



vtic
VICTORIA TOURISM INDUSTRY COUNCIL

2015-16 ANNUAL REPORT

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VTI LIMITED ANNUAL REPORT

Year Ended 30 June 2016

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Major Partners



Industry Partners

Corporate Partners



International Visitors 15/16

National:	↑(+10.0%)
Victoria:	↑(+12.8%)
Melbourne:	↑(+12.6%)
Regional Victoria:	↑(+21.2%)

CHAIR'S MESSAGE



2016 has been a year of transition for the industry and for the Victoria Tourism Industry Council.

VTIC welcomed the announcement of the new state tourism organisation, Visit Victoria, and its inaugural CEO Peter Bingeman. The new structure, which brings together Tourism Victoria, the Victorian Major Events Company and Melbourne Convention Bureau, aims to achieve greater collaboration and efficiency between these three key bodies, in order to better leverage branding and economic benefits to the state.

VTIC continues its productive collaboration with government and anticipates that this new organisational structure will further improve the level of industry engagement. Partnership between industry and government is a well-worn path to success for tourism and events in this state.

With these significant changes taking place, Dianne Smith was invited to lend her industry expertise to the Department of Economic Development, Jobs, Transport and Resources, accepting a secondment to Tourism Victoria from September 2015 to March 2016. This is a testament to Dianne's knowledge and skill as a tourism industry leader and a sign of the respect she commands across Victorian tourism, in both the public and private sectors.

During this time, Erin Joyce, Director of Lightfoot Marketing and former Victorian Tourism Awards Judge, was appointed to the role of Acting Chief Executive of both Victoria Tourism Industry Council and Victoria Events Industry Council. Erin ensured that VTIC operations continued smoothly, with members receiving their services, benefits and communications seamlessly, and the team maintaining their high level of professionalism and service delivery. A highlight was VTIC's delivery of the 2015 Victorian Tourism Awards Gala Ceremony, the first time in the history of the Awards program that this event had been delivered by industry.

My sincere thanks to Erin for steering the organisation through this period.

In terms of visitation, the international visitor numbers for 2015-16 were great for Victoria. Domestic visitation also saw gains for Victoria; however this was largely driven by intrastate visitation, with indications that

interstate overnight visitors, nights and spend are falling behind national average increases. Domestic tourism is the mainstay of the industry and we must ensure that our international efforts, no matter how successful, are not coming at the expense of interstate visitors.

VTIC continues its productive collaboration with government and anticipates that this new organisational structure will further improve the level of industry engagement.

I'd like to thank VTIC's policy committees across the industry segments of Accommodation, Attractions, Destinations, Tours & Transport, Events, and Tourism Services and Hospitality, for their time in addressing issues that affect their sector or the industry as a whole. These committees provide an important avenue of communication for members to the VTIC Board and ensure that grassroots issues are heard.

I also acknowledge Victorian Chamber of Commerce and Industry Chief Executive Mark Stone; VTIC's ongoing relationship with the Victorian Chamber goes from strength to strength and we look forward to exploring new opportunities into the future.

Lastly, I must offer my sincere thanks to each and every one of my colleagues on the VTIC Board for contributing their time, valuable knowledge and support to this organisation.

2016 marks the end of my tenure as Chair of VTIC. It has been a long and fruitful journey and I will continue to take an active interest in VTIC and the tourism industry more broadly. I wish my successor Charles Davidson all the very best and look forward to seeing the next chapter of VTIC unfold.

Jeremy Johnson
Chair

Pizzini's Sangiovese e Salsicce Celebration



CHIEF EXECUTIVE'S OPERATING REPORT



In 2015-16 VTIC continued on its course of growth and delivered some of its most memorable events yet. The year also saw staff changes, both temporary and permanent, as well as a change of location when the Victorian Chamber of Commerce and Industry relocated to 150 Collins Street. The team took all of this in its stride and continued to deliver its program of work with the same high level of quality and professionalism that has become synonymous with VTIC.

Advocacy

VTIC tackled a range of issues throughout the year, lending our voice to public debate on topics such as the Grand Final Eve Public Holiday, lease terms in national parks and short-stay accommodation in CBD apartments. We also advocated against the removal of the tax-free threshold for Working Holiday Maker Visa holders; examined the anti-competitive nature of Online Travel Agents (OTAs); and continued to support the Fuel Tax Credit Coalition, led by the Minerals Council of Australia, and Tourist Shopping Reforms, as part of a national group of industry associations and businesses.

The 2016/17 State Budget Submission focused on boosting investment in tourism assets and growing demand through increased marketing funding and a renewed focus on local events. We were very pleased with several of the key state budget announcements for tourism and events, which were well aligned with our priorities; in particular:

- \$38 million over two years (\$19m p.a.) for Visit Victoria marketing
- \$9 million over two years for Business Events Fund
- \$20 million over four years for Regional Events Fund
- \$101 million for Regional Tourism Infrastructure Fund, including \$48.2 million for the redevelopment of the Penguin Parade at Phillip Island Nature Parks

VTIC also hosted a Tourism Research Roundtable, in conjunction with Tourism Research Australia. This brought together over 30 stakeholders from tourism

industry and academia and generated fruitful discussion about the research needs and opportunities that should be fulfilled in order to generate meaningful data that industry can use to inform its business planning and decisions.

Tourism has been my passion and it has been a pleasure to advocate on behalf of the industry

Events

VTIC's calendar of events continues to grow in both quality and quantity. As well as our hallmark events - the Victorian Tourism Conference, held across two days at the Melbourne Convention and Exhibition Centre, with almost 300 delegates each day; the Visitor Information Centre Summit, held at RACV Cape Schanck Resort on the Mornington Peninsula; and the Visitor Economy Forum - we introduced this year the VTIC Regional Roadshow and the VTIC Mixer Series.

With the Regional Roadshows we brought together our partners from the Victorian Chamber of Commerce and Industry, Business Events Victoria and Australian Tourism Accreditation Program (ATAP), and coordinated with Regional Tourism Boards to present the breadth of VTIC's service offerings and connections to members and potential members across regional Victoria. The Roadshows also tied in with the extensive Victorian Tourism Awards workshop program, designed to encourage awards entrants and assist them with preparing their submissions.

Meanwhile, the VTIC Mixer Series has proved a hit, providing an informal setting for individuals from across the industry (members and non-members) to meet and engage with colleagues in a social setting, sparking conversations and connections that have led to genuine B2B opportunities, as well as new VTIC memberships.

CHIEF EXECUTIVE'S OPERATING REPORT CONTINUED

Photographer: Marcus Thomson

Industry and Business Development

The integration of the Australian Tourism Accreditation Program (ATAP) into VTIC in September 2015 marked the start of a new chapter for tourism industry development in Victoria. It created a fresh opportunity for us to jointly improve industry sustainability through tourism excellence and professionalism and to increase the overall number of Victorian accredited operators as well as engaged VTIC members. As part of this integration we welcomed into the team the staff of ATAP (Vic.) Executive Officer, Erin McLeod, and Accreditation Officer, Annika Hoffman.

This development also gave VTIC the opportunity to further foster our national connections and relationships with the other interstate Tourism Industry Councils, as Erin McLeod's role included the provision of Secretariat duties to ATAP Ltd., the national body in charge of the ATAP. In February 2016 ATAP Ltd. changed its name to the Australian Tourism Industry Council (ATIC) and the opportunity for an expanded role encompassing the National Tourism Awards as well as ATIC Secretariat was made available.

At a state level, VTIC managed the 2015 Victorian Tourism Awards program in its entirety on behalf of the Victorian Government, including the delivery of the Victorian Tourism Awards Gala Ceremony. It was the first time in the Awards' history that industry had taken on this active role in presenting the Gala, resulting in an event run by the industry, for the industry. In a show of quality and dedication from across the visitor economy, VTIC received 122 entries, including 10 that recognised individuals.

VTIC's own industry awards continue our commitment to fostering the next generation of tourism and events industry professionals and business leaders. We were pleased to announce the following winners for 2016:

- Raffelle Lawrence of Colonial Tramcar Restaurant for the Lynette Bergin Fellowship
- Jeanine Howton for the Todd Blake Student Award

In addition to this suite of industry development and awards programs, VTIC continues to manage Business Events Victoria and supports the endeavours of the Young Tourism Network.



Image courtesy Grampians Tourism

VTIC membership has again increased year-on-year and in a year of change, this is a testament to the hard work, innovation and dedication of the VTIC team. The level of member engagement has also increased and I'd like to make special mention of the members involved in our policy committees and advisory groups whose in-kind contribution of time, knowledge and experience are greatly appreciated.

I also acknowledge the VTIC Board for their generosity, guidance and ongoing commitment to our industry.

Last but not least, a special thanks to our industry and corporate partners, including the Victorian Chamber of Commerce and Industry, Tourism Events and the Visitor Economy, Visit Victoria, RACV, the regional tourism boards, the Australian Chamber of Commerce and Industry and the National Tourism Council, the Australian Tourism Industry Council, City of Melbourne, Public Transport Victoria, Parks Victoria, Destination Melbourne, KPMG, Arthur J Gallagher and Prime 7.

As my time with VTIC draws to a close, I would like to express my sincere thanks to our members for continuing to support VTIC and for the many connections and friendships I have made over the past five years. Tourism has been my passion, and it has been a pleasure to advocate on behalf of an industry that I know, first-hand, offers genuine hospitality and a wonderful diversity of high-quality experiences.

A handwritten signature in black ink, appearing to read 'Dianne Smith'.

Dianne Smith
Chief Executive

DIRECTORS' REPORT

For the year ended 30 June 2016

The Directors present their report together with the financial report of Victorian Tourism Industry Limited (the "Company") for the financial year ending 30 June 2016 and the auditor's report thereon.

Directors

The Directors of the company at any time during or since the end of the financial year are:

NAME, QUALIFICATIONS	EXPERIENCE, OTHER DIRECTORSHIPS
Jeremy Johnson Diploma of Business, Local Government Hon. Doctorate (<i>Federation University Australia</i>) Company Secretary	Chairman – Appointed 14 May 2012 – Resigned 1 July 2016 CEO, <i>Sovereign Hill</i> Chair, <i>Central Highlands Water</i> Member and Honorary Treasurer, <i>Council of Australasian Museum Directors</i> Board member & Executive Council member, <i>Victorian Chamber of Commerce and Industry (VCCI)</i> Vice- President, <i>Australian Chamber of Commerce & Industry (ACCI)</i>
Wayne Kayler-Thomson Diploma of Commerce Certified Practising Accountant (CPA) Fellow Australian Institute of Management Company Secretary	Deputy Chairman/Secretary – Appointed 14 May 2012 Director, <i>VicSuper Pty Ltd</i> Council Member, <i>Victoria University</i> Director, <i>Wayne Kayler-Thomson Pty Ltd</i> Former CEO, <i>Victorian Chamber of Commerce and Industry (VCCI)</i> Former Deputy CEO, <i>Tourism Victoria</i>
Matthew Noble Associate Diploma, Hospitality Management	Re-elected 12 November 2014 Owner/Director, <i>Australian Wine Tour Co.</i> Past Directorships: Destination Yarra Valley Dandenong Ranges Tourism Commonwealth Games 2006, <i>Backpacker Reference Advisory Group / Tourism Victoria</i> Backpacker Operators Association of Victoria Yarra Ranges Regional Marketing Limited Victorian Food & Wine Tourism Council Chair, <i>Tourism Alliance Victoria</i>
Julian Clark BA, Bachelor of Commerce	Re-elected 31 October 2013; Retired 11 November 2015 CEO, <i>The Lancemore Group</i> President, <i>Accommodation Association of Australia (AAoA)</i> Board, <i>Melbourne Convention Bureau (MCB)</i>
Peter Jones Bachelor of Economics	Re-elected 31 October 2013; Retired 11 November 2015 Director, <i>Peter Jones Special Events</i> Chair, <i>Victoria Events Industry Council</i> Member of Tourism Australia's Business Events Advisory Panel

NAME, QUALIFICATIONS	EXPERIENCE, OTHER DIRECTORSHIPS
<p>Nicholas Hunt Bachelor Arts (Hons) Masters Educational Policy (International) Graduate AICD</p>	<p>Elected 31 October 2013; Retired 11 November 2015 CEO, <i>William Angliss Institute</i> Director, <i>Tourism Hospitality Educators international Centre of Excellence (THE-ICE)</i></p>
<p>Kim Francis Bachelor of Science (Computing) Executive MBA</p>	<p>Appointed 31 October 2013; Retired 11 November 2015 Southern Region Manager, <i>YHA Ltd</i></p>
<p>Will Flamsteed Bachelor Arts (Media), Masters of Wine Marketing</p>	<p>Appointed 12 November 2014 CEO, <i>Grampians Tourism Board</i> Chair, <i>Great Southern Touring Route</i> Member, <i>Australian Institute of Company Directors</i></p>
<p>Charles Davidson Bachelor of Commerce (Economics, Law, Marketing)</p>	<p>Appointed 12 November 2014; Appointed Chair 1 July 2016 CEO, <i>Founder, Director, Peninsula Hot Springs</i> Director, <i>Australasian Wellness Association</i></p>
<p>John Hart Bachelor of Commerce (Business Law), Diploma of Marketing, FAICD</p>	<p>Elected 11 November 2015 CEO, <i>Restaurant and Catering Australia</i> Chair, <i>Commonwealth Vocational Education and Training Advisory Board</i> Chair, <i>National Tourism Committee</i> Board Member, <i>National Centre for Vocational Education Research</i> Chair, <i>Tourism and Hospitality Careers Council</i></p>
<p>Lisa Patroni Diploma of Hospitality Management</p>	<p>Elected 11 November 2015 Head of International Tourism, <i>PR, Government & Community, Victoria Racing Club</i></p>
<p>Elizabeth White Bachelor of Education - Social Sciences, Master of Education</p>	<p>Elected 11 November 2015 CEO, <i>Victorian Caravan Parks (VicParks)</i> Member, <i>Advisory Council - Caravan Industry Association Australia</i></p>

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2015

Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) attended by each of the Directors of the Company during the 2015-2016 financial year are:

DIRECTOR	NUMBER OF MEETINGS HELD WHILE IN OFFICE	MEETINGS ATTENDED
Jeremy Johnson, Chair	6	5
Wayne Kayler-Thomson, Deputy Chair	6	3
Charles Davidson	6	5
Will Flamsteed	6	4
Matthew Noble	6	5
Julian Clark (Retired 11 November 2015)	2	1
Kim Francis (Retired 11 November 2015)	2	2
Nicholas Hunt (Retired 11 November 2015)	2	1
Peter Jones (Retired 11 November 2015)	2	1
John Hart (Elected 11 November 2015)	4	3
Lisa Patroni (Elected 11 November 2015)	4	2
Elizabeth White (Elected 11 November 2015)	4	3

Objectives and Strategies

The Company's objective is to be the peak industry body for Victoria's tourism and events industry and contribute to the growth and sustainability of the sector. The Company achieves this through implementation of strategies related to professional advocacy and industry membership and representation (a detailed review of these are included in the CEO's report).

Principal Activities

The principal activities of the Company during the year ended June 2016 comprised professional advocacy for Victoria's tourism and events industry, industry development activities and membership attraction and retention (a detailed review of these are included in the CEO's report).

Key Performance Indicators

As at 30 June 2016, the Company had 854 members (2015: 685). Revenue from membership operations year ended 30 June 2016 was \$516,003 (2015: \$470,763). A detailed review of Company operations for the year is included in the CEO's report.

Membership Liability

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$10.00 each towards meeting any outstanding obligations of the entity. At 30 June 2016, the total amount that members of the company are liable to contribute if the Company is wound up is \$8,540 (2015: \$6,850).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 14 of the financial report.



Signed: Charles Davidson
Chairman
At Melbourne 10 November 2016



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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF VICTORIAN TOURISM INDUSTRY
LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "ShineWing Australia".

ShineWing Australia
Chartered Accountants

A handwritten signature in cursive script that reads "Hayley Underwood".

Hayley Underwood
Partner

Melbourne, 10 November 2016

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2016 \$	2015 \$
Membership revenue		516,003	470,763
Consulting revenue		90,000	190,000
Grants revenue		250,724	343,242
Other income	3	1,345,183	357,533
Total income		2,201,910	1,361,538
General service agreement expense	2	1,948,428	1,288,486
Operating expenses		51,448	130,551
Grants expense		9,000	18,996
Other administration expenses		10,780	11,711
Total expenses		2,019,656	1,449,744
Current year surplus/(deficit) before income tax		182,254	(88,206)
Income tax expense		-	-
Net current year surplus/(deficit)		182,254	(88,206)
Other comprehensive income		-	-
Net current year surplus/(deficit) attributable to members		182,254	(88,206)
Total comprehensive surplus/(deficit) attributable to members		182,254	(88,206)

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		354,670	188,071
Trade and other receivables	5	386,703	357,827
Financial assets	10	401,617	401,617
Total current assets		1,142,990	947,515
Total assets		1,142,990	947,515
LIABILITIES			
Current liabilities			
Trade and other payables	6	250,394	186,364
Deferred revenue	7	461,298	512,107
Total current liabilities		711,692	698,471
Total liabilities		711,692	698,471
Net assets		431,298	249,044
Equity			
Accumulated losses		(58,447)	(240,701)
Contributed equity		489,745	489,745
Total Equity		431,298	249,044

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	CONTRIBUTED EQUITY	ACCUMULATED LOSSES	TOTAL
	\$	\$	\$
BALANCE AT 1 JULY 2015	489,745	(152,495)	337,250
Surplus attributable to members of the entity	-	(88,206)	(88,206)
Equity contribution	-	-	-
Balance at 30 June 2015	489,745	(240,701)	249,044
Surplus attributable to members of the entity	-	182,254	182,254
Equity contribution	-	-	-
Balance at 30 June 2016	489,745	(58,447)	431,298

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2016 \$	2015 \$
Cash Flow from Operating Activities			
Receipts from members and others		1,961,911	1,525,693
Payments to suppliers and employees		(1,927,247)	(1,798,467)
Interest received		12,133	14,036
Net cash generated from/(used in) operating activities	8	46,797	(258,738)
Cash Flow from Investing Activities			
Payments for investments		-	(100,000)
Proceeds from sale of investments		-	203,107
Cash assumed from acquisition of TABV		119,802	-
Net cash generated from/(used in) investing activities		119,802	103,107
Cash Flow from Financing Activities			
Equity contribution		-	-
Net cash generated from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents held		166,599	(155,631)
Cash and cash equivalents at the beginning of the financial year		188,071	343,702
Cash at the end of the financial year		354,670	188,071

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 1: Entity information and statement of significant accounting policies

Entity information

Victoria Tourism Industry Limited (the "Company") is a not for profit company limited by guarantee. The Company is governed by the rules set out in its own constitution and the Corporations Act 2001.

Basis of preparation

Reporting basis and conventions

The Company applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report, except for the cashflow information, has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements were authorised for issue on 10 November 2016 by the directors of the company.

a. Cash and cash equivalents

Cash and cash equivalents include: cash on hand; deposits held at call with banks; and other short-term highly liquid investments which are readily convertible to cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

b. Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

NOTE 1: Entity information and statement of significant accounting policies (continued)

b. Financial instruments (continued)

Classification and Subsequent Measurement

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

(iv) Financial Liabilities

Non-derivative financial liabilities, excluding financial guarantees, are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

NOTE 1: Entity information and statement of significant accounting policies (continued)**b. Financial instruments (continued)**

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

c. Trade and other receivables

All trade debtors are recognised at the amounts receivable as they fall due for settlement.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

d. Trade and other payables

These amounts represent liabilities for goods and services provided to the trust prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

e. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

f. Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

g. Revenue recognition*(i) Membership revenue*

General Membership Revenue is initially recognised on receipt of payment from the member. Subsequent to initial recognition, all membership revenue is recognised on an accruals basis over the twelve month period of the paid membership.

(ii) Other revenue

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets. All other items classified as other revenue are recognised on an accruals basis.

All revenue is stated net of the amount of GST.

h. Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

i. Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Management are required to exercise judgment in the process of applying accounting policies. In preparing the financial statement the following key judgements were made:

Trade receivables

Included in trade receivables at the end of the reporting period is an amount receivable from customers during the current financial year amounting to \$386,703. Management has determined that recoverability of a portion of these debts is uncertain hence a provision for impairment has been made. An assessment of all accounts outstanding for longer than the agreed trading terms has been undertaken.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

NOTE 2: General Service Agreement Expense

A General Service Agreement (“GSA”) exists between the Company and the Victorian Chamber of Commerce and Industry (Victorian Chamber) under which the Victorian Chamber agrees to provide, and the Company engages the Victorian Chamber to provide, certain management services (Services). The Services cover the performance of tasks necessary for the efficient management of the Company including management and resourcing, membership administration and account management, communications, marketing, policy support, secretariat and finance support. The fee payable to the Victorian Chamber under the GSA is 95% of all membership subscription fees received from members of the Company and 100% of all other revenue streams with the exception of interest receivable and certain sundry income items.

NOTE 3: Other income	2016 \$	2015 \$
Events and sponsorship	929,388	330,686
Commissions	9,505	9,227
Publications	2,250	2,841
Interest received	12,133	14,036
Accreditation fees	214,192	-
Sundry revenue	57,913	743
Gain on bargain purchase	119,802	-
	1,345,183	357,533

NOTE 4: Surplus/(Deficit)	2016 \$	2015 \$
Surplus/(Deficit) has been determined after:		
Consultancy fees	43,014	112,775

NOTE 5: Trade and other receivables	2016 \$	2015 \$
Trade debtors	274,455	308,982
Less: Impairment	(2,473)	(2,473)
	271,982	306,509
GST paid	30,267	49,504
Other receivables	13,421	1,814
Related Party Receivable	71,033	-
	386,703	357,827

	PROVISION FOR IMPAIRMENT OF RECEIVABLES \$
NOTE 5: Trade and other receivables (continued)	
Carrying amount at 30 June 2015	2,473
Charge for the year	-
Amounts written off	-
Carrying amount at 30 June 2016	2,473

	2016 \$	2015 \$
NOTE 6: Trade and other payables		
CURRENT		
Unsecured liabilities		
Financial liabilities measured at amortised cost:		
Trade creditors	72,831	-
Accruals	126,617	105,774
GST collected	49,673	80,546
Other payables	1,273	44
	250,394	186,364

	2016 \$	2015 \$
NOTE 7: Deferred revenue		
Deferred membership revenue	209,158	219,093
Deferred events revenue	8,390	120,344
Deferred sponsorship revenue	136,075	49,364
Other deferred revenue	107,675	123,306
	461,298	512,107

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2015

NOTE 8: Cash flow information	2016	2015
	\$	\$
Surplus/(Deficit) after income tax	182,254	(88,206)
Non-cash flows:		
– Gain on acquisition of TABV	(119,802)	-
Changes in assets and liabilities:		
Increase in receivables and prepayments	(28,875)	(158,952)
Increase/(Decrease) in payables and deferred income	13,220	(11,580)
Cash flows generated from/(used in) operating activities	46,797	(258,738)

NOTE 9: Financial risk management	Note	2016	2015
		\$	\$

The Company's financial instruments consist of deposits with banks, short-term investments in term-deposits and accounts receivable and payable.

Financial assets

Cash and cash equivalents		354,670	188,071
Trade and other receivables	5	386,703	357,827
Financial assets at fair value through profit or loss		401,617	401,617
Total financial assets		1,142,990	947,515

Financial liabilities

Financial liabilities at amortised cost:			
Trade and other payables	6	250,394	186,364
Total financial liabilities		250,394	186,364

NOTE 10: Fair value measurements

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	2016	2015
	\$	\$
Recurring fair value measurements		
Financial assets		
- Term deposits held to maturity	401,617	401,617
Total financial assets recognised at fair value	401,617	401,617

NOTE 11: Related party transactions

During the year the Victorian Chamber of Commerce and Industry, under a general service agreement with the Company, collected debtor payments on behalf of the Company through its merchant credit card gateway. At the 30th June 2016, \$71,033 (2015: nil) remained with the Victorian Chamber to be forwarded through to the Company. The Company's debtor position has been reflect accordingly.

NOTE 12: Events after balance date

There are no known events subsequent to the reporting date that are required to be disclosed.

NOTE 13: Business Combinations

On the 1st March 2016 the Company, completed the transfer of assets and business activity of Tourism Accreditation Board of Victorian (TABV) under the terms and conditions of the asset transfer agreement signed on the 30th October 2015. As a result of the transfer, the Company obtained TABV's assets and liabilities including, business agreements, client records, contracts and other at \$nil consideration. The fair value of the net assets assumed by the VTI amounted to \$119,802. TABV wound up on 26th April 2016.

	Fair Value
	\$
Purchase consideration	
Less:	-
Cash	119,802
Identifiable assets acquired and liabilities assumed	119,802
Gain on transfer of assets from TABV	119,802

NOTE 14: Company details

The registered office and principal place of business of Victorian Tourism Industry Limited is:

Level 3
150 Collins Street
Melbourne, Victoria 3000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Victorian Tourism Industry Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 20 are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Signed: Charles Davidson
Chairman
At Melbourne 10/11/2016



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIAN TOURISM INDUSTRY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Victorian Tourism Industry Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit & loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards – Reduced Disclosure Requirements. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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 entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Auditor's Opinion

In our opinion, the financial report of Victorian Tourism Industry Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads "ShineWing Australia". The signature is enclosed in a thin rectangular border.

ShineWing Australia
Chartered Accountants

A handwritten signature in cursive script, appearing to read "Hayley Underwood".

Hayley Underwood
Partner

Melbourne, 10 November 2016



Image courtesy George Apostolidis Photography

ACKNOWLEDGMENTS

VTIC acknowledges the support of all members who participated in our Policy Committees, events, and surveys, or who otherwise volunteered their time to assist with VTIC's activities. We particularly acknowledge the contribution of the VTIC Board. The ongoing support and goodwill of individuals and organisations across our membership is greatly appreciated.

We also thank our partners and sponsors over the last twelve months for their support. Their contributions help us to continue to be a united and independent voice for tourism, promoting and developing a professional and sustainable industry across Victoria.

Board Directors

Jeremy Johnson (Chair)
 Wayne Kayler-Thomson (Deputy Chair, Secretary)
 Julian Clark (Convenor, Accommodation Policy Committee)*
 Charles Davidson (Convenor, Attractions Policy Committee)
 Will Flamsteed (Convenor, Destinations Policy Committee)
 Kim Francis (Board appointed Director)*
 John Hart (Convenor, Tourism Services and Hospitality Policy Committee)*
 Nicholas Hunt (Convenor, Tourism Services and Hospitality Policy Committee)*
 Peter Jones (Convenor, Victoria Events Industry Council)*
 Matthew Noble (Convenor, Tour and Transport Policy Committee)
 Lisa Patroni (Convenor, Victoria Events Industry Council)*
 Elizabeth White (Convenor, Accommodation Policy Committee)

Life Members

Steve Baird
 Nola Cuddy
 Andrew Dwyer
 David Eaton
 Roger Grant
 Fred Herbert
 Wayne Kayler-Thomson
 Tony Lee
 John Murphy
 Barbara Nixon
 Matt Noble
 Rhonda Rust (dec.)
 Tom Smith
 Graeme Stoney

Staff

Dianne Smith, *Chief Executive*
 Erin Joyce, *Acting Chief Executive**
 Ian McDougal, *Business Development Manager*
 Kristina Burke, *Policy Manager**
 Megan Waring-Jones, *Policy and Communications Manager**
 Adrian Byrt, *Relationship Consultant and Events*
 Nigel Preston, *Events and Marketing Coordinator**
 Chris Porter, *Executive Officer – Business Events Victoria*
 Adeline Keh, *Sales Executive – Business Events Victoria*
 Michael Hamilton, *Program Officer*
 Ellana Katos, *Communications Coordinator*
 Erin McLeod, *Executive Officer – Australian Tourism Accreditation Program; Secretariat – Australian Tourism Industry Council*
 Annika Hoffman, *Program Officer – Australian Tourism Accreditation Program*

*Part year only



Photo courtesy of Photographer Stewart Donn

