism Tasmania sought expressions of interest for the provision of a comprehensive online booking system and held negotiations with the Australian Tourism Data Warehouse to streamline the management and distribution of Tasmania tourism and event product.

Other new projects increased interactivity and provided improved search capabilities and applications for the website. Tasmania expanded its international online presence with the development of seven different language websites for core target markets tailored to their language and individual market requirements.

3.4 Deliver highly distinctive and effective information to assist the conversion process

Tourism Tasmania partnered with sector associations to deliver consumer promotions in the Sydney, Melbourne and Brisbane markets through in-store promotions with targeted retail partners. These activities built on existing relationships between retailer and consumers, delivering tailored information on special interest activities to interested audiences.

We supported the production and distribution of 180,000 copies of the Blooming Tasmania brochure. A co-branding arrangement with Gardening Australia saw inserts of the Blooming Tasmania brochure included in the Gardening Australia magazine and the brokering of four subsequent advertorials on Blooming Tasmania events and activities.

The Discover Tasmania Book, a product manual containing extensive motivational, travel and product details replaced Tourism Tasmania's two previous publications – The Holiday Planner and the Tasmania's Temptations Holiday Book. A total of 200,000 copies were distributed predominantly to Travel Agents within Australia and New Zealand. The Discover Tasmania book also forms the basis of Tourism Tasmania's Discover Tasmania roadshows, held throughout

Australia each year. Agents attending the roadshows receive training on how to use the book, product updates and information on new products included in the wholesale program.

Tourism Tasmania attended two major trade and media events organised by Tourism Australia in Korea and Japan. In Korea, Tourism Tasmania met with representatives of the Korean travel industry at KTM 2008. Tourism Tasmania also joined 65 Australian tourism organisations at JAM 2008 in Atami, south-west of Tokyo. A key theme of JAM 2008 was World Heritage, with Tasmania promoting its advantage in this area through a series of one-on-one appointments with buyers from across Japan.

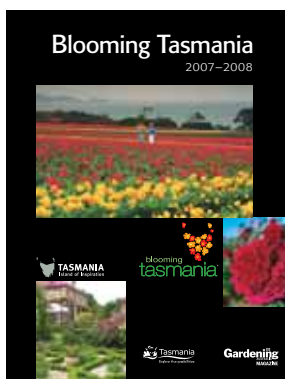
Attendance at the Australian Tourism Exchange 2008 (ATE) gained further attention for Tasmania from the travel trade and media attending the exhibition. A total of 26 Tasmanian operators participated in the event this year. Tourism Tasmania developed a new exhibition stand, hosted a 'Friends of Tasmania' dinner profiling Tasmanian wine and food, and hosted three themed happy hours promoting Tasmanian fashion, music, food and wine. Tourism Tasmania also hosted a pre-ATE luxury familiarisation tour for eight product buyers from the UK market.

3.5 Deliver targeted marketing programs to increase conversion

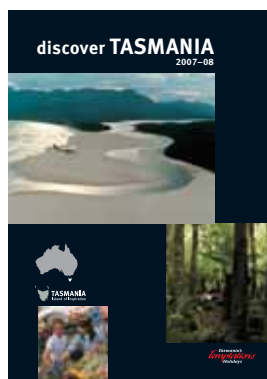
Tourism Tasmania undertook a strategic and integrated intrastate campaign to encourage Tasmanians to holiday at home. The campaign included the production of a 10 episode television series titled Discover Tasmania. The series reached 844,830* combined total viewers across all episodes. The campaign included the production and distribution of an intrastate magazine and the distribution of 200,000 copies of Our Island magazine through The Mercury, Advocate and Examiner newspapers. The campaign also included television advertising, direct marketing and web marketing.

The Discover Tasmania television series is the only Tasmanian series of its type to be picked up for Network

**Ratings provided by AGB Nielsen Media research*



Blooming Tasmania brochure cover



The Discover Tasmania product book included motivational information, travel information and product details.



Tourism Tasmania at ATE 2008, the largest international trade event of its type in the southern hemisphere



Hong Kong singer and celebrity Eason Chan in Tasmania to film *The Last Paradise* for TV station TVB Hong Kong. Tasmania was one of only two locations worldwide chosen to provide the setting for the production. The other was the Seychelles Islands.



Tourism Tasmania partnered with German radio station SWR3 and Qantas for an on-air promotion culminating in a trip to Tasmania for 60 competition winners.

Broadcast on the Seven Network and regionally with Channel 7 affiliates. The series was also re-run in Tasmania and screened in NSW and Queensland.

Tourism Tasmania produced dedicated regional 30-second television commercials designed to complement the brand advertisement appearing on national interstate television. Advertisements were produced for Tasmania's then three regions providing them with quality productions to build on the television advertising opportunities presented by both Channels 7 and 9 as part of Tourism Tasmania's intrastate activity.

We undertook negotiation with Qantas resulting in Qantas's decision to move Tasmania into Zone 1 for purchasers of an Aussie Air Pass out of Japan. This removed a \$300 surcharge for travellers wanting to add a Tasmanian leg to their Australian journey. Tasmania is now one of the few Australian states to have two airports, Hobart and Launceston, included as destination options.

Tourism Tasmania partnered with German radio station SWR3 and Qantas to deliver a four-week on-air promotion highlighting Tasmania as a destination. SWR3 has a listening audience of 3.2 million people. The promotion culminated in a trip to Tasmania for 60 competition winners and the SWR3 crew with broadcasts back to Germany.

3.6 Extend the value of the Government contribution to tourism marketing with significant cooperative partnerships

Tourism Tasmania developed the Marketing Together program to enable the tourism industry to participate in cooperative advertising with Tourism Tasmania. Operators could advertise within the Island of Inspiration branding and leverage Tourism Tasmania's brand campaign work. The program resulted in a range of advertising activities including a presence in Australian Country Style magazine, ABC Life magazine, Travel & Vacations magazine, the Hidden Wonders Down Under magazine, Travelways, Holiday Away, The Mercury and The Examiner.

Tourism Tasmania participated in G'Day Vancouver and Australia Week. Local station CityTV's popular breakfast program, Breakfast Television, promoted a week-long competition to win a holiday for two to Tasmania. In addition to the Tasmanian holiday promotional clips and live on-air announcements, CityTV also broadcast the Discover Tasmania commercial produced specifically for the North American market with a call to action to book with GoWay Holidays.

Tourism Tasmania developed cooperative partnerships through its Joint Marketing Agreements (JMA). These partnerships focused on marketing activities that stimulated the target markets of the partner and Tourism Tasmania. Tourism Tasmania provided JMA partnership funds to organisations including AAT Kings, APT, Jetstar, Virgin Blue, Qantas Holidays and TasVacations. Marketing activities included press, magazine and television advertising campaigns.

In late 2007 Tourism Tasmania broadened the JMA program to become the Partnership Marketing Program, with a more diverse range of partners and marketing activities. Innkeepers and Tiger Airways both received partnership marketing funds to deliver a range of cooperative marketing activities, including a digital marketing plan.

We sourced non-traditional partnerships with organisations having a similar brand alignment and a customer base capable of driving visitations. A partnership with Paddy Pallin, resulted in Tasmania featuring exclusively in the Paddy Pallin Winter Catalogue and in an in-store promotion run nationally through its 13 retail outlets. Virgin Blue included an eight page feature highlighting the catalogue in their flight magazine.

A promotion in Symmetry Magazine, aligned with Subaru Australia, featured Tasmania in a direct mailing piece sent to 20,000 Subaru customers. In addition a four page editorial piece and brand advertising in Symmetry Magazine's winter edition reached over 113,000 customers.

The Tasmanian Government, through Tourism Tasmania, began a five-year sponsorship arrangement with the Hawthorn Football Club. The sponsorship delivered good results in this first year with the club's success both on and off the field. The team reached the second round of the AFL

finals series and the naming rights sponsorship generated a value add economic benefit of \$7,269,000.

Branding and promotional benefits extended from player apparel including the on-field guernsey and travel wear, through to boundary and big screen signage at all home games, of which seven were held at the MCG and four at Aurora Stadium. Additional benefits included website coverage and Tasmanian branding on all Hawthorn corporate stationary.

Showbiz and Tourism Tasmania entered a cooperative partnership to promote a performance by Elton John, the event generating around \$1 million for Launceston businesses and tourism operators during a traditionally quiet period before Christmas.

3.7 Increase our value and attractiveness to trade partners

The amalgamation of the Marketing and Commercial Operations areas within Tourism Tasmania brought great value to our trade partners who can now benefit from both Tourism Tasmania's marketing initiatives and their own commercial activities.

A restructure of the former Area Sales Manager roles to become Business Development roles has significantly improved the way Tourism Tasmania works with trade partners. Through the Business Development Team, Tourism Tasmania continued to serve the retail trade network throughout Australia as well as broaden the relationships to include other wholesalers, niche and sector groups and other trade converters.

Tourism Tasmania has relationships with a number of trade partners, often at both organisational and local levels. The two different relationships ensure that we can work in partnership with the overall branding of a partner and at the more targeted, localised level to facilitate commercial outcomes.

Tourism Tasmania continued to support trade partners through a range of activities including familiarisations and

educationals, hosting and attending conferences, staff training, the Tourism Tasmania Roadshow and cooperative advertising.

Tourism Tasmania works with Tourism Australia to motivate and train Aussie Specialists travel agents in key global markets. In 2008 Tourism Tasmania hosted 15 Premier Aussie Specialist Agents from China and Hong Kong. To qualify, agents must undertake major marketing campaigns for Australia and have at least 10 of their staff trained as Aussie Specialists. Tasmania enticed the agents with a unique car rally experience in which they answered questions and undertook tasks while experiencing Tasmania. All the agents agreed it was the best familiarisation program they had attended. As a result three out of the four Southern China agents now actively package and sell Tasmania for the first time in China, and all of the Hong Kong agents are now packaging and selling Tasmania.

3.8 Fully leverage the meetings, incentives, conventions and events opportunities for increasing visitation, particularly in the low season

Tourism Tasmania worked closely with the Tasmanian Convention Bureau to develop a strategic approach to increasing the length of stay and yield from events and convention visitors.

Cooperative planning with the Tasmanian Convention Bureau for the next financial year implementation identified opportunities for the interstate-based business development team to work closely with bureau sales representatives in-market. The contribution of high level Tasmanian industry product knowledge will add value to the Bureau's sales activities.

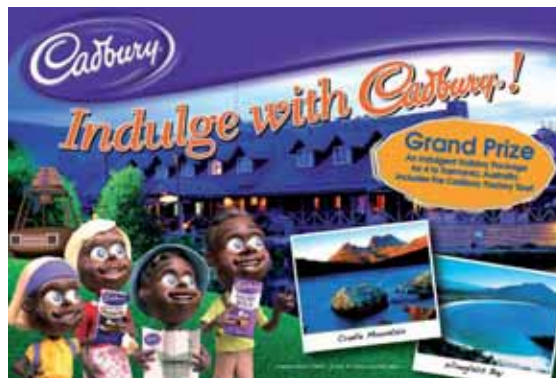
The Winter Shoulder Events Initiative continued to highlight Tasmania's seasonal strengths with Tourism Tasmania encouraging event organisers to conduct their events during the traditionally slow tourism seasons. An example of the initiative's success, the AFL in Tasmania Project, increased visitor numbers to the state and addressed strategies such as niche marketing, short stay and pre and post event touring as well as disbursement of visitors into regional communities.



Hawthorn Football Team in Tasmania for the AFL Community Camp



Giant hands promotion to support Hawthorn Football Club at Tasmania Match Day



A partnership with Cadbury Chocolate saw large competition displays featuring Tasmanian scenery at the end of the aisles in 70 supermarkets in Singapore

Priority Four: Open the Market

Build partnerships and develop opportunities that address the barriers to conversion for visitors and increase the presence of Tasmanian suppliers

4.1 Develop and review an ongoing access strategy that delivers reliable and competitive access

Tourism Tasmania continued to improve access to Tasmania through the development of an aviation strategy. The strategy establishes priorities for improving aviation access and focuses on capacity, frequency, competitive pricing and new route development.

To support the strategy, Tourism Tasmania developed business cases for new route opportunities that feature partnership approaches with airports and other stakeholders.

We worked collaboratively with Tiger Airways to successfully introduce flights from Melbourne to Hobart and Launceston.

Tourism Tasmania also extended its partnership with TT-Line through closer marketing links. This new approach using business case development and new partnership arrangements aims to strengthen our negotiations with carriers and help maintain existing routes and services in the current difficult market environment.



Tiger airlines arrive in Tasmania



Tourism Tasmania's call centre generated 41,467 visits with an industry contribution of \$18.7 million

4.2 Develop and manage distribution operations to respond to changes in the distribution marketplace

In the 2007-08 financial year the amalgamation of the Marketing and Commercial Operations within Tourism Tasmania enabled the Tourism Tasmania call centre to deliver services aligned to the Trade Partner marketing programs.

The call centre continued to provide online and telephone services to retail trade partners and consumers with a total of 168,631 contacts of which 46% were online contacts and 54% telephone contacts. Visitor numbers booked by the call centre were 41,467 with an industry contribution of \$18.7 million.

An extensive review of the wholesale operation resulted in a refinement of operational costs and alignment of service delivery to meet the changing distribution marketplace.

A call centre benchmarking program resulted in the call centre achieving high scores in best practice and communication skills and provided information for further improvement in the delivery of services.

Priority Five: Satisfy the Market



To play a key role in ensuring the visitor experience delivers on the brand promise and meets expectations.

5.1 Build industry capability to deliver quality visitor experiences, especially through accreditation

Tourism Tasmania supported the Tourism Industry Council Tasmania (TICT) in the delivery of the industry accreditation program. The program builds business sustainability, better business processes and enhanced visitor experiences. Approximately 1200 Tasmanian tourism businesses are participating in the TICT's tourism business accreditation program.

Tourism Tasmania developed a pilot Signature Experience Program. The program aims to help tourism businesses pursue excellence in experience delivery and increase the number of must-do experiences that drive customer demand. The program has attracted broad interest from across all sectors of the tourism industry.

We worked closely with the Tasmanian Visitor Information Network and Visitor Information Centres to develop quality information and booking services relevant to visitor needs. A new three-year strategy was launched that provides an improved governance structure and funding model. This service is vital in maximising visitor spend and encouraging visitor dispersal throughout Tasmania.

Tourism Tasmania continued to support Tasmania's three Regional Tourism Associations in building industry capacity and co-ordinating tourism activity at the regional level. Doing so helps ensure that quality visitor experiences are available state-wide. Close working relationships with the Regional Tourism Associations also ensures a streamlined approach to destination development aligned to broader state tourism objectives.

5.2 Build industry capability to deliver brand-aligned visitor experiences

Tourism Tasmania produced web-based information in partnership with industry reference groups to help tourism businesses further develop the experiences they offer visitors.

The new Building Visitor Experiences website produced by Tourism Tasmania includes case studies, skill development information and step-by-step guides to the development of brand-aligned visitor experiences.

The website also encourages tourism operators to share their experiences with others using new technologies. To further support this initiative, Tourism Tasmania began planning the production of online forums to share information on specialised topics of interest to the industry.

Priority Six: Market Feedback

Use research resources and industry feedback to understand and communicate back the strengths and weaknesses of Tourism Tasmania's contribution to tourism.

6.1 Adopt an effective system to monitor, measure and report market feedback about the destination

Over the past 12 months Tourism Tasmania used a range of mechanisms to track market feedback. The information produced insight into the specific, personalised behavioural characteristics of visitors to Tasmania as well as their basic demographic breakdown. This information helped identify the specific motivations that act as a conversion for travel.

The primary tool used to acquire data is the Tasmanian Visitor Survey (TVS). The TVS collects qualitative feedback on visitors' responses to their visit. The data helps the Tasmanian tourism industry and government agencies facilitate and promote industry development.

Tourism Tasmania continued to support a market research program that provides data and feedback to event organisers on the value of their events. The information gathered helps organisers build event sustainability and capability. Tourism Tasmania undertook surveys at targeted events to gather insights into visitors' perceptions of Tasmania and the quality of the events attended. Visitor feedback was also collected via mail and the website.

Research addressed performance-based activities, sporting events including the Hawthorn football games at Aurora Stadium, and other touring, motorsport and specific interest group activities at Symmons Plains.

6.2 Share knowledge with industry and other stakeholders

Over the past 12 months Tourism Tasmania designed a new three-year Event Development Plan. The plan aims to encourage the Tasmanian events sector to position the state as an internationally recognised centre of excellence for creativity and innovation in event development.

The plan includes a comprehensive range of activities to achieve a set of practical goals for the industry. The plan is divided into the three strategies of Development Investment, Development Grants and Development of the Events Industry. The plan will grow the capacity of the events sector, create new opportunities for organisations and individuals to develop new skills and new approaches to existing products, and foster a sector-wide approach to strategic planning and event management.

These activities complement the professional advice, assistance and support already offered by Tourism Tasmania to event organisers.

Signature Experience Pilot Development Program

In 2007-08 planning commenced for a Signature Experience Pilot Development Program. The program aims to help tourism operators drive their business to a stronger market position as a must-do Tasmanian experience.

Signature Experiences are those that excite visitors, fit with our brand and showcase the best Tasmania has to offer. As such, they are often a catalyst for conversion and contribute to Tasmania's recognition as a destination of choice.

The program will offer individually tailored and group development opportunities over a 12 month period.

Participants will benefit from greater access to Tourism Tasmania resources, mentoring and networking opportunities, research and business intelligence, and business support through Department of Economic Development and Tourism networks.

The program is aimed at tourism businesses and operators in Tasmania who have operated for at least two years, and whose participation in the program will support the Tasmanian brand and drive conversion.

Priority Seven: Organisational Effectiveness

Provide a workplace that values its people and delivers effective support to the organisation and stakeholders.

7.1 Develop integrated approach to performance measures

Tourism Tasmania developed a suite of operational Key Performance Indicators (KPIs) for tourism projects and adopted the latest government guidelines on project management.

We also established a Management Action Group, consisting of senior administrative staff, to facilitate project management within the organisation.

These approaches to managing and evaluating projects were supported by the development of tailored project management tools to suit the organisation's very specific requirements.

Tourism Tasmania also developed organisational KPIs and a transparent internal reporting system.

In addition, we introduced comprehensive monthly and quarterly dashboard style reporting to the Tourism Tasmania Board.

7.2 Gain increased stakeholder support for sustainable tourism through effective communication

Tourism Tasmania continued to provide a range of communication consultancy services to internal and external stakeholders that support the organisation's strategic initiatives.

These included the ongoing distribution of a fortnightly industry newsletter, Tourism Talk, to industry operators. The newsletter is distributed directly to subscribers via email and fax and is published on the corporate website.

We provided media services to the Minister for Tourism with the preparation of speech notes and media releases highlighting news announcements, launches of new products and significant industry events.

Planning commenced for a review of Tourism Tasmania's corporate website to ensure it continues to reflect the organisation's strategic direction as well as meet the needs of its audiences. Planning also commenced for the development of a stakeholder engagement framework.

7.3 Create a workplace that recognises team work and innovation

Tourism Tasmania joined the Department of Economic Development and Tourism in early 2008 and has since adopted the Department's approach to developing and nurturing its staff.

We participated in initiatives that include the Take the Lead Program and the Dattner-Grant leadership-based, Working Life Audit.

These initiatives helped assess the organisation's work culture and values and represented a new approach to balancing the organisation's business performance with its support for staff.

7.4 Engender support for the business strategy and capability to deliver outcomes

The New Directions business strategy established a clear need for Tourism Tasmania to intervene in the marketplace with seven key roles and four points of intervention. Tourism Tasmania recognises that the development of staff is essential for the plan's fulfilment.

The introduction of the 'Working, Learning, Achieving Together' program provides a framework that focuses Tourism Tasmania on all aspects of personal and organisational development.

Tourism Tasmania continued to develop initiatives to improve organisational communications, performance and culture. These include the establishment of an internal e-newsletter and the weekly sharing of achievements between business units in an informal setting.

7.5 Provide efficient, accurate and timely support services to our internal and external clients

The business consultancy service, provided with the development of the strategic planning system for budget development through project management, provided greater clarity of role and purpose and greater compliance with operational policy.

Tourism Tasmania undertook planning in preparation for its participation in the DEDT Client Survey early in 2008-09. The survey will help assess the quality of services provided to stakeholder and internal clients.



Tourism Tasmania conducts audience research at events, including the Festival of Voices, to evaluate the role events play in changing the perceptions and behaviours of visitors

Statutory Information

Award for Best Tourist Office (National).

Tourism Tasmania was honoured by the Australian Federation of Travel Agents with the National Travel Industry Award for Best Tourist Office (National).



Tasmania's Temptations Holidays was also nominated in the Best Wholesaler Australian Product category.

BOARD OF DIRECTORS ATTENDANCE 2007-2008			
Board	Current Term	Number of Board Meetings	Audit, Finance & Risk Committee
Bob Annells	14/2/06 – 13/2/09 (1st Term)	8	
Simon Carrant	14/2/06 – 13/2/09 (3rd term)	9	
Wayne Kirkpatrick	14/2/06 – 10/7/08 (1st term)	9	4
Kimberly Seagram	1/1/07 – 10/7/08 (1st Term)	8	
Alison Stubbs	14/2/06 – 13/2/09 (1st Term)	8	
Juanita von Stieglitz	14/2/06 – 10/7/08 (2nd term)	7	2
Felicia Mariani*	30/1/06 – 30/1/11 (1st Term)	9	

* Felicia Mariani is the Chief Executive Officer and her representation on the Board is for the term of her appointment.

Audit, Finance and Risk Committee

This is an established Committee of the Tourism Tasmania Board, consisting of two Board members and staff from Tourism Tasmania and the greater agency of the Department of Economic Development and Tourism.

The main functions of the Committee are to provide the Board with advice on the internal audit charter and to monitor risk management financial and internal control systems.

Our staff

As at June 2008, Tourism Tasmania had 136.17 full-time equivalent (FTE) employees with a head count of 157 including 110 females and 47 males.

Contracts

Tourism Tasmania 2007-2008 Tender Report >\$50,000

Tourism Tasmania, as part of the Department of Economic Development and Tourism ensures that Tasmanian businesses are given every opportunity to compete for agency business. It is our policy to support Tasmanian businesses whenever they offer best value for money for the government. The Table below provides a summary of the level of participation by local businesses for contracts, tenders or quotations with a value of \$50,000 or over (excluding GST).

Summary of participation by local businesses (contracts, tenders or quotations of \$50,000 or over, excluding GST)	
Total number of contracts awarded	13
Total number of contracts awarded to Tasmanian suppliers	4
Total value of contracts awarded	\$2,413,306.00
Total value of contracts awarded to Tasmanian suppliers	\$971,000.00
Total number of tenders called	8
Total number of bids received	43
Total number of bids received from Tasmanian businesses	5

Details of Contractors >\$50,000

Goshu Tourism Marketing (TAS)
– Tourism Tasmania representation in Japan \$270,000

Squiznet (NSW)
– Tourism Tasmania web site \$132,000

Festival of Voices Inc. (TAS)
– conduct Festival of Voices event. \$100,000

Chugg Entertainment (NSW)
– Stage Elton John concert in Launceston \$60,000

Southern Roots Tasmania P/L (NSW)
– Preparation, planning of Southern Roots festival (three years) \$360,000

Glamorgan Spring Bay Council (TAS)
– replace wharf at Triabunna point \$106,000

Southern Cross Television (TAS)
– Production & broadcast of an intrastate television series \$495,000

Dandenong Basketball Assoc. (VIC)
– stage Dandenong Rangers games in Tasmania \$62,500

Details of Consultants > \$50,000

Imagine Pty Ltd (NSW)
– Digital & Distribution Strategy \$69,314

Keystone Corporate Positioning (NSW)
– Digital & Distribution Strategy \$274,957

Garry Saunders (NSW)
– Digital & Distribution Strategy \$57,642

First Point Research & Consulting (VIC)
– Insights into consumer communication messages for zone marketing \$60,850

Freedom of Information

Tourism Tasmania has a legal obligation to respond to requests for information in accordance with the *Freedom of Information Act 1991*, which came into effect on 1 January 1993. The Act provides members of the public with the right to access information held by the Government and its agencies, with the exception of information deemed by the Act to be exempt.

The Act also gives people the right to seek amendment to personal information held by agencies that is considered to be incorrect.

In 2007-08 Tourism Tasmania received three requests for the release of information under the Act. All three requests were granted in part, with certain information deemed exempt from release.

Tasmania Together

The Tasmania Together goals and benchmarks are an integral part of the State Government's strategic policy framework and provide a basis for setting government priorities and the allocation of resources.

As at 30 June 2008 Tourism Tasmania, within the Department of Economic Development and Tourism, shared the co-ordinating Agency responsibility for certain sections of Goal 10, namely 'Thriving and innovative industries driven by a high level of business confidence'.

Standard 10.8 (what we are trying to achieve under this goal) is to co-promote our island advantages including our clean green image, natural resources, location and people.

Indicators used to measure progress are 10.8.1 Tourism expenditure and 10.8.2 Visitor numbers. Performance in the twelve months to June 2008 was as follows:

- 849,700 visitors as passengers on scheduled air and sea transport (up 3 per cent)
- Total spend up 5 per cent to \$1.389 billion (\$1,389,355,000)
- Average visitor spend per night \$194 (previous \$182).

A Whole-Of-Government Framework for Tasmanians with a Disability



Activities undertaken by Tourism Tasmania in 2007-08 that contributed to commitments in the Disability Framework for Action included:

- Providing a database of tourism operators (TigerTOUR) with disabled access and including this information on www.discovertasmania.com
- Displaying an 'assisted access' symbol against relevant operators or accommodation in the Discover Tasmania Book and on <http://www.tastemptions.com.au/>.

Climate Change

Developing a sustainable tourism industry is a goal of Tourism Tasmania that impacts on all aspects of our work. The global growth in responsible tourism was noted in the recent review of Tourism Tasmania's Experience Strategy and identified as a potential growth area for Tasmania.

Tourism Tasmania acknowledges the substantial level of commitment and work on climate change occurring among other stakeholders.

Tourism Tasmania is building a consumer-oriented strategy around climate change as part of our work to



determine the most effective points of intervention that will build responsible tourism and continue to build on our brand and reputation.

In addition, costs associated with rising energy and fuel prices have rapidly focused the tourism industry's attention on this area.

Relevant work to date includes:

- The National Tourism and Climate Change Taskforce, of which Tourism Tasmania is represented on the Carbon Offsetting and Environmental Performance and Communications sub-groups
- Tasmanian whole-of-government Climate Change Strategy
- Development of the State Government's Reducing Government's Carbon Footprint Framework
- Two industry and stakeholder workshops allowing the development of integrated tourism industry responses with both individual companies and associations.

Importantly, Tourism 21: 2007-2010 commits Tourism Tasmania to the development of a climate change strategy, in consultation with the Tourism Industry Council Tasmania (TICT).

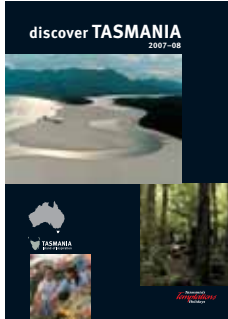
The scope of Tourism Tasmania's program addressing the issues of tourism-related climate change includes information and actions that support the industry in the introduction of climate change adaptation and mitigation strategies.

The intention is to position Tourism Tasmania as a leader in addressing tourism-related climate change issues and ensure Tasmanian tourism maintains its competitive advantage by demonstrating its commitment to reducing carbon emissions and protecting its environment.

The TICT will incorporate the issue of climate change into their accreditation program for operators seeking to demonstrate their credentials in tackling this issue to consumers. To assist this, TICT is exploring the possibilities of building alliances with existing accreditation programs focussing on sustainability to encourage operators to hold dual accreditation.

Considerable national work is underway to ensure that a strong and consistent approach to climate change is adopted by the tourism industry and also that the tourism industry is able to adapt to a carbon constrained future. This work will encourage programs that fit both Australian and international standards and encourage a simple national umbrella scheme for emissions management and carbon offsetting.

List of Publications



This year's Tourism Tasmania 2007-08 Annual Report has been produced from a selection of recycled, Australian made, carbon neutral, elemental chlorine free and sustainable forest practices paper stocks.

Our selected printery has been awarded for their environmental and recycling activities including the collection of paper waste and printing plates for recycling, the use of eco friendly inks, and environmentally approved papers recommended to all clients.

Brochures

- Discover Tasmania Book – Domestic
- Discover Australia's Natural State DL – International
- Tasmanian Touring Map – International edition
- Tasmania's Great Short Walks
- Australian Geographic Great Walks of Tasmania
- Tasmania's Wildlife
- Blooming Tasmania
- Tasmania Adventure Island
- Golf Tasmania
- Tasmania Gay and Lesbian Visitors Guide
- National Parks, Forest and Waterways Tasmania
- Tasmania's Angling Guide
- Caravan and Holiday Park Guide
- Tasmania's Dive Trail

E-Newsletters

- Discover Tasmania eNewsletter (consumer)
- Natural State News
- Tourism Talk (corporate)

Events Tasmania

- Touring Event Grant Program
- National and Special Interest Event Grant Program
- Your Club – Our Island
- Events Tasmania Xchange
- Regional Event Assistant Program

Corporate

- Tourism Tasmania Annual Report 2006-2007
- Corporate Plan 2007-2010
- Corporate Intent 2007-2010



Wildlife Warriors Worldwide announced in New York City that the Tasmanian Devil Facial Tumour Disease would be an official cause for the organisation, with a portion of all funds raised to be used to support research to help save this Tasmanian wildlife icon.

Tourism Tasmania
Annual Financial Statements
For the year ended 30 June 2008

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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 2008 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.



Felicia Mariani
Chief Executive



Robert Annells
Chairman of the Board



INDEPENDENT AUDIT REPORT

To Members of the Parliament of Tasmania

TOURISM TASMANIA

Financial Statements for the Year Ended 30 June 2008

Report on the Financial Statements

I have audited the accompanying financial statements of Tourism Tasmania (the Authority), which comprise the balance sheet as at 30 June 2008, the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification by the directors of the Board.

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 (including Australian Accounting Interpretations) and Section 38 of the *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 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 the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's 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.

Independence

In conducting my audit, I have met applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In my opinion the financial statements of Tourism Tasmania:

- (a) present fairly, in all material respects, the financial position of Tourism Tasmania as at 30 June 2008, and of its financial performance, cash flows and changes in equity for the year then ended; and
- (b) are in accordance with the *Tourism Tasmania Act 1996* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

HOBART
8 October 2008

Tourism Tasmania **Income Statement**

For the year ended 30 June 2008

	NOTES	2008 Actual \$'000	2007 Actual \$'000
Revenue and other income			
Attributed Appropriation revenue – recurrent	1.6(a), 3.1	24,840	24,462
Revenue from Special Capital Investment Funds	3.2	8,518	4,597
Grants and sponsorship	1.6(b), 3.3	-	164
Sales of goods and services	1.6(c), 3.4	4,611	6,347
Gain on sale of non-financial assets	1.6(d), 3.5	-	5
Other revenue	1.6(e), 3.6	28	310
Total revenue and other income		37,997	35,885
Expenses			
Attributed employee benefits	1.7(a), 4.1	9,241	9,414
Depreciation and amortisation	1.7(b), 4.2	186	253
Grants and subsidies	1.7(c), 4.3	5,175	2,616
Borrowing costs	1.7(d), 4.4	20	-
Impairment losses	1.7(e)(f), 4.5	6	-
Information technology	1.7(g)	1,209	872
Travel and transport	1.7(g)	819	830
Advertising and promotion	1.7(g)	18,795	16,683
Other expenses	1.7(g), 4.6	3,395	3,684
Total expenses		38,846	34,352
Net surplus (deficit) attributable to the State		(849)	1,533

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

Tourism Tasmania Balance Sheet as at 30 June 2008

	NOTES	2008 Actual \$'000	2007 Actual \$'000
Assets			
<i>Financial assets</i>			
Cash and deposits	1.8(a), 9.1	3,219	3,740
Receivables	1.8(b), 5.1	94	249
<i>Non-financial assets</i>			
Property, plant and equipment	1.8(c), 5.2	169	170
Intangibles	1.8(d), 5.3	351	444
Other assets	1.8(e), 5.4	731	1,028
Total assets		4,564	5,631
Liabilities			
<i>Financial Liabilities</i>			
Payables	1.9(a), 6.1	1,331	1,185
Provisions	1.9(b), 6.2	453	326
Attributed employee benefits	1.9(c), 6.3	1,778	1,903
Other liabilities	1.9(e), 6.4	1,472	1,838
Total liabilities		5,034	5,252
Net assets (liabilities)		(470)	379
Equity			
Accumulated funds		(470)	379
Total equity	8.1	(470)	379

This Balance Sheet should be read in conjunction with the accompanying notes.

Tourism Tasmania Cash Flow Statement

for the year ended 30 June 2008

CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	2008 Actual \$'000	2007 Actual \$'000
Cash inflows		Inflows (Outflows)	Inflows (Outflows)
Attributed Appropriation receipts - recurrent		25,090	24,512
Receipts from Special Capital Investment Funds		8,518	4,597
Grants and sponsorship		-	164
Sales of goods and services		4,150	5,979
Other cash receipts		28	306
Total cash inflows		37,786	35,558
Cash outflows			
Attributed employee benefits		(9,366)	(9,708)
Other cash payments		(28,842)	(25,559)
Total cash outflows		(38,208)	(35,267)
Net cash from (used by) operating activities	9.2	(422)	291
Cash flows from investing activities			
Cash inflows			
Proceeds from the disposal of non-financial assets		-	5
Total cash inflows		-	5
Cash outflows			
Payments for acquisition of non-financial assets		(99)	(225)
Total cash outflows		(99)	(225)
Net cash from (used by) investing activities		(99)	(220)
Net increase (decrease) in cash held		(521)	71
Cash and cash equivalents at the beginning of the reporting period		3,740	3,669
Cash and cash equivalents at the end of the reporting period	9.1	3,219	3,740

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

Tourism Tasmania **Statement of Recognised Income and Expense** for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
Income and expenses recognised directly in equity		
Increase(decrease) in asset revaluation reserve	-	-
Gains(losses) on revaluation of financial assets available for sale	-	-
Net income recognised directly in equity	-	-
Net surplus/(deficit) for the financial year	(849)	1,533
Total recognised income and expense for the financial year	(849)	1,533

This Statement of Recognised Income and Expense should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

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Note 1 Significant Accounting Policies

1.1 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 vision is for Tasmania to be a world leader in sustainable tourism. Its mission is to develop and market compelling and unforgettable natural experiences that:

- maximise economic, community and environmental benefits for Tasmanians;
- enhance the experience of visitors by fulfilling their physical and emotional needs; and
- create a profitable environment for the tourism industry.

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. Administered activities involve the management or oversight by Tourism Tasmania, on behalf of the Government, of items controlled or incurred by the Government.

Tourism Tasmania forms part of the Department of Economic Development and Tourism. The activities of Tourism Tasmania are predominantly funded through attributed Parliamentary appropriations. It also provides services on a fee for service basis, as outlined in Note 3.4. The financial report encompasses all funds through which Tourism Tasmania controls resources to carry on its functions.

1.2 Basis of Accounting

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

- Australian Accounting Standards issued by the Australian Accounting Standards Board. In particular, AAS 29 *Financial Reporting by Government Departments* has been applied; and
- The Treasurer's Instructions issued under the provisions of the Financial Management and Audit Act 1990.

The financial statements were signed by the Chief Executive and Chairman of the Tourism Tasmania Board on 13 August 2008.

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 1.5 below.

1.3 Reporting Entity

The financial statements include all the activities of Tourism Tasmania. The financial statements consolidate material transactions and balances of Tourism Tasmania.

1.4 Functional and Presentation Currency

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

1.5 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 (AASB) that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 7 *Financial Instruments*: Disclosures replaces the presentation requirements of financial instruments in AASB 132 and introduces new financial instrument disclosure requirements. There has been no financial impact on the financial statements.
- AASB 2007-4 *Amendments to Australian Accounting Standards arising from Exposure Draft 151 and Other Amendments* and Erratum: Proportionate Consolidation. AASB 2007-4 makes amendments to a number of Australian Accounting Standards to introduce various accounting policy options, delete various disclosures presently required, and to make a number of editorial amendments.

Tourism Tasmania has not intended to change any of its current accounting policies on adoption of AASB 2007-4; accordingly, there has been no financial impact to these financial statements. However, in the financial statements, certain information is no longer required to be disclosed, or has been disclosed in an alternative manner, due to amendments made by AASB 2007-4 to the disclosure requirements of various Accounting Standards.

- AASB 2007-5 *Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities* amends AASB 102 *Inventories* to require inventories held for distribution by not-for-profit entities to be measured at cost, adjusted when applicable for any loss of service potential. This change had no financial impact on Tourism Tasmania.

- AASB 2007-7 *Amendments to Australian Accounting Standards* makes editorial amendments to six Standards. The key change removes the encouragement in AASB 107 Cash Flow Statements to adopt a particular *format* for the cash flow statement. Tourism Tasmania did not intend to change any of its current accounting policies on adoption of AASB 2007-7; accordingly, there has been no financial impact to these financial statements.

The impact of the changes has been adjusted in the comparative information presented in the financial statements and associated notes.

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

The following new standards have been issued by the AASB and are yet to be applied:

- AASB 2007-6 *Amendments to Australian Accounting Standards Arising from AASB 123* – revised standard to be applied in reporting periods on or after 1 January 2009. Eliminates the option of expensing borrowing costs directly attributable to the construction or production of qualifying assets, instead requiring capitalisation. The transitional provisions apply for prospective application as a result there will be no retrospective financial impact on the 2009 financial statements.
- AASB 2007-8 *Amendments to Australian Accounting Standards Arising from AASB 101* - revised standard to be applied in reporting periods on or after 1 January 2009. The Standard will not have a financial impact on the financial statements but will require a number of changes in disclosures.
- AASB 2007-9 *Amendments to Australian Accounting Standards* arising from the Review of AASs 27, 29 and 31 – amending Standard to be applied on or after 1 July 2008. The primary focus of this Standard has been on relocating, where necessary, the requirements in AASs 27, 29 and 31, substantively unamended (with some exceptions), into topic-based Standards. The Standard will not have a material financial impact on the financial statements.
- AASB 2008-3 *Amendments to Accounting Standards arising from AASB 3 and AASB 127* - revised Standard to be applied to annual reporting periods beginning on or after 1 July 2009. The focus of the Standard is to reduce alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of a parent. The Standard will not have a material financial impact on the financial statements.

- AASB Interpretation 14 AASB 119 – the *Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* – this Interpretation is applicable to annual reporting periods beginning on or after 1 January 2008. The interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also gives guidance on when a MFR might give rise to a liability. Tourism Tasmania has not yet determined the potential effect of the interpretation.

(c) **Voluntary changes in accounting policy**

Tourism Tasmania has not adopted any new accounting policies.

1.6 Income

Income is recognised in the Income Statement 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) **Attributed Appropriation Revenue**

Attributed 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 Note 3.1, control arises in the period of appropriation.

(b) **Grants**

Grants payable by the Australian Government are recognised as revenue when Tourism Tasmania gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

(c) **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.

- (d) **Gain (Loss) from the Sale of Non-financial Assets**
Gains or losses from the sale of Non-financial assets are recognised when control of the asset has passed to the buyer.
- (e) **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.

1.7 Expenses

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

- (a) **Attributed Employee Entitlements**
Tourism Tasmania does not employ staff in its own right; activities of Tourism Tasmania are delivered by staff employed by the Department of Economic Development and Tourism (DEDT). That share of the employee benefits incurred by DEDT that relate to Tourism Tasmania activities are included in the Income Statement as Attributed Employee Benefits, and include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

- (b) **Depreciation and Amortisation**
All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated.

Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Major depreciation periods are:

Plant and equipment 3-5 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.

Major amortisation rates are:

Software 5 years

- (c) **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.

- (d) **Borrowing Costs**
All borrowing costs are expensed as incurred using the effective interest method.
Borrowing costs include:
- interest on bank overdrafts and short term and long term borrowings;
 - unwinding of discounting of provisions;
 - amortisation of discounts or premiums related to borrowings;
 - amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
 - finance lease charges.

- (e) **Impairment – Financial Assets**
Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative affect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

(f) **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 profit or loss.

An impairment loss in respect of goodwill is not reversed. 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.

(g) **Other Expenses**

Other expenses from ordinary activities, including Information technology, Travel and transport, and 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.

1.8 Assets

Assets are recognised in the Balance Sheet when it is probable that the 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) **Property, Plant, Equipment and Infrastructure**

(i) **Valuation basis**

Land, buildings, infrastructure, and heritage and cultural assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including long lived plant and equipment and work in progress, 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) **Subsequent costs**

The cost of replacing part of an item of property, 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 property, 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. Assets valued at less than \$10,000 are charged to the Income Statement 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 comprise prepayments, tax assets, and an operating lease make good asset. Prepayments and tax assets relate to actual transactions that are recorded at cost. The operating lease make good asset corresponds to the provision, less any accumulated amortisation.

1.9 Liabilities

Liabilities are recognised in the Balance Sheet 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) **Attributed Employee Benefits**

That share of the employee benefits liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those attributed employee benefit liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other attributed employee benefits are measured as the present value of the benefit at 30 June 2008, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for attributed 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**

Tourism Tasmania does not recognise a liability for the accruing superannuation benefits for employees delivering Tourism Tasmania activities. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

(e) **Other Liabilities**

Other liabilities include employee benefit on-costs, revenue received in advance relating to amounts received from the sale of whole-sale travel product prior to the date of travel. On the commencement of travel, such amounts are recognised as user charges revenue net of associated supplier costs.

1.10 Leases

Tourism Tasmania has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Income Statement 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.

1.11 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.

Judgements made by Tourism Tasmania that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

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.

1.12 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.

1.13 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 changes in accounting policy on comparative figures are at Note 1.5.

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

1.14 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

1.15 Departmental Taxation

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

There are no events occurring after balance date that impact on these financial statements.

Note 2 Events Occurring After Balance Date

There are no events occurring after balance date that impact on these financial statements.

Note 3 Income

3.1 Attributed Appropriation Revenue

Revenue from Appropriations includes revenue from appropriations, appropriations carried forward under section 8A2 of the *Public Account Act 1986* and Items Reserved by Law.

	2008 Actual \$'000	2007 Actual \$'000
Attributed Recurrent Appropriation	25,140	24,512
Attributed Appropriation carried forward under section 8A2 of the <i>Public Account Act 1986</i> taken up as revenue in the current year	(300)	(50)
Total revenue from Government	24,840	24,462

Section 8A(2) of the Public Account Act allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

3.2 Revenue from Special Capital Investment Funds

Funding for major infrastructure projects is provided through Special Capital Investment Funds managed by the Department of Treasury and Finance. Tourism Tasmania is allocated funding for specific projects from the Special Capital Investment Funds as part of the Budget process.

	2008 Actual \$'000	2007 Actual \$'000
Tourism Promotion Plan	8,518	4,597
Total	8,518	4,597

Details of total Special Capital Investment Funds revenues and expenses are provided as part of Notes 3.2 and 4.3.

3.3 Grants

	2008 \$'000	2007 \$'000
Other grants		
Other grants and sponsorship	-	164
Total	-	164

3.4 Sales of Goods and Services

	2008 \$'000	2007 \$'000
Travel sales revenue	19,451	29,423
Less: supplier costs	(16,263)	(24,283)
	3,188	5,140
Advertising and user charges	1,423	1,207
Total	4,611	6,347

3.5 Gain (Loss) on Sale of Non-financial Assets

	2008 \$'000	2007 \$'000
Proceeds from sale	-	5
Gain (loss) on sale	-	5

3.6 Other Revenues

	2008 \$'000	2007 \$'000
Recoveries, reimbursements and other revenue from ordinary activities	28	310
Total	28	310

Note 4 Expenses

4.1 Attributed Employee Benefits

	2008 \$'000	2007 \$'000
Wages and salaries	7,322	7,811
Annual leave	494	609
Long service leave	(183)	132
Sick leave and other related expenses	321	-
Superannuation	995	862
Other employee expenses	292	-
Total	9,241	9,414

Superannuation expenses relating to defined benefits schemes relate to payments into the Superannuation Provision Account (SPA) held centrally and recognised within the Finance-General Division of the Department of Treasury and Finance. 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 11 per cent of salary.

Superannuation expenses relating to the contribution scheme are paid directly to the superannuation fund at a rate of nine per cent of salary. In addition, departments are also required to pay into the SPA a "gap" payment equivalent to two per cent of salary in respect of employees who are members of the contribution scheme.

4.2 Depreciation and Amortisation

(a) Depreciation

	2008 \$'000	2007 \$'000
Plant, equipment and vehicles	57	52
Total	57	52

(b) Amortisation

	2008 \$'000	2007 \$'000
Intangibles	63	57
Operating lease make good asset	66	144
Total	129	201
Total depreciation and amortisation	186	253

4.3 Grants and Subsidies

	2008 \$'000	2007 \$'000
Special Capital Investment Funds – Tourism Promotion Plan	2,982	750
Regional tourism support	951	900
Convention program support	889	706
Other tourism development assistance	123	260
Sponsorship	230	-
Total	5,175	2,616

4.4 Borrowing Costs

	2008 \$'000	2007 \$'000
Operating Lease Make Good Provision		
Borrowing cost	20	-
Total	20	-

4.5 Impairment losses

	2008 \$'000	2007 \$'000
Non financial assets – impairment losses		
Property, plant, and equipment	6	-
Total	6	-

4.6 Other Expenses

	2008 \$'000	2007 \$'000
Audit fees – financial audit	47	-
Audit fees – internal audit	70	55
Operating lease costs	30	24
Buildings and infrastructure maintenance	31	39
Communications	578	803
Rental and other accommodation expenses	843	878
Other operating expenses (Including minor asset purchases)	1,220	1,251
Salary on costs	576	634
Total	3,395	3,684

Note 5 Assets

5.1 Receivables

(a) Carrying amount

	2008 \$'000	2007 \$'000
Receivables	94	251
Less: Provision for impairment	-	(2)
Total	94	249
Settled within 12 months	94	249
Total	94	249

(b) Reconciliation of movements

	2008 \$'000	2007 \$'000
Reconciliation of movement in provision for impairment of receivables		
Carrying amount at 1 July	2	15
Amounts written off during the year	2	13
Carrying amount at 30 June	-	2

5.2 Property, Plant and Equipment

(a) Carrying amount

	2008 \$'000	2007 \$'000
Plant, equipment and vehicles		
At cost	399	343
Less: Accumulated depreciation	(230)	(173)
Total property, plant and equipment	169	170

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses.

	2008 \$'000	2007 \$'000
Carrying amount at 1 July	170	222
Additions at cost	56	-
Depreciation expense	(57)	(52)
Carrying amount at 30 June	169	170

5.3 Intangibles

(a) Carrying amount

	2008 \$'000	2007 \$'000
Intangibles with a finite useful life		
At cost - Software	471	515
Less: Accumulated amortisation	(120)	(71)
Total intangibles	351	444

(b) Reconciliation of movements

	2008 \$'000	2007 \$'000
Carrying amount at 1 July	444	276
Additions at cost	43	225
Movement on restructure	(73)	0
Amortisation expense	(63)	(57)
Carrying amount at 30 June	351	444

5.4 Other Assets

(a) Carrying amount

	2008 \$'000	2007 \$'000
Prepayments	544	837
Tax	38	7
Other current assets	31	-
	613	844

Operating lease make good	326	326
Less: Accumulated amortisation	(208)	(142)
	118	184
Total	731	1,028

Settled within 12 months	647	875
Settled in more than 12 months	84	153
Total	731	1,028

(b) Reconciliation of movements

	2008 \$'000	2007 \$'000
Carrying amount at 1 July	1,028	743
Additions	613	351
Disposals	(844)	-
Amortisation expense	(66)	(66)
Carrying amount at 30 June	731	1,028

Note 6 Liabilities

6.1 Payables

	2008	2007
	\$'000	\$'000
Creditors	968	1,121
Accrued expenses	363	64
Total	1,331	1,185
Due within 12 months	1,331	1,185
Due in more than 12 months	-	-
Total	1,331	1,185

Settlement is usually made within thirty days.

6.2 Provisions

(a) Carrying amount

	2008	2007
	\$'000	\$'000
Operating lease rentals	67	-
Operating Lease make good	386	326
Total	453	326
Due within 12 months	67	30
Due in more than 12 months	386	296
Total	453	326

(b) Reconciliation of movements in provisions

	Operating lease rentals		Operating lease make good		Total Provisions	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	0	0	326	0	326	0
Increases	67	-	61	470	128	470
Charges against provision	-	-	-	(144)	-	(144)
Changes in discounting	-	-	(1)	-	(1)	-
Balance at 30 June	67	0	386	326	453	326

6.3 Attributed Employee Benefits

	2008	2007
	\$'000	\$'000
Accrued salaries	102	70
Annual leave	577	569
Long service leave	1,099	1,264
Total	1,778	1,903
Due within 12 months	830	664
Due in more than 12 months	948	1,239
Total	1,778	1,903

6.4 Other Liabilities

	2008	2007
	\$'000	\$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	300	50
Other revenue received in advance	1,040	1,635
Other liabilities		
Employee benefits – on-costs	119	153
Other liabilities	13	-
Total	1,472	1,838
Due within 12 months	1,409	1,766
Due in more than 12 months	63	72
Total	1,472	1,838

Note 7 Commitments and Contingencies

7.1 Schedule of Commitments

	2008	2007
	\$'000	\$'000
By type		
<i>Lease Commitments</i>		
Operating leases	2,780	3,428
Total	2,780	3,428
By maturity		
<i>Operating lease commitments</i>		
One year or less	649	775
From one to five years	2,131	2,629
More than five years	-	24
Total	2,780	3,428

7.2 Contingent Assets and Liabilities

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

As at 30 June 2008, Tourism Tasmania did not have any contingent assets or liabilities.

Note 8 Equity and Movements in Equity

8.1 Reconciliation of Equity

	Accumulated Funds		Total Equity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	379	(1,154)	379	(1,154)
Net surplus/deficit	(849)	1,533	(849)	1,533
Balance at 30 June	(470)	379	(470)	379

Note that accumulated funds include both contributed capital on formation of Tourism Tasmania and accumulated surpluses or deficits in subsequent years.

Note 9 Cash Flow Reconciliation

9.1 Cash and Cash Equivalents

Cash and Deposits includes the balance of the Special Deposits and Trust Fund Accounts held by Tourism Tasmania, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2008	2007
	\$'000	\$'000
Special Deposits and Trust Fund balance		
T522 DEDT Operating Account	48	107
T659 Tourism Trading Account	3,121	3,571
Total	3,169	3,678
Other cash held		
Cash accounts other than in Special Deposits and Trust Fund	50	62
Total	50	62
Total cash and cash equivalents	3,219	3,740

9.2 Reconciliation of Operating Surplus (Deficit) to Net Cash from Operating Activities

	2008	2007
	\$'000	\$'000
Net operating surplus (deficit)	(849)	1,533
Depreciation and amortisation	186	253
Gain (loss) from sale of non-financial assets	0	5
Bad and doubtful debts	2	(13)
Borrowing cost	20	0
Impairment losses	6	0
Decrease (increase) in Receivables	155	(97)
Decrease (increase) in Other assets	297	(440)
Increase (decrease) in Attributed employee entitlements	(125)	(298)
Increase (decrease) in Payables	147	(593)
Increase (decrease) in provisions	105	327
Increase (decrease) in Other liabilities	(366)	(386)
Net cash from (used by) operating activities	(422)	291

Note 10 Financial Instruments

10.1 Risk exposures

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

- credit risk;
- liquidity risk; and
- market risk.

The Chief Executive 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.

The Financial Instruments used by Tourism Tasmania include:

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	9.1	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues. Cash is measured at nominal amounts and is also the net fair value.	Cash includes cash deposits which are readily convertible to cash on hand plus cash available in Treasury's Special Deposit and Trust Fund. Tourism Tasmania does not earn any interest on funds held.
Receivables for user charges	5.1	These receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely. The net fair value of receivables is the nominal amount	Debtor's terms are 30 days.
Financial Liabilities		Liabilities are recognised when it is probable that the future sacrifice of economic benefits will be required and the amount of the liability can be measured reliably.	
Creditors	6.1	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having being invoiced). The net fair value of payables is the nominal amount.	Settlement is usually made within 30 days.

(a) **Derivative Instruments not shown in the Balance Sheet**

Tourism Tasmania does not hold any derivative financial instruments.

(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. Tourism Tasmania is not materially exposed to any individual overseas country or individual customer.

The credit risk on financial assets of Tourism Tasmania which have been recognised on the Balance Sheet is the carrying amount, net of any provision for doubtful debts. Tourism Tasmania extends 30 day credit terms for sundry receivables, and receives standard commercial credit terms for sundry creditors except for travel related sales where full payment is due at least thirty days prior to the travel.

Concentrations of credit risk on Accounts Receivable are: Travel related services – 100%.

(c) **Liquidity Risk**

Liquidity risk is the risk that TDR will not be able to meet its financial obligations as they fall due. TDR's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

The following tables detail the undiscounted cash flows payable by TDR by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Balance Sheet:

(d) **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Tourism Tasmania does not hold any investments or borrowings which would expose it to changes in interest rates. The Government holds the equity in interest in Tourism Tasmania on behalf of the community.

2008

Maturity analysis for financial liabilities

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	1,331	-	-	-	-	-	1,331	1,331
Total	1,331	-	-	-	-	-	1,331	1,331

2007

Maturity analysis for financial liabilities

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	1,185	-	-	-	-	-	1,185	1,185
Total	1,185	-	-	-	-	-	1,185	1,185

Note 11 Administered Transactions

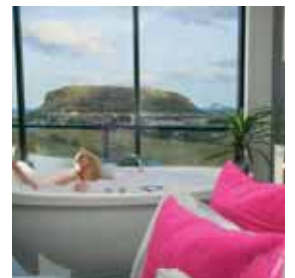
Tourism Tasmania has administered the following programs and the following payments made:

	2008	2007
	\$'000	\$'000
Expense		
Tasmanian Icon Program (Tasmanian Symphony Orchestra and the Tasmanian Cricket Association)	1,000	1,000
Total		
Revenue		
Recurrent Appropriation	1,000	1,000
Total		
Net operating surplus (deficit) from ordinary activities	-	-

Tourism Tasmania has no administered assets or liabilities at 30 June 2008.



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