

TOURISM
WESTERN AUSTRALIA
Annual REPORT
2017-18



**WESTERN
AUSTRALIA**
EXPERIENCE EXTRAORDINARY

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ACKNOWLEDGMENT OF COUNTRY

Tourism Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and culture. We pay our respects to all Aboriginal peoples; Elders past, present and emerging.

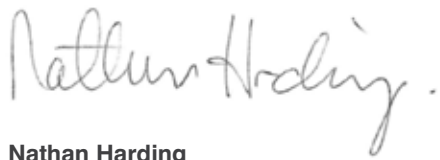
MESSAGE TO THE MINISTER

**To the Honourable Paul Papalia CSC MLA
Minister for Tourism**

Dear Minister

In accordance with Section 63 of the *Financial Management Act 2006*, it is my pleasure to submit for your information and presentation to Parliament the annual report of the Western Australian Tourism Commission (operating as Tourism Western Australia) for the year ended June 30, 2018.

The annual report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



**Nathan Harding
CHAIRMAN
WESTERN AUSTRALIAN TOURISM COMMISSION**

August 31, 2018





10.8 MILLION
overnight visitors
\$9.2 BILLION
visitor SPEND
GENERATES 103,900 jobs

1.0 OVERVIEW

1.1 EXECUTIVE SUMMARY

Message from the Chairman

I am pleased to present Tourism WA's annual report for the 2017-18 financial year on behalf of the Board of Commissioners.

Many of the fundamentals needed for tourism to achieve its full economic potential are now in place. Perth is undergoing a remarkable transformation, with new infrastructure such as Elizabeth Quay, Optus Stadium and Yagan Square changing the face of our city. Significant private sector investment has created thousands of new hotel rooms along with a proliferation of vibrant bars and eateries.

At the same time, the State Government has elevated the importance of tourism across government as a key economic driver. And the Government has given Tourism WA five years of funding certainty, along with greater flexibility to deploy the funds to get the best economic return for the State.

In March, the Board of Tourism WA released a Two-Year Action Plan to capitalise on these opportunities and reset Tourism WA's priorities. The plan embraces a partnership approach and was developed in close collaboration with the industry.

The plan focuses on four key areas needed to increase visitation: positioning the State as Australia's western gateway; changing the perceptions of Perth and reigniting the East Coast market; attracting more people to regional WA; and intensifying our focus on converting core target audiences.

Many actions are already underway, including a major tactical advertising campaign - Hotel Perth - to directly address the lagging perception of Perth on the East Coast, as well as a 12-month trial of year-round reduced weekend fares on Qantas flights between Perth and Broome.

Margaret River Gourmet Escape has also been expanded into a larger 10-day festival that adds Perth and the Swan Valley to this popular event, with the objective of driving greater out-of-state visitation and firmly positioning WA as a premier food and wine tourism destination.

During the 12 months to March 2018, Western Australia's tourism industry contributed \$9.2 billion in visitor spend to the economy, and generated 103,900 jobs. There were 10.8 million overnight (domestic and international) visitors to, or within, WA during that time, which was a 3.9 per cent increase on the previous year.

While there is still a lot of work to do, there is new momentum around executing the Two-Year Action Plan and it is encouraging to see that domestic and international visitation is on the rise.

It has been a period of change and executive leadership transition at Tourism WA. The role of Managing Director was created in May, with David Lowe acting in the role until Brodie Carr takes up the position permanently on October 8, 2018.

I would also like to acknowledge former CEO Steve Wood who led the agency until April 13, 2018, Acting CEO Richard Sellers who filled the role immediately following Mr Wood's departure and Joe Ostojich who acted from July 24 to August 31, 2018. I sincerely thank them for their contributions, and welcome the new CEO Rebecca Brown, who will take up the role on September 3, 2018.

I would like to thank Tourism WA's staff for their hard work and dedication to the tourism industry and the significant outcomes that they have achieved during this period.

I would like to also thank retiring Board members Elizabeth Gaines for her hard work over the past two years, and Nicole Lockwood for her dedication to the Board over the past three and a half years. In addition, I want to thank my fellow Board members and welcome our new Deputy Chair, Manny Papadoulis, as well as our new Board members Kevin Brown, Kia Dowell, Karen Priest and Linda Wayman.

I am looking forward to working closely with Tourism WA's new permanent CEO and Managing Director, along with the industry, to deliver even greater outcomes and drive more visitation to WA.



Nathan Harding
CHAIRMAN

August 31, 2018



Optus Stadium, Perth

Message from the Managing Director

Over the past few months, I have had the pleasure of acting in the role of Managing Director of Tourism WA, and working with the dedicated Tourism WA team and the Board towards increasing visitation to this extraordinary State.

Due to the changing market and economic conditions, WA's tourism industry has faced some challenges in 2017-18.

However, we have an ambitious, outcome-based Two-Year Action Plan in place to boost visitation and there have already been some exciting achievements in 2017-18.

As well as launching the Hotel Perth campaign to encourage more visitors from the East Coast, the agency's cooperative marketing campaigns helped deliver 310,000 domestic and international visitors to the State and around \$446 million in economic impact.

Tourism WA also appointed a trade marketing engagement representative on Australia's East Coast, to implement a comprehensive trade strategy and ensure more WA products are sold as part of travel packages to interstate visitors.

Another key highlight has been the opening of the 60,000-seat Optus Stadium, which will enable the State to host blockbuster events, a number of which have already been secured by Tourism WA, and maximise leisure visitation from AFL games. The agency has been implementing a strategy to encourage visitors to not only watch their favourite team play, but also stay longer and explore Perth and regional WA.

Events play an integral role in helping to attract visitors, and boost the economy through visitor spend. In 2017-18 there were many event highlights, including the most successful Hopman Cup to date. The event boasted a stellar line-up of players, including 20-time Grand Slam winner Roger Federer and attracted a record total tournament attendance of 106,424.

Mass participation events supported by Tourism WA in 2017-18 attracted more than 18,000 visitors from outside of WA, generating nearly 150,000 visitor nights and contributing more than \$33 million to the economy in visitor spend. Supporting mass participation events is a key part of the Two-Year Action Plan – as they generate significant visitation, which helps to fill hotel rooms and provides a boost to tourism operators and local businesses.

One of the main achievements of this year has been the launch of the direct London-Perth flights in March. Tourism WA worked with Qantas to maximise the London-Perth route to encourage stopovers and regional dispersal under a joint \$5.7 million marketing agreement. We want to position Perth as Australia's western gateway and ensure that WA is the place to begin your Australian holiday.

Cooperative marketing
CAMPAIGNS delivered
\$446 MILLION in
economic IMPACT



Elizabeth Quay, Perth

A great way to spread the word about Perth and its transformation into an affordable and vibrant destination is by hosting trade events. These trade events also help to raise the profile of the tourism offering in regional WA through a familiarisation program showcasing the very best of our State. In 2017-18, Tourism WA secured Australia's largest annual tourism trade event to be held in Perth in April 2019 - the Australian Tourism Exchange (ATE). The event is expected to bring around 1,500 sellers from more than 550 companies to Perth alongside a strong media contingent.

Thanks to Tourism WA, the State also welcomed more than 400 tourism leaders from across the country as part of the 2017 Australian Tourism Export Council (ATEC) Meeting Place in November. This was only the second time the event had been staged outside of Sydney since its inception in 1972.

Affordable aviation is critical and in May, Tourism WA, in partnership with Qantas, Australia's North West and Broome International Airport, announced a 12-month trial offering special weekend Perth-Broome fares. This will not only help stimulate leisure travel to Broome, but also enable Broome residents to travel to Perth and explore the city's extraordinary transformation.

Western Australia's third Camping with Custodians campsite, and the first in the Pilbara region, officially opened in April 2018 at Peedamulla Station near Onslow. Camping with Custodians is an exciting, Australian-first initiative, that builds campgrounds on Aboriginal lands, which are open to the public and operated by the community. Visitors get the chance to meet and mix with Aboriginal people, and Aboriginal communities benefit from income, employment and training opportunities.

Finally, I would like to thank the Tourism WA team for their hard work and enthusiasm. All these achievements would not be possible without their passion for our tourism industry.

DAVID LOWE
A/MANAGING DIRECTOR

August 31, 2018

we will POSITION
PERTH as
WESTERN GATEWAY the
to **AUSTRALIA**

1.2 OPERATIONAL STRUCTURE

Enabling Legislation

The Western Australian Tourism Commission (operating as Tourism Western Australia) was established under the *Western Australian Tourism Commission Act 1983* ('The Act').

This provides for the establishment of a governing board of up to 10 members appointed by the Governor, one of whom is appointed as Chairman. The Act provides the functions (Section 13) of the Commission and the necessary powers (Section 14) to undertake and fulfil those functions.

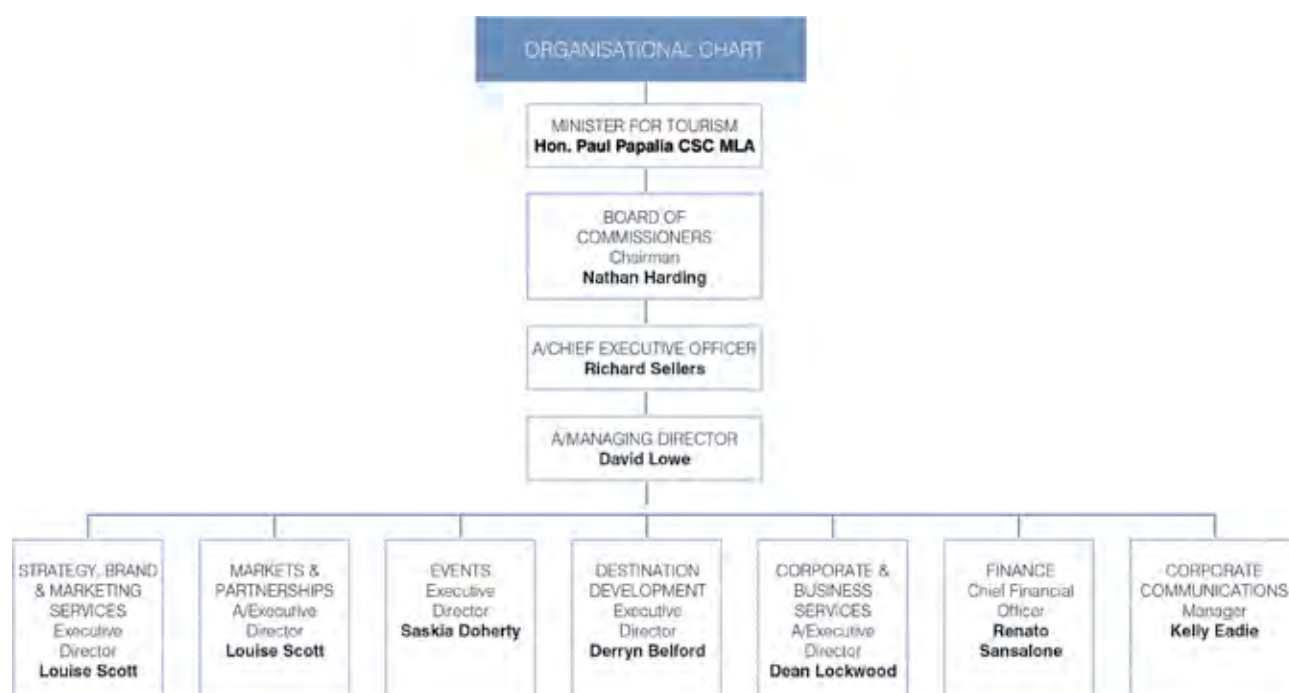
Responsible Minister

The Minister responsible for Tourism WA during 2017-18 was the Hon Paul Papalia CSC MLA.

Our Vision

The overall vision statement for both Tourism WA and for the Western Australian tourism industry is:

To make Western Australia the most desirable leisure and business events destination in Australia.



Organisational chart as at June 30, 2018. As a result of the Machinery of Government changes, as of July 1, 2017 Tourism WA was aligned with the Department of Jobs, Tourism, Science and Innovation. The department became the employing authority of Tourism WA's employees.

Other Key Legislation

Key legislation impacting on our operations includes:

- *Financial Management Act 2006*
- *Public Sector Management Act 1994*
- *State Supply Commission Act 1991.*

WESTERN AUSTRALIA
offers **WORLD-QUALITY**
FOOD *and* **WINE,**
countless **NATURAL** EXPERIENCES,
ANCIENT ABORIGINAL *culture*
and **STUNNING**
landscapes



Board of Commissioners

Tourism WA is governed by a Board of Commissioners appointed under the *Western Australian Tourism Commission Act 1983* and can include up to 10 members. The Board is responsible for the outcomes of Tourism WA; it sets the strategic direction of the agency and goals for management. Day-to-day operations are delegated by the Board to the Managing Director and the Executive Management Team. During 2017-18, the Board was made up of the following members.

Nathan Harding – Chairman

Nathan Harding is Group Managing Director of Discover Australia Holidays, one of Australia's largest inbound travel wholesalers. Mr Harding has combined his technology, marketing and business skills to drive his family-owned company's success over the past 20 years. Discover Australia is a leader in digital marketing and distribution, develops its advanced travel technology in-house and incorporates the Discover West Holidays and HolidayMax brands. Mr Harding has served on the national Board of Directors of the peak industry body representing Australia's \$40 billion tourism sector, the Australian Tourism Export Council (ATEC), and is ATEC's immediate past national Deputy Chairman. Mr Harding has held Global Product Marketing roles at international hi-tech companies, including a major UK semiconductor manufacturer. He has an Honours degree in Electronic Engineering from University College, Cardiff and post-graduate qualifications in Marketing along with postgraduate studies in Applied Finance and Investment. Mr Harding's term on the Tourism WA Board began on July 1, 2012. He became Chairman on July 1, 2017.

Manny Papadoulis – Deputy Chairman

Manny Papadoulis is an experienced tourism operator and destination marketer who has spent most of his career in the tourism industry. He is the immediate past President of the Tourism Council WA, a position he held for six years, as well as Chairman of Australia's Coral Coast regional tourism organisation and Executive Director of boutique consulting firm Icon Tourism Consulting. Mr Papadoulis is known for being a passionate advocate, director, advisor, mentor and consultant in the Australian tourism industry for more than 30 years. As a leader in the hospitality and tourism industries, he is well connected throughout the tourism business worlds of Australia, Europe and South East Asia. After graduating from the University of Western Australia with a Bachelor of Commerce, Mr Papadoulis joined CSR sugar as a Marketing Executive before joining his family tourism business, Feature Tours, in 1985. Feature Tours (1973-2004) pioneered many successful tourism packages in Perth and regional WA, which are still being operated today. Mr Papadoulis has served as Deputy Chair of the Perth Convention Bureau, President of the Australian Tourism Export Council (WA), and the Bus and Coach Association of WA, and was a director of the WA Symphony Orchestra and the Hellenic Community of WA. He is also the author of the book *Tourism Marketing Essentials*, released in 2014. Mr Papadoulis' term began on July 1, 2017.

Kevin Brown

Kevin Brown commenced in the role of Chief Executive Officer of Perth Airport in July 2016. Mr Brown has been involved in operational and commercial roles in both hub and regional airports for more than 15 years in the UK and Australia. Prior to joining Perth Airport, he held the position of Chief Executive Officer of North Queensland Airports, which operates Cairns and Mackay airports, where he was responsible for implementing growth strategies. Mr Brown also spent nine years with the British Airport Authority (BAA), and was Managing Director at Edinburgh International Airport. He is also a Council Member for the Chamber of Commerce and Industry Western Australia and Freight and Logistics Council of WA. Mr Brown's term on the Tourism WA Board began on July 1, 2017.

Valerie Davies

Valerie Davies is a company director with more than two decades' experience across public, private and government entities. She is also a coach and advisor providing issues management and strategic communications advice. Ms Davies is a former winner of Telstra Business Woman of the Year for Western Australia and a past vice-president of the Australian Institute of Company Directors WA Division. Currently, she serves on the Board of Event Hospitality and Entertainment Limited (one of Australia's premier entertainment technology, hospitality, tourism and leisure companies), and Cedar Woods Properties Limited. Past non-executive directorships include HBF, Tourism Australia, ScreenWest, Iluka Resources Limited, Integrated Group Limited, Gold Corporation, Amcon Solutions Group, Relationships Australia, Youth Focus and Fremantle Hospital and Health Service. Aside from her board work, Ms Davies' career spans more than 30 years across a spectrum of industries including media, marketing and television production. Her term began on July 1, 2013.

Kia Dowell

Kia is a Gija woman from Warmun Community (Turkey Creek) in the East Kimberley of Western Australia. Her traditional Aboriginal name is Wadjbarreyal and her skin name is Nangala. Kia is passionate about working to support the growth of profitable and sustainable organisations that serve a greater social purpose with Aboriginal communities. With more than 15 years' experience in global business and leadership practices, Kia has spent her career working with organisations in Australia and the US to build models of cultural connection that enable positive impacts within communities. Combining her experiences living in regional Australia with her international sporting career, she has worked in sports marketing and sponsorship in the US, as an Australian ambassador for the University of Texas at El Paso, implemented Native Title Agreements in the East Kimberley and Pilbara regions of Western Australia, participated in the W20 Asia Pacific regional consultation and co-founded a strategic advisory firm serving clients across Australia. Kia's work continues in her current role focusing on designing and implementing strategies to improve the systems and policies designed to facilitate economic independence with Aboriginal and Torres Strait Islander peoples. Her term began on April 1, 2018.

Tracey Horton

Tracey Horton AO is the Chairman for Navitas Limited and Non-Executive Director of the Australian Institute of Company Directors National Board, a Member of the Australian Government Takeovers Panel, ASIC's Director Advisory Panel and the Council of International Education and the Chair of Council of Presbyterian Ladies' College. Ms Horton's previous executive roles include the Reserve Bank of Australia and Bain & Company, with her most recent executive role as Dean of the University of Western Australia's Business School, where she was awarded the lifetime title of Emeritus Professor. Ms Horton's past directorships include publicly listed companies SKILLED Group and Automotive Holdings Group; not-for-profit organisations Australian Chamber of Commerce and Industry, Fashion Council WA and Edge Employment Solutions; State and Federal Government organisations Australian Treasury Advisory Council (Canberra), Western Australian Museum and WA Museum Foundation, and Water Corporation; and private companies Cullen Wines and D'Orsogna Ltd. Ms Horton was recognised for distinguished service to business and business education, and appointed an Officer of the Order of Australia in 2017. Ms Horton's term commenced on November 1, 2015.

Nicole Lockwood

Nicole is the Principal of Lockwood Advisory providing strategic advice to government and the private sector in the areas of urban renewal, infrastructure and logistics. She is the Independent Chair of the Westport Taskforce charged with planning the freight future of WA's South West. She is a member of the Boards of the Water Corporation, Infrastructure Australia, Internet of Things Alliance Australia, Chair of the Freight and Logistics Council, MNG Surveying, Sienna Wood JV and the Deputy Chair of Leadership WA. Previously she was a Director at KPMG leading the government team in Management Consulting. She resided in the Pilbara for seven years, until 2012, holding numerous governance roles, including Shire President at the Shire of Roebourne. Nicole is a lawyer having worked in private and public practice. Ms Lockwood's term began on January 1, 2015 and ended on June 30, 2018.

Karen Priest

Karen Priest is currently Chief Executive Officer of Mandurah and Peel Tourism Organisation (MAPTO), the Peel region's peak tourism body. Ms Priest has 30 years' experience in tourism and hospitality, having held a number of diverse senior management roles in marketing, business development and communications in Western Australia, New Zealand, South Africa and the United Kingdom. Born in England and raised in Africa, Karen has gained significant experience working for various regional, state and national destination marketing agencies including Tourism Australia, Tourism Western Australia, New Caledonia Tourism and Australia's South West. She has also worked in private enterprise in hotel management roles, the wine industry and the caravan and camping sector. Karen is the recipient of the 2012 Australian Hotels Association (Western Australia) Executive Level Manager Award. She has previously served on various boards and committees including the Perth Convention Bureau,

the WA Branch of the Australian Tourism Export Council (ATEC), Fremantle Chamber of Commerce and Friends of the Bibbulmun Track. She previously sat on Tourism Western Australia's marketing advisory panel and has served as a Board Director of the Tourism Council Western Australia. Karen has an extensive network of contacts within tourism, media and the public and private sectors in Australia and overseas. She is passionate about tourism marketing and is highly regarded by the industry as an expert in her field. Ms Priest's term commenced on July 1, 2017.

Ian Thubron

Ian Thubron is Founder and Chairman of AsiaStrategies, an advisory firm for brands and companies entering the Asia Pacific region. Ian is a Non-Executive Director of Good Samaritan Industries, D'Orsogna Limited and a Graduate of the Australian Institute of Company Directors. After graduating from Cambridge University in 1987, Mr Thubron began his career with J.P. Morgan in New York as a Corporate Finance Executive. He returned to London and embarked on a 25-year career in the advertising industry with some of the world's largest agencies. In London, Mr Thubron joined Saatchi & Saatchi, moving to Hong Kong in 1991. During his 24 years in Asia, Ian worked in a variety of management and operating roles for Euro RSCG, M&C Saatchi, Ogilvy & Mather; and from 2004 until 2015 as Executive Vice President of TBWA\Asia Pacific and President of TBWA\Greater China. Under Mr Thubron's leadership, TBWA grew dramatically across the region, expanding its services from core advertising to include digital marketing, shopper and retail marketing, PR and social media, events and brand experience. In early 2015, Mr Thubron relocated from Hong Kong to Perth and founded AsiaStrategies. Mr Thubron's term commenced on November 1, 2015.

Linda Wayman

Linda Wayman is the Principal of Wayman Advisory which advises business and government agencies on strategic communications and marketing with a focus on reputation and brand building and management. As well as Tourism WA, Ms Wayman is on the Boards of VenuesWest and Carers WA. Ms Wayman's executive career has encompassed media and marketing, corporate communications, government and tourism. Most recently she led the Perth division of Southern Cross Austereo, Australia's largest broadcaster where she oversaw the successful radio stations mix94.5 and hit92.9 and their digital assets. Ms Wayman was previously General Manager of Eventscorp, part of the Western Australian Tourism Commission and the WA Government's agency which attracted and managed major events for the State. She has also held senior executive roles with the Victorian Government in corporate communications, marketing and public affairs and her media career has spanned newspapers, magazines and radio. Ms Wayman has had extensive experience and success in the commercialisation of digital disruption and transformational change of organisations, and in leading and driving a business in a competitive and changing landscape. In her diverse roles in both government and business, she has built high performance teams and fostered cultures of creativity and collaboration.



Hamersley Gorge, Karijini National Park

Linda Wayman (continued)

As recognition of her business and leadership achievements, Ms Wayman has been awarded the Western Australian Telstra Business Woman of the Year, inducted into the WA Women’s Hall of Fame and was Advertiser of the Year in 2012. She is a graduate of the Institute of Company Directors and holds a Masters degree in Communications. In the past, she has been on the Boards of the Committee for Perth, the State Library Foundation (chair) and Football West. Ms Wayman’s term commenced on July 1, 2017.

Tourism WA Board Meetings and Attendance

In 2017-18 seven Board meetings were scheduled and two extraordinary meeting were conducted. Attendance was as follows:

	Meetings attended	Meetings eligible to attend
Nathan Harding	9	9
Manny Papadoulis	9	9
Kevin Brown	6	8*
Valerie Davies	8	9
Kia Dowell	1	2
Elizabeth Gaines	3	4
Tracey Horton	7	9
Nicole Lockwood	7	9
Karen Priest	9	9
Ian Thubron	9	9
Linda Wayman	9	9

*Kevin Brown was ineligible to participate in one of the meetings as a result of conflict of interest management processes.

Declarations of Interest

The Board has a standing declaration of interest process included in the Board Charter. A standing agenda item at all meetings provides for the declaration and management of any potential conflicts of interest and a Board Members’ Interest Register is maintained on an ongoing basis.

Independent External Advice

Individual Board members have the right to seek independent professional advice on particular matters before the Board, subject to approval by the Chairman, at Tourism WA’s expense.

Committees

To assist the Board in achieving the highest standards of corporate governance, Board members closely involve themselves with critical areas of Tourism WA’s activities through four Board committees:

- The **Strategic Marketing Committee** provides high-level strategic advice on Tourism WA’s marketing activities in domestic and international markets, and monitors the success of its activities.
- The **Destination Development Committee** provides input, advice and advocacy on strategies, policies and initiatives that drive significant tourism infrastructure development.
- The **Events Committee** guides the strategy to ensure a world-class, annual major events calendar for the State featuring unique home-grown events, as well as cultural, arts and sporting events.
- The **Audit and Risk Committee** assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and Tourism WA’s process for monitoring compliance with laws and regulations.



Lake Argyle Resort, near Kununurra

Executive Management Team

As at June 30, 2018 the Chief Executive Officer, Managing Director, four Executive Directors, Chief Financial Officer, Manager Corporate Communications and Executive Services Manager made up the Executive Management Team.

As a result of the Machinery of Government changes, as of July 1, 2017 Tourism WA was aligned with the Department of Jobs, Tourism, Science and Innovation. The department became the employing authority of Tourism WA's employees, including the Executive Management Team.

Richard Sellers – Acting Chief Executive Officer

Richard Sellers was appointed Acting Director General of the Department of Jobs, Tourism, Science and Innovation and Acting CEO of Tourism WA in April 2018. Richard is the Director General of the Department of Transport in Western Australia and a former Director General of the Department of Mines and Petroleum. Richard holds a Bachelor of Applied Science Biology, a Graduate Diploma in Education and Master of Public Policy and Management. Mr Sellers has extensive experience in the Public Sector. His work on reform is widely recognised and in his previous position he took a lead role in improving WA's approval process and encouraging exploration to ensure WA's ongoing development.

As Director General of the Department of Transport, Mr Sellers has been integral in the creation and implementation of the METRONET project, overseeing the State Government's most significant integrated public transport plan, which will connect suburbs, reduce road congestion across the metropolitan area and give Perth the rail system it needs for the future.

He has also overseen the creation of the Westport Project Office, which will develop a strategy to plan, develop and grow the Port of Fremantle at the Inner and Outer Harbour, consider the required rail and road networks, and the opportunities for the Port of Bunbury to handle trade expansion and support growth of the WA economy.

Mr Sellers' contribution to Western Australia has been recognised by the Institute of Public Administration Australia (IPAA), which awarded him the 2014 WA Patron's Award, and nationally by IPAA which also announced him a National Fellow at its annual conference in 2014. The National Fellow accolade recognises outstanding contribution to the practice and study of public administration.

David Lowe – Acting Managing Director

David Lowe has worked in the Western Australian Public Sector for more than 30 years and been with Tourism WA since 2001. Prior to this he worked at the Water Corporation, Family and Children's Services, MetroBus and the Public Service Commission. David holds a Masters in Business Administration, a Graduate Diploma in Management (Occupational Safety and Health) and a Diploma in Human Resources.

Derryn Belford – Executive Director Destination Development

Derryn Belford joined Tourism WA in 2008. She has held several roles since joining the agency, including Director Strategy and Policy, and has been Executive Director Destination Development since September 2013. Derryn has a Bachelor of Science degree from the University of Western Australia, and a Master of Business Administration (MBA). She is a graduate of the Australian Institute of Company Directors, and is a Board member of All Saints' College, the National Trust Council of WA and Swan Bells Foundation.

Saskia Doherty – Executive Director Events

Saskia Doherty joined Tourism WA in November 2009. She has a background in marketing and events, with previous experience in marketing consultancy roles and the events industry. Saskia has worked on significant projects including the Perth International (Golf), Margaret River Gourmet Escape, the 2011 ISAF Sailing World Championships, Hopman Cup, Commonwealth Heads of Government Meeting (CHOGM) and international sporting fixtures including cricket, rugby league, rugby union and soccer.



Swan Valley, Perth

Louise Scott – Executive Director Strategy, Brand and Marketing Services and Acting Executive Director Markets and Partnerships

Louise Scott joined Tourism WA in January 2016 and has extensive experience in leading destination marketing in Australia and the UK. Louise has held a number of senior roles in both the public and private sector, and has more than 20 years' experience across tourism, economic development, destination marketing and events management. Louise holds an Honours degree in Hospitality Management from the Robert Gordon University and an MBA from the University of Western Australia. She is also a graduate and member of the Australian Institute of Company Directors. Louise is a Chartered Practising Marketeer and a Fellow of the Chartered Institute of Marketing and of the Australian Marketing Institute. She is also a Board member of Artrinsic Inc. and the WA Patron of the Australia Marketing Institute.

Dean Lockwood – Acting Executive Director Corporate and Business Services

Dean Lockwood joined Tourism WA in 2009 and has more than 20 years of experience in providing corporate services to public and private entities. Dean has worked on a wide range of initiatives and specialises in implementing and managing business and technical solutions that meet the requirements of a modern government agency.

Renato Sansalone – Chief Financial Officer

Renato Sansalone joined Tourism WA in March 2012 and has more than 20 years' experience working in finance-related positions within the WA Public Sector. Previous agencies include the Department of Culture and the Arts, where he held Chief Financial Officer positions for the Art Gallery of WA and the WA Museum, the Department for Planning and Infrastructure, and the Department of Racing, Gaming and Liquor. Renato holds a Bachelor of Commerce (Accounting) from Curtin University and is a member of CPA Australia. He is also Treasurer on the Board of writingWA.

Kelly Eadie – Manager Corporate Communications

Kelly Eadie has 25 years' experience as a journalist and a government communications professional. She has worked for various media organisations in Perth, Victoria and the UK. Kelly joined Tourism WA in December 2010 and holds a Bachelor of Arts (Journalism) Degree from Curtin University.

Carroll Selwood – Executive Services Manager

Carroll Selwood began her career working for a Western Australian tour operator and has more than 26 years' experience in the tourism industry, including 23 years with Tourism WA. For the past 17 years, she has operated in managerial roles and delivered several important projects including Tourism WA's transition out of the Office of Shared Services as part of its decommissioning process. Carroll has also worked for Westpac and the Department of Finance.

Changes to the Executive Management Team

The following changes were made to Tourism WA's Executive Management Team during 2017-18.

- **Steve Wood** was Chief Executive Officer of Tourism WA until April 2018.
- **Richard Sellers** was appointed Acting Chief Executive Officer from April 2018 until July 2018.
- **Louise Rowe** was Director Corporate Communications until January 2018. The position was abolished and replaced by Manager Corporate Communications.
- A new Managing Director of Tourism WA position was created. The position is part of the executive leadership team within the Department of Jobs, Tourism, Science and Innovation, and responsible for the day-to-day operations of Tourism WA. The role is supported by the Department's Director General/CEO of Tourism WA and works closely with the Chairman and Board. **David Lowe** was appointed Acting Managing Director in May 2018.
- **Dean Lockwood** was appointed Acting Executive Director Corporate and Business Services in May 2018.



Sal Salis Ningaloo Reef

1.3 PERFORMANCE MANAGEMENT FRAMEWORK

1.3.1 Outcome-Based Management Framework

There are five government goals that guide the development of policies, programs and services within Western Australian government agencies. Given the variety and diversity of public agencies in WA, not all government goals are equally applicable to all agencies.

Tourism WA works to meet the government goal of financial and economic responsibility.

This alignment clearly articulates the relationship between the functions and responsibilities of Tourism WA and its strategic plan, as well as overall government goals. The desired outcome recognises the value of tourism is more than economic and that the agency is charged with ensuring the WA tourism industry is competitive and sustainable over the long term.

Government goal:

Financial and economic responsibility	Desired outcome	Services
<ul style="list-style-type: none"> Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector. 	<ul style="list-style-type: none"> Increased competitiveness and viability of the Western Australian tourism industry. 	<ol style="list-style-type: none"> Destination marketing Event tourism Destination development

1.3.2 Changes to Outcome-Based Management Framework

Tourism WA's outcome-based management framework did not change for 2017-18.

1.3.3 Shared Responsibilities with Other Agencies

Tourism WA does not share any statutory responsibilities with other agencies.

Tourism WA works closely with a range of Commonwealth and State government agencies to achieve cross-government coordination of tourism initiatives. Some of these agencies include Austrade; Tourism Australia; Indigenous Business Australia; Department of the Premier and Cabinet; Department of Primary Industries and Regional

Development; Department of Transport; Department of Planning, Lands and Heritage; Department of Biodiversity, Conservation and Attractions; LandCorp; Metropolitan Redevelopment Authority; Main Roads WA; Department of Local Government, Sport and Cultural Industries; Public Transport Authority; VenuesWest; Small Business Development Corporation; Rottnest Island Authority; and Regional Development Commissions.

Other examples include:

- Tourism WA has been a member of a number of Regional Development Commission-led committees for the development of regional tourism strategies, such as the Gascoyne, Mid-West and Pilbara.
- Tourism WA has participated in a number of cross-government working groups investigating a range of destination and product experience development projects including the Murujuga Living Knowledge Centre, Kimberley Cultural Centre, Dampier Peninsula State Working Group, Abrolhos Island Working Group and the Minninup Pool Tourism Precinct.
- Tourism WA hosts (and is the secretariat to) the Cruise WA Committee – a cross-industry and government committee directing the implementation of the WA Cruise Shipping Strategic Plan.
- Tourism WA is the lead agency for the Camping with Custodians program, which during the planning and land assembly of campgrounds, had the agency working with a range of local and State Government planning, regulatory and service provision agencies.
- Tourism WA is the lead agency in establishing the State's Aboriginal Tourism Action Plan – working with a range of agencies including the Department of Biodiversity, Conservation and Attractions; Department of Training and Workforce Development; Department of Local Government, Sport and Cultural Industries; Department of Primary Industries and Regional Development; as well as Commonwealth agencies and the WA Indigenous Tourism Operators Council.
- Tourism WA also recognises and participates where possible in whole-of-government initiatives, including the building and sharing of the capacity and capability of the WA Public Sector workforce.

1.3.4 Two-Year Action Plan for Tourism Western Australia – 2018 and 2019

Following extensive consultation with key industry partners, Tourism WA's Board developed a new *Two-Year Action Plan for Tourism Western Australia – 2018 and 2019* that will maximise tourism growth and create jobs.

Released in March 2018, the plan takes into account changing market conditions; the remarkable transformation of Perth, including new and more affordable hotels, along with new infrastructure such as Optus Stadium; and the State Government's commitment to provide \$425 million to Tourism WA over five years for destination marketing and events.

The action plan is a practical strategy designed to maximise visitor spend through focused and bold activity prioritised to deliver immediate results. Its aim is to attract more visitors to Western Australia, encourage them to stay longer, disperse further and do more when they visit.

Developed in consultation with stakeholders, the plan focuses on four key areas that will drive visitation, and have the biggest potential for immediate and meaningful impact.

Positioning the State as Australia's western gateway

Tourism WA will maintain a strong focus on high dispersal western markets by promoting Perth as Australia's primary entry point from the UK, Europe and east coast USA, in particular leveraging Qantas' London-Perth direct flights and additional aviation capacity via Middle Eastern airlines. In addition, Tourism WA will drive high-growth Asian markets by securing more direct flights and aviation capacity in Indonesia, China and Japan, as well as investigate opportunities for direct routes from India. The agency will also help inform travel trade about WA's transformation by hosting major trade shows, such as the Australian Tourism Exchange in 2019, and work to grow the lucrative cruise shipping sector by advocating for improved port infrastructure.

Changing perceptions of Perth and reigniting the East Coast market

Tourism WA will grow interstate visitation by directly addressing the lagging perception of Perth from the mining boom and position Perth as an affordable, vibrant destination close to nature. This will be achieved through closer trade cooperation, a fresh and aggressive marketing approach, and giving people a time-specific, compelling reason to come to WA through not-to-be-missed events.

Attracting more people, more often, to regional WA

Tourism WA will help grow regional visitation by working collaboratively with airlines, local governments and communities to help increase air services and help facilitate lower airfares. The agency will also grow regional visitation through targeted marketing, exciting events and a focus on Aboriginal tourism development.

Intensifying promotional activity in target markets to encourage travel

Tourism WA will encourage more people to visit by intensifying its focus on converting core target markets and through a digital marketing transformation. In addition, the agency has started rolling out new Perth branding, available to all organisations that promote Perth, and appointed a new operator of the WA Visitor Centre.

The Two-Year Action Plan will guide the activities of Tourism WA and its key funded delivery partners. These partners are the five regional tourism organisations, Perth Convention Bureau, the Western Australian Indigenous Tourism Operators Council and Tourism Council WA. It will also inform its other industry partners, such as the Australian Tourism Export Council and Australian Hotels Association, in achieving a shared objective to grow the tourism industry.

ATTRACTING more PEOPLE, more OFTEN to REGIONAL WESTERN AUSTRALIA





Kings Park and Botanic Garden, Perth

2.0 AGENCY PERFORMANCE

2.1 REPORT ON OPERATIONS

Tourism WA is responsible for promoting Western Australia as an extraordinary holiday and event destination. This includes marketing the State; developing, attracting and promoting major sporting, arts, cultural and business events; and supporting major projects that will draw visitors to particular destinations. The agency has three service areas to help deliver this work – destination marketing, event tourism and destination development.

As well as the work the agency performs, Tourism WA provided \$11 million in 2017-18 to partner organisations to attract business events, conduct intrastate marketing, promote Aboriginal tourism and deliver the WA Visitor Centre.

We also supported tourism product capability, competitiveness and sustainability through grants and services agreements worth \$4.6 million to visitor centres, councils, shires, other government agencies and the Tourism Council WA.

Tourism WA's Marketing divisions aim to build awareness of Western Australia's diverse tourism offering and drive holiday bookings into and around the State. Tourism WA's marketing strategy focuses on brand communications, event marketing, cooperative marketing with key airlines and distribution partners, trade education, public relations and major business event attraction in conjunction with the Perth Convention Bureau. All programs are measured using a variety of evaluation techniques in order to further target high-yield visitors, creating a positive and robust flow-on effect for the local tourism economy.

The Events division's main objective is to develop, sponsor and promote a diverse range of events that highlight Western Australia as a great place to live, work and visit. Helping to create greater awareness of WA as a holiday destination, events provide a time-specific reason for people to visit and, in the process, drive visitation. Events also provide valuable media exposure and brand awareness opportunities for WA, as well as energising the State through a diverse and exciting annual events calendar.

The Destination Development division focuses on supply side issues in WA tourism. It works across government and industry to determine the needs of destinations in terms of access, accommodation, attractions and amenities, and seeks to facilitate the filling of identified gaps through private and public investment. The team also focuses on ensuring the State's policies and regulations support tourism investment, and drives a number of cross-government initiatives.

While recent growth in the number of visitors to WA has been disappointing, many of the fundamentals needed for tourism to achieve its full economic potential are now in place. Perth is undergoing a remarkable transformation, with new infrastructure like Elizabeth Quay, Optus Stadium and Yagan Square changing the face of our capital city. Significant private sector investment has created thousands of new hotel rooms along with a proliferation of vibrant bars and eateries.

At the same time, the State Government has elevated the importance of tourism across government as a key economic driver and given Tourism WA five years of funding certainty, along with the flexibility to deploy the funds to get the best economic return for the State.

The Two-Year Action Plan capitalises on these opportunities and resets Tourism WA's priorities. The plan embraces a partnership approach and was developed in close collaboration with industry and other key partners.

It guides the activities of Tourism WA, with the agency already achieving some of the outcomes in 2017-18.

reposition **PERTH** as a
VIBRANT CITY on
NATURE'S DOORSTEP



Hotel Perth campaign

Tourism WA launched the Hotel Perth campaign in February, to showcase the changing face of Perth and reposition the city as a vibrant destination on nature's doorstep. The campaign aims to reignite interest on the East Coast and increase visitation to WA. It likens Perth city to a hotel by comparing the beach to a swim-up bar, Optus Stadium to on-demand entertainment, and Kings Park to a hotel balcony. The aim of the campaign is to showcase Perth as an affordable and exciting holiday destination, by offering holiday packages, accommodation and day tour deals in partnership with Flight Centre and Helloworld. The ads feature some of Perth's most iconic destinations, including Kings Park, Swan Valley and Fremantle, as well as some of the new entertainment and cultural precincts, including Optus Stadium and Elizabeth Quay. Hotel Perth is an integrated campaign across television, print, public relations, content, digital, social and electronic direct mail. Approximately 2,629,205 people engaged in Hotel Perth campaign activity. Some of these interactions included viewing an online video, clicking on a link or visiting the campaign landing page.

ATEC Meeting Place 2017

Perth welcomed more than 400 tourism leaders from across the country as part of the 2017 Australian Tourism Export Council (ATEC) Meeting Place in November. Thanks to support from Tourism WA and the local ATEC WA Branch, Perth won the bid to host the tourism export industry event. It was only the second time the event has been staged outside Sydney since its inception in 1972. The conference featured more than 3,500 business-to-business workshops with buyers representing Australia's key international markets. The event highlighted Perth's significant transformation, and familiarisation trips across the State showcased WA's extraordinary destinations and tourism product to 68 buyers.

Australian Tourism Exchange 2019 secured for WA

In April, Tourism WA secured Australia's largest annual tourism trade event, to be held in Perth in 2019. The Australian Tourism Exchange (ATE) brings together Australian tourism businesses, wholesalers and retailers from around the world, through a combination of scheduled business appointments and networking events. ATE is the largest tourism trade show of its kind in the southern hemisphere, attracting around 650 international and domestic buyers and 80 media from more than 30 countries. The event is expected to bring around 1,500 sellers from more than 550 companies to Perth and deliver around \$9 million to the State's economy. Longer term, ATE helps to grow Australia's \$100 billion tourism industry through the relationships and future business established. Tourism WA is also developing an extraordinary famils program to give ATE delegates an opportunity to experience the new Perth and showcase regional WA.

Memorandum of Understanding with Ctrip

In November, Tourism WA signed a Memorandum of Understanding with one of the world's biggest online retail travel companies, Shanghai-based Ctrip. Ctrip is a leading provider of travel services including accommodation reservation, transport ticketing, packaged tours and corporate travel management. The agreement will pave the way for Tourism WA and Ctrip to work on cooperative campaigns to promote Western Australia and local tourism products to millions of consumers in China. Tourism WA ran two campaigns with the online giant in 2017-18, which resulted in around 5,700 visitors to the State.



Pentecost River, Home Valley Station

New Perth brand assets

Tourism WA has been rolling out new branding to effectively promote Perth and the recent public and private investments in the city. Developed by Tourism WA, Study Perth, Destination Perth (formerly Experience Perth) and the Perth Convention Bureau, the singular Perth brand was created to establish a unified identity. The core brand idea was based on getting the best of both worlds – a vibrant city with a relaxed, laid-back lifestyle nestled in nature – and refers to the wider Perth area, including the Swan Valley, Fremantle, Joondalup, Mandurah and Rockingham. The logo was inspired by the shapes and layout of Perth as a city located on a river and surrounded by many green spaces, and represents a place embodying urban energy, nature and serenity. Organisations and businesses involved in promoting Perth as a leisure, business and education destination are encouraged to use the branding in their marketing and communications. The branding was first used in January at the Hopman Cup and has been used in recent Perth promotions by Tourism WA.

2017 Qantas Australian Tourism Awards

A record number of Western Australian tourism businesses were recognised at the 2017 Qantas Australian Tourism Awards, which were held in February 2018 at the world-class Optus Stadium. Out of the 25 national categories, eight gold medals were awarded to WA businesses for showcasing excellence in the local tourism industry. In addition, four WA businesses took home silver medals and two were awarded bronze medals. The awards, which have been operating for more than 30 years, recognise and celebrate Australia's best tourism businesses that have demonstrated a commitment to excellence. More than 800 people from across the country, including State tourism ministers, CEOs of tourism bodies and tourism industry leaders, attended the awards gala dinner.

East Coast representative

In December, Tourism WA appointed Elite Representation Asia Pacific (Elite) as its trade marketing engagement representative on Australia's East Coast, following an open tender process. Elite is a sales and marketing representation company with offices in Brisbane, Sydney and Melbourne, giving Western Australia representation and a presence in each city. The team is implementing a comprehensive trade strategy to increase the distribution of WA product and ensure more WA products are sold as part of travel packages to interstate visitors. This includes hosting trade events such as Tourism WA's Just Another Day in WA roadshow, which took place in May. Thirty-seven WA operators including accommodation providers, attractions, tour operators and regional tourism organisations, met with Inbound Tour Operators and frontline travel agents from the eastern states to share updates on new products and experiences. The roadshow helped to showcase WA, including its regions and products, and provided key trade partners with knowledge to confidently sell appropriate experiences and increase visitation to WA.

AOT International Mega Famil

Tourism WA hosted the AOT International Mega Famil in May. The event is held in Australia every two years, with WA selected as the host State for 2018. More than 100 top-selling UK, European and Asian travel agents from travel distribution companies congregated in Perth for a day of familiarisations, including trips to the Swan Valley, Rottnest Island and the Pinnacles. Agents experienced first-hand what WA has to offer, gaining invaluable knowledge about the destinations they are selling overseas. The event concluded with a gala dinner in Perth, with many of the agents flying out on Qantas' new direct Perth to London service. The AOT International Mega Famil forms a part of the Two-Year Action Plan to ensure travel trade is informed and passionate about Western Australia.

Cooperative marketing campaigns deliver \$446 million in economic impact

Tourism WA's cooperative marketing campaigns in 2017-18 helped deliver 310,000 domestic and international visitors to the State and around \$446 million in economic impact.

Tourism WA has a strong focus on tactical cooperative marketing campaigns to convert consideration into bookings. We partner with more than 88 travel companies and airlines in international markets and 16 within Australia to run these campaigns.

In 2017-18, Tourism WA invested \$6 million in international cooperative marketing with industry partners contributing a further \$8.6 million.

This resulted in 100 campaigns featuring a wide range of product and packages. The return on investment from this is estimated at 71:1, generating approximately 161,500 international visitors and an economic impact of \$364 million.

The domestic component of the cooperative program saw Tourism WA invest \$2 million, with industry contributions also reaching \$2 million.

This resulted in 27 campaigns featuring a diverse range of Western Australian tourism products. The program delivered an estimated return on investment of 47:1, generating approximately 148,500 domestic visitors and an economic impact of \$82 million.

An example of a successful cooperative marketing campaign was a partnership with Webjet in June 2018. The campaign profiled the Perth region and featured competitive flights and fly/stay offers from the East Coast. The campaign resulted in a 10 per cent growth in passenger bookings via Webjet compared to the same period last year.

Undertaking cooperative marketing campaigns to convert core target audiences to visit WA is part of our Two-Year Action Plan for tourism.

Cooperative **MARKETING**
CAMPAIGNS
to **CONVERT CORE**
TARGET audiences
to **VISIT WA**





Frenchman Peak, Cape Le Grand National Park

Tourism WA Library expands

Tourism WA has an ongoing strategy to coordinate the creation and purchase of high-quality visual assets such as video footage and photographs, which can be used at no cost for promotion of Western Australia. In 2017-18, Tourism WA undertook photoshoots in Broome and the Kimberley, Ningaloo and Karijini, Margaret River and the South West, Albany, Denmark, Esperance, and Perth and surrounds. As a result, about 3,500 photographs and more than 100 video assets have been added to the Tourism WA Library. Tourism WA has also been working closely with industry, local governments, social influencers and freelance photographers to source existing assets to add to the library. Many of these assets are available to use at no cost.

Qantas direct London-Perth flights

On Saturday, March 24 the history-making QF9, carrying more than 200 passengers and 16 crew, flew direct from Perth Airport to Heathrow Airport and landed in London at 5am on Sunday, before returning to Perth the following day. The daily QF9 departs from Melbourne, flies to Perth, then non-stop to London before returning directly to Perth as QF10. Instead of travelling to Europe through Asia or the Middle East, people departing the East Coast are now being encouraged to enjoy a holiday in Perth and WA before they fly direct to London. Inbound passengers from London are also being encouraged to explore the State as part of their Australian holiday. The direct flights have the potential to change the way people travel between Europe and Australia, and provide the opportunity to sell Perth and WA as Australia's western gateway.

UK media coverage for inaugural QF10

The QF10 flight from London to Perth generated plenty of media activity in Western Australia and the UK, with more than 400 pieces of coverage on the flight by UK media and about 90 in Australia during March alone. UK major print and online titles covered the inaugural non-stop flight, as well as various TV and radio stations. Coverage included reports on the flight and several publications ran travel

features on Perth and Western Australia to coincide with the departure of QF10. Examples included a travel feature in *The Times*, three pages in *The Metro* positioning Perth as a 'capital of cool', and a multi-page feature in *The Sunday Times Travel Magazine* showcasing experiences in Perth and the South West.

The QF10 coverage followed Tourism WA's successful virtual reality (VR) campaign at the beginning of March, whereby London commuters were transported to WA using the latest VR technology. This campaign generated more than 180 pieces of coverage across UK media outlets including *The Sun*, *The Daily Mail*, *The Guardian* and *The Metro*. The estimated advertising value of the UK media coverage in March alone was just under \$5 million.

Domestic Qantas Perth-London marketing activity

Tourism WA and Qantas carried out a joint activation in Federation Square, Melbourne targeting trade and consumers to drive awareness of Perth and WA as a holiday destination. Other domestic activity included a 16-page news insert magazine published in *The Age* and *The Sydney Morning Herald*, a partnership with Medium Rare to position Perth and WA as a stopover destination for consumers, trade training and education, print and digital advertising, and tactical promotion with major wholesale agent Qantas Holidays.

Regional Visitor Centre Sustainability Grant Program

Thirty-three visitor centres across regional Western Australia received grants from the third and final round of the State Government's Regional Visitor Centre Sustainability Grant Program in 2017-18. The program, made possible by Tourism WA and Royalties for Regions, was established to help drive innovation at regional visitor centres, making them more financially sustainable. The successful applicants shared in \$1.05 million for projects ranging from upgraded technology and signage, to business plan development and training.

THE history-making
DIRECT FLIGHTS
from **LONDON** to **PERTH**
launched **MARCH 2018**



'The direct flights have the potential to change the way people travel between Europe and Australia, and provide the opportunity to sell Perth and WA as Australia's western gateway'



Cable Beach, Broome

Tourism Demand Driver Infrastructure Program

As part of the Tourism Demand Driver Infrastructure (TDDI) Program, Federal Government funding was endorsed for three Western Australian projects in 2017-18. The City of Swan was awarded \$50,000 to create and upgrade walk and cycle trails in the Swan Valley, and the Department of Biodiversity, Conservation and Attractions received \$261,500 funding to upgrade campground facilities at Yanchep National Park, and \$40,000 to establish a vision for tourism infrastructure for Monkey Mia. The TDDI Program provided \$43 million over four years to States and Territories for key infrastructure projects that drive tourism growth. Western Australia received \$5.063 million in funding over four years for 19 different projects, which was managed by Tourism WA.

Cruise tourism

Tourism WA is committed to working with industry and the Cruise WA Committee to help grow cruise shipping in the State. We are working on leveraging the Government's investment in cruise infrastructure to attract new cruise lines to WA, encouraging new or expanded itineraries and more seasonal home-ported vessels.

2017 WA Cruise Exchange

Tourism WA hosted the fourth annual WA Cruise Exchange in July, which brought together 15 key cruise line executives and ground handlers to learn more about Western Australian port destinations and meet with suppliers. The event included business-to-business appointments, which gave 21 WA cruise-ready products and regional port destinations exposure to representatives from some of the biggest names in the cruise industry, including Carnival Australia, Royal Caribbean Cruise Lines, Cruise and Maritime Voyages, The AOT Group, Bob Wood Cruise Group, Intercruises Shoreside & Port Services and Abercrombie & Kent. Cruise representatives were also taken on a two-night familiarisation trip to Exmouth.

Broome wins bid to host 2018 national cruise conference

In September, Broome was named as the host of the 2018 Australian Cruise Association national cruise conference, following a successful bid by Tourism WA, which was supported by Cruise Broome and the Perth Convention Bureau. The conference, Annual General Meeting and associated functions will be held from September 12 to 14, 2018 at Cable Beach Club Resort and Spa, situated on the world-famous 22km-long Cable Beach. It is expected to attract 120 delegates including leading national and international cruise executives, shore excursion operators, port authorities, providers, shipping agents and tour businesses.

Sun Princess to homeport in Fremantle during 2019-20 cruising season

In March, the State Government welcomed an announcement from Carnival Australia that it would homeport the *Sun Princess* superliner in Fremantle for a record 158 days in 2019-20. The announcement follows the Government's commitment to improvements and upgrades at Fremantle and Broome ports. The *Sun Princess'* homeported season will involve 29 cruise ship visits, including 18 to regional port destinations such as Albany, Busselton, Geraldton and Broome. The move represents the biggest investment a Carnival Australia brand has made in cruising in Western Australia. Each cruise ship visit will bring thousands of visitors to each port as passengers disembark and explore the on-shore attractions.

2018 Cellar Door Capacity Building Program

Tourism WA, together with Wine Tourism Australia and Destination Marketing Store, facilitated six workshops across the Swan Valley, Peel, South West and Great Southern regions to help wineries build capacity in their cellar doors. Industry experts Robin Shaw (Wine Tourism Australia) and Charlotte Prouse (Destination Marketing Store) delivered the free workshops from May 22 to June 7, 2018, to more than 120 participants. The Cellar Door Capacity Building Program helps wineries, breweries and distilleries recognise and build upon their tourism potential and deliver high-quality cellar door experiences.

Western Australian Visitor Centre tender

Following an extensive tender process, Tourism WA appointed The Tourism Group as the new operator of the Western Australian Visitor Centre. The Tourism Group has considerable experience in the operation and accreditation of visitor centres across Australia. The centre will be run on a new model, which will include technological upgrades such as virtual reality headsets; more of a focus on experiences, with operators visiting the centre to provide product demonstrations and showcase a wide range of WA regions; and consumer education on topics such as safe driving, WA weather, seasonality, camping and other relevant topics. The centre will remain in the current building at the corner of William and Murray streets in Perth for the time being, with the potential to move to a more prominent location in the future.

Perth to Broome special weekend fares boost regional tourism

The high cost of airfares within WA has long been identified as an obstacle to growing leisure visitation to the State's regions.

However, thanks to a partnership between Qantas, Tourism WA, Australia's North West and Broome International Airport, visitors can now experience extraordinary Broome with special weekend fares starting from only \$179 one way if booked in advance.

The one-year trial of low-cost airfares, announced in May, aims to stimulate leisure demand on the Perth-Broome route, boosting intrastate travel to the region. It will also encourage Broome residents to access affordable fares in order to travel to Perth, and explore the city's extraordinary transformation.

The fares are available on Qantas A320 aircraft, operating once a day, on Friday, Saturday and Sunday.

There has already been strong interest in the discounted airfares on flights between Perth and Broome - with approximately 2,000 bookings made since the initiative was launched in May to June 30, 2018.

To support the airfares, Tourism WA and Australia's North West undertook marketing activity, including Broome lift-outs in *The West Australian*; outdoor, print and radio advertisements; as well as campaigns with third party trade partners.

Providing more affordable aviation for tourists, and attracting more people to regional WA, is a key part of Tourism WA's Two-Year Action Plan to boost tourism in Western Australia.

Providing **MORE AFFORDABLE AVIATION** for **TOURISTS** is KEY



Windjana Gorge National Park

First Pilbara Camping with Custodians campground opens

Western Australia's third Camping with Custodians campsite, and the first in the Pilbara region, officially opened in April 2018, at Peedamulla Station near Onslow. Peedamulla is a 220,000ha Aboriginal-owned pastoral station that runs from the North West Coastal Highway to the coast. The nature-based campground, which has powered and unpowered sites, gas barbecues, hot water showers and flushing toilets, is operated by the Peedamulla Aboriginal community. Camping with Custodians, supported by Tourism WA, is an exciting, Australian-first initiative that builds campgrounds on Aboriginal lands, which are open to the public and operated by the community. Visitors get the chance to stay on Aboriginal lands and to meet and mix with Aboriginal people, knowing the accommodation fees stay in the community. For communities taking part, Camping with Custodians creates income, employment, training opportunities, and the chance to showcase the Aboriginal lifestyle and culture. The first two Camping with Custodians campgrounds in the Kimberley - Imintji Campground and the Jarlarloo Riwi Mimbi Campground - were officially opened in July 2017.

World Indigenous Tourism Summit 2020

In April, Western Australia was announced as the successful host of the third World Indigenous Tourism Summit in 2020. Thanks to a successful bid by the WA Indigenous Tourism Operators Council, with support from the Perth Convention Bureau and Tourism WA, the summit is expected to attract hundreds of delegates from around Australia and the world. The summit brings together Indigenous tourism operators and world leaders to discuss economic, environmental, social and political advances and challenges in Indigenous tourism. It also provides a forum for Indigenous people to share collective wisdom, knowledge and traditions handed down through generations.

Aviation access

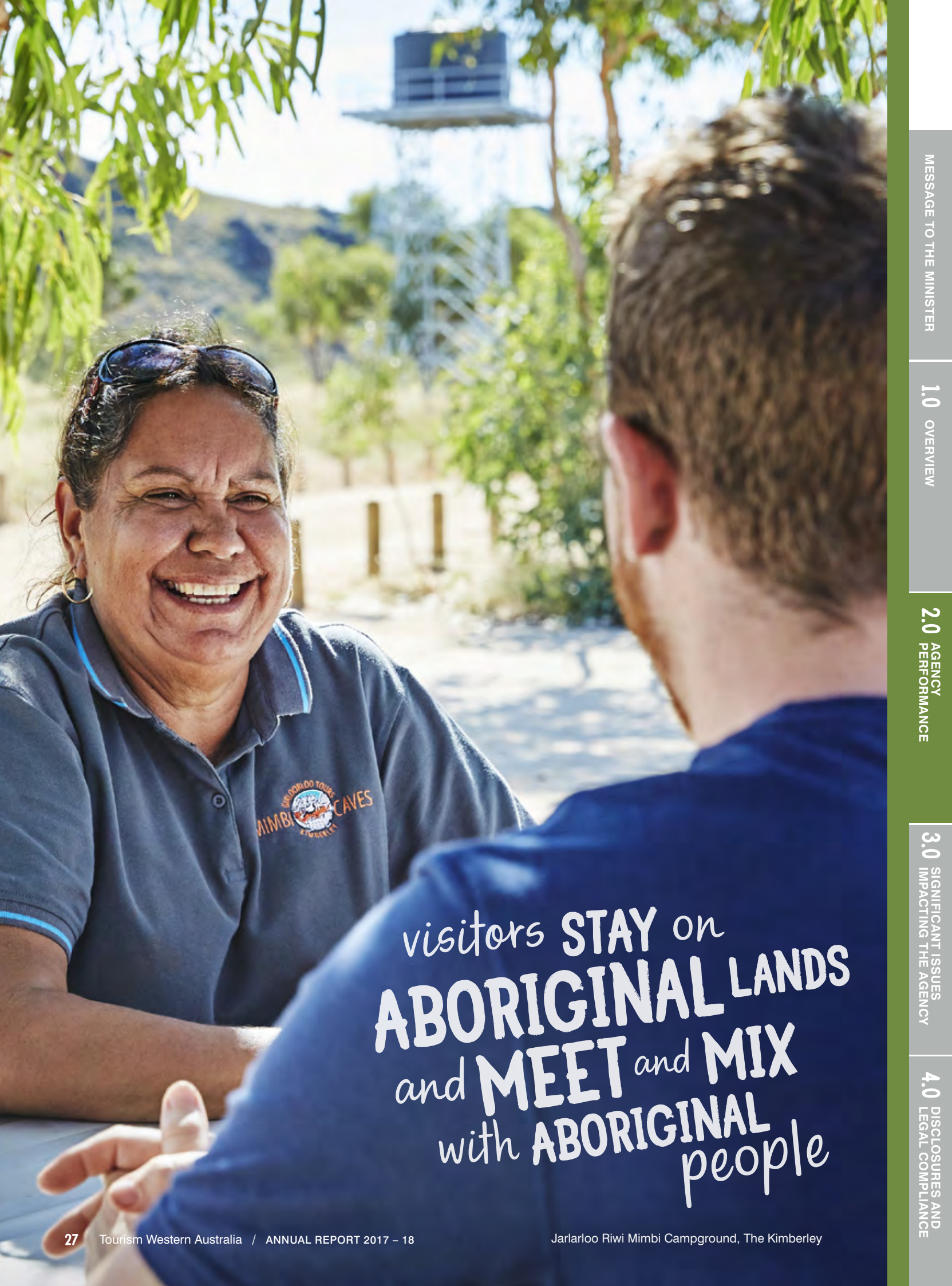
Tourism WA's work to improve aviation access to WA continued as a focus in 2017-18. A review of international flight seat capacity in June 2018 saw Perth welcome 216 flights per week offering 54,045 seats, remaining steady from June 2017, over a period of increased competition worldwide.

In 2017-18, the following capacity was achieved through Tourism WA's support:

- Singapore Airlines flew its newest Boeing 787-10 Dreamliner aircraft to Perth on May 8, 2018, replacing an A330-300 on one of its four daily Singapore-Perth flights, increasing route capacity by 27 per cent. Perth was the second destination in the world, after Osaka, to welcome the arrival of Singapore Airlines' Dreamliner.
- On May 4, 2018, Garuda Indonesia, the national carrier of Indonesia, added an extra (fifth) flight per week from Jakarta to Perth. The introduction of the fifth service will add 16,848 seats to the route per year, a 25 per cent increase in total capacity.
- Qatar Airways launched the A380 aircraft on its Doha to Perth service. The 517-seat, double-storey aircraft started flying from May 1, 2018, boosting passenger capacity by more than 115,000 seats a year.
- On March 24, 2018, Qantas commenced non-stop daily flights between Perth and London – the world's first direct regular passenger service between Australia and Europe. Using B787-9 aircraft with a capacity of 236 passengers, the 14,500km journey takes around 17 hours.
- SilkAir flights between Singapore and Broome marked the first international passenger services to Broome in 17 years. The four trial flights in May and June were part of a deal between the Shire of Broome, Broome International Airport, Australia's North West and SilkAir.

Discussions continued with airlines from China and Japan for future capacity growth.

There are continuing challenges. For example, in April 2018, Etihad Airways announced it will withdraw its daily service between Perth and Abu Dhabi from October 2018 for commercial reasons. Although its disappointing news, Etihad is one of three airlines servicing WA through the Middle East, and additional aviation capacity from Qatar and Qantas will help offset Etihad's withdrawal.



visitors **STAY** on
ABORIGINAL LANDS
and **MEET** and **MIX**
with **ABORIGINAL**
people



Optus Stadium, Perth

Aviation access (continued)

The Final Report of the Parliamentary Inquiry into Regional Airfares in Western Australia was released on November 30, 2017. Tourism WA provided a submission to the committee undertaking the inquiry. The implementation of the supported recommendations arising from the inquiry will be carried out via a review of the State Aviation Strategy, which will be overseen by a cross-department working group chaired by the Department of Transport.

Securing events for Optus Stadium

The world-class 60,000-seat Optus Stadium officially opened on January 21, with a free Community Open Day marking the milestone. In January, Tourism WA successfully bid to host 11 International Cricket Council (ICC) World T20 (WT20) matches, six of which will be hosted at Optus Stadium in 2020. It will be the first time the ICC WT20 will be played in Australia. The matches will be broadcast into Tourism WA's key markets including the eastern states, UK, USA, Singapore, Malaysia, South Africa, New Zealand, and the emerging market of India. The matches are expected to attract thousands of visitors from interstate and overseas, providing a significant boost to the economy. Tourism WA has previously secured major sporting events at the stadium, such as the friendly match between Perth Glory and Chelsea FC in July this year, a Bledisloe Cup match in 2019 and game two of the NRL State of Origin Series in 2019.

AFL tourism

Optus Stadium has provided the opportunity to attract more interstate AFL fans to Perth to watch their teams play. An AFL tourism campaign was developed to drive interstate visitation to Perth for AFL matches from all domestic markets; increase knowledge of Perth and WA as an AFL tourism destination; and encourage regional dispersal. This included creating awareness of matches, Perth and WA as an event destination, and using these events as a hook to encourage interstate visitation to and around WA. Activity in the 2018 season (including pre-season) is focused on conversion and driving visitation. This included 30-second radio spots with Croc Media; an integrated partnership with Channel Nine and The Footy Show showcasing Perth and Optus Stadium over three filmed segments; digital screens at the MCG; a partnership with Ticketmaster, including newsletter placements, banner ads and electronic direct mail-outs to its AFL database; and a Google ad words campaign. Tourism WA has also been working with travel groups including AFL partner Virgin Australia, and VenuesLive to develop promotional packages including return airfares, accommodation and tickets to games, with a choice of options for add-ons including tours and trips to other regions of WA.

The Aussies attract thousands of visitors to WA

The 2018 Australian Surf Life Saving Championships, known as The Aussies, attracted a total of 8,578 visitors to WA, including 3,690 interstate and international competitors.

These visitors spent nearly \$15.8 million in WA and generated 68,896 visitor nights.

The Aussies is an annual event which sees members from Australia's 311 Surf Clubs come together to compete in more than 400 beach and ocean events.

Secured and supported by Tourism WA, the championships, held in April at Scarborough Beach, are considered to be one of the world's largest ocean sports events.

Hosting events such as The Aussies is a perfect example of the type of mass participation events Tourism WA aims to attract to Western Australia.

Mass participation events play a pivotal role in boosting tourism to WA as they attract thousands of competitors and supporters to the State, who deliver a significant boost to the economy in visitor spend, help fill hotel rooms and support local businesses.

In addition, events like The Aussies helped to attract national media coverage for our extraordinary State, showcasing our stunning coastline, the revitalised Scarborough Beach and the changing face of Perth into an affordable and vibrant destination, close to nature.

Supporting world-class events forms part of Tourism WA's Two-year Action Plan to grow the number of visitors to the State.

Supporting
WORLD-CLASS
EVENTS to
GROW visitor
NUMBERS



Mass participation events

Tourism WA supported a number of mass participation events in 2017-18, which attracted more than 18,000 visitors from outside the State, generating nearly 150,000 visitor nights and contributing more than \$33 million to the economy in visitor spend. These events were the SunSmart Ironman WA in Busselton, Busselton Festival of Triathlon, BMX Australia National Championships in Bunbury, Spartan Asia Pacific Championships, the Australian Surf Life Saving Championships and the World Under 24 Ultimate Championships. Supporting mass participation events is a key priority of the Two-Year Action Plan because they help attract thousands of competitors, officials and supporters, providing a significant boost to the economy.

Hopman Cup

In 2018, the Hopman Cup generated more than 16,500 visitor nights and \$4 million in visitor expenditure from out-of-state visitors. In addition to attracting visitors, the event generated 963 hours of television broadcast in WA's key tourism markets, valued at \$41.5 million with more than half (54 per cent) coming from international markets. The event also attracted \$42 million in additional peripheral media coverage of the State, including the famous Roger Federer quokka selfie. Federer posted the photo on his Instagram account, attracting more than 525,000 likes and reaching 5.3 million people across Facebook and Twitter. It also made headlines in newspapers and on news websites around the world, appearing in 239 publications in the UK, 53 in Switzerland, 45 in Colombia, 30 in the United States, and 41 across Australia, with the post reported on in 13 different languages.

ISPS HANDA World Super 6 Perth

The second annual ISPS HANDA World Super 6 Perth golf event took place in February at Lake Karrinyup Country Club. It is Australia's richest annual golf tournament with AUD\$1.75 million in prize money. The event featured some of the world's best golfers from the European, Asian and Australasian Tours, including former World Number 1 Lee Westwood, 2016 Masters Champion Danny Willett and three high-profile Japanese players ranked inside the world's top 80 - Hideto Tanihara, Yusako Miyazato and Satoshi Kodaira. The innovative golf tournament is the only Australian event to be tri-sanctioned by the PGA Tour of Australasia, the European Tour and the Asian Tour, and generated a broadcast value of more than \$36 million in Tourism WA's key tourism markets.

Ultimate Fighting Championships

Perth hosted the exclusive Ultimate Fighting Championships in February, featuring the middleweight championship bout between American former champion Luke Rockhold and Cuban Yoel Romero. The deal was made possible after the State Government lifted a ban on combat sports, including mixed martial arts, being held in purpose-built, fenced-in enclosures such as the UFC's Octagon. The bout was only the fourth pay-per-view event ever staged in Australia. Of the 13 top UFC events held each year, only two are typically staged outside of North America. UFC 221 Perth, held in front of a 12,000 strong crowd, became the highest-grossing sporting event at Perth Arena and attracted around 4,000 people from outside the State. Millions of fans across Australia and Tourism WA's key markets of New Zealand, UK, China, Japan, Indonesia and the USA watched UFC 221 on pay-per-view, providing fantastic international exposure for the State.

NRL Double Header

Almost 40,000 people flocked to Optus Stadium to witness history at the inaugural National Rugby League (NRL) games held in March. Reigning premiers Melbourne Storm defeated the Canterbury-Bankstown Bulldogs, and the New Zealand Warriors were too strong for the South Sydney Rabbitohs in an action-packed opening weekend of the 2018 NRL premiership season. The NRL Double Header was the first sporting contest at Optus Stadium to go on sale and the first rectangular sport played at the venue. The blockbuster sports event is part of a NRL sponsorship deal that also includes the much-anticipated game two of the Holden State of Origin series at Optus Stadium in 2019. Attracting and supporting events such as this is an important part of the work Tourism WA does to bring in visitors to help fill the city's hotel rooms, restaurants and other tourism businesses.

Margaret River Gourmet Escape

The sixth annual Margaret River Gourmet Escape held in November attracted more than 50 of the world's leading food and wine personalities including Curtis Stone, to celebrate the Margaret River wine region's 50th anniversary. The food and wine festival generated \$12.14 million in economic impact to the South West region and attracted more than 9,000 visitors from outside of the region.

MASS PARTICIPATION EVENTS

18,000 visitors
\$33 million
in visitor SPEND



2018 MASTERCARD HOPMAN CUP

16,500 visitor
NIGHTS
\$41.5 MILLION
BROADCAST value



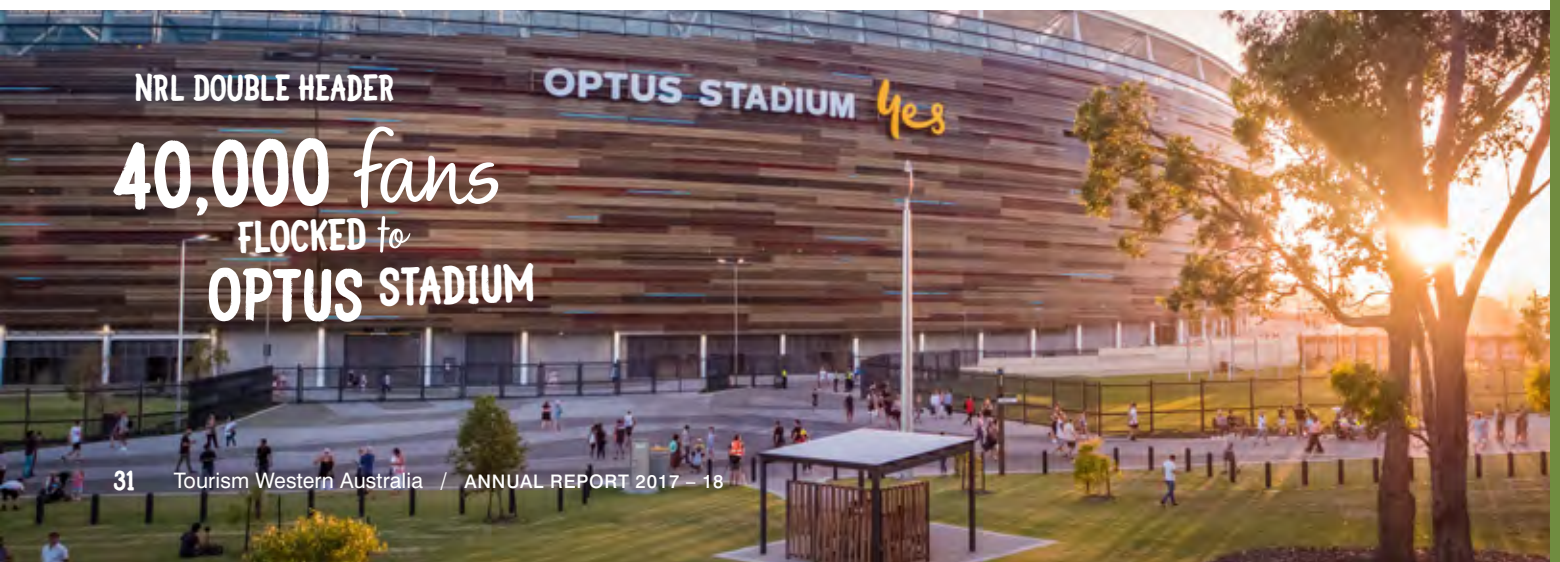
ISPS HANDA WORLD SUPER 6 PERTH

\$1.75 million
PRIZE
\$36 MILLION
BROADCAST value



NRL DOUBLE HEADER

40,000 fans
FLOCKED to
OPTUS STADIUM





Emergence Creative Festival, Credit: Russell Ord

Request for Proposal process for Margaret River Gourmet Escape

In November 2017, Tourism WA announced it would undertake stakeholder consultation followed by a Request for Proposal process to help further grow the Margaret River Gourmet Escape food and wine festival. The aim was to review the State's investment in food and wine event tourism, with a view to expanding the festival to feature not only Margaret River but also the Swan Valley and Perth. This would build on the success of the festival and ensure the best model for the future to drive visitation and support the local industry. A short list of event operators were invited to submit a proposal to run a new culinary festival, starting in 2019. The successful proponent was announced in August 2018.

Regional Events Program

Tourism WA's Regional Events Program, supported by Royalties for Regions, assists a range of events across regional Western Australia. Twenty events were provided funding in 2017-18 as part of the Regional Events Program. In addition, the program includes the \$850,000 Regional Events Scheme (RES), which supports smaller developing regional events across WA. Sixty-two events were awarded funding as part of the scheme in 2017-18.

In May, Tourism WA also announced that 69 events would receive funding as part of the 2018-19 Regional Events Scheme. The 2018-19 RES round also included the addition of the new Regional Aboriginal Events Scheme, a funding pool of \$150,000 exclusively allocated to events delivering Aboriginal activities and experiences.

Business events

Tourism WA continued its partnership with the Perth Convention Bureau to bring business and incentive events to Western Australia in 2017-18. The Perth Convention Bureau secured 115 conferences and 171 corporate meeting and incentive events for the year. This represents 244,655 delegate days, generating an estimated direct delegate expenditure of \$141.8 million.

Events marketing

Tourism WA invested \$1.8 million in its events marketing campaign in 2017-18, which included TV, press, online and social media marketing. This year, the event brand campaign activity focused on select events to deliver significant conversion. The Perth Festival season, Cape to Cape MTB, Ord Valley Muster, Shinju Matsuri, Truffle Kerfuffle and Margaret River Gourmet Escape were selected for campaign activity based on their broad appeal, the potential for visitation, their uniqueness and brand fit, and quality of content available to promote the event.

MARGARET RIVER GOURMET ESCAPE

9,000+ visitors
from outside of the region
\$12.14 million
in ECONOMIC IMPACT to
the SOUTH WEST region

Margaret River Gourmet Escape

Credit: Elements Margaret River

REGIONAL EVENTS SCHEME

62 events
\$850,000
funding

Kickstarters Gascoyne Dash

BUSINESS EVENTS

115 conferences
171 corporate MEETINGS
\$141.8 MILLION
DELEGATE spend

EVENTS MARKETING

\$1.8 million
INVESTED in
2017-18



Francois Peron National Park

2.2 FINANCIAL TARGETS

	2017-18 ORIGINAL TARGET \$'000	2017-18 REVISED TARGET \$'000	2017-18 ACTUAL \$'000	VARIATION \$'000
FINANCIAL TARGETS				
Total cost of services (approved expense limit) (see Statement of Comprehensive Income)	99,803	92,971	92,613	(358)
Net cost of services (see Statement of Comprehensive Income)	96,756	90,299	89,615	(684)
Total equity (see Statement of Financial Position)	16,972	16,901	17,077	176
Net increase/(decrease) in cash held (see Statement of Cash Flows)	175	(2,146)	990	3,136

Explanatory Notes to Variations against Revised Targets

Further explanations are contained in Note 8.10 'Explanatory statement' to the financial statements.

Total cost of services

The variance is considered immaterial and the target deemed to have been met.

Net cost of services

The variance is comprised of the \$358k favourable variance in total cost of services and a favourable variance of \$326k in interest and other miscellaneous revenue.

Total equity

The variance is considered immaterial and the target deemed to have been met.

Net increase/(decrease) in cash held

The variation to cash movement is largely due to a much higher than anticipated payables balance at end of year attributed to event sponsorship commitments.



Wills Domain, Margaret River

2.3 KEY PERFORMANCE INDICATORS

2.3.1 Key Effectiveness Indicators

Key Effectiveness Indicators assist with the assessment of agency performance in the achievement of government desired outcomes.

	2017-18 Target	2017-18 Actual
KPI: 1 Total dollar amount spent by visitors in Western Australia	\$10.3 billion	\$9.6 billion
KPI: 2 Percentage of visitors whose expectations were met or exceeded upon visiting Western Australia	90%	98.5%
KPI: 3 Value of cooperative marketing funds provided by the tourism industry	\$6.5 million	\$9.9 million
KPI: 4 Direct economic impact of major events sponsorship	\$50 million	\$56.8 million
KPI: 5 Direct media impact of major events sponsorship	\$140 million	\$122.3 million

2.3.2 Key Efficiency Indicators

Key Efficiency Indicators assist with the assessment of agency service delivery. They monitor the relationship between the service delivered and the resources used to produce the service.

	2017-18 Target	2017-18 Actual
KPI: 6 Destination Marketing administrative costs as a proportion of Total Cost of Services allocated to Destination Marketing	25%	21%
KPI: 7 Events Tourism administrative costs as a proportion of Total Cost of Services allocated to Events Tourism	11%	10%
KPI: 8 Tourism Destination Development administrative costs as a proportion of Total Cost of Services allocated to Tourism Destination Development	36%	31%

Detailed Key Performance Indicators information can be found on pages 93-96.



Perth Arena, Perth

3.0 SIGNIFICANT ISSUES IMPACTING THE AGENCY

Tourism is a major focus of the State Government and forms a vital part of its plan to create jobs, provide small business opportunities for West Australians, and strengthen and diversify the economy.

This has been backed by long-term secure funding for Tourism WA of \$425 million over five years for destination marketing and event tourism, and the development of a results-driven action plan for the next two years. This plan capitalises on the remarkable and ongoing transformation of Perth, including new hotels, along with sport and entertainment infrastructure such as Optus Stadium and Perth Arena.

New international aviation links and an increase in international aviation capacity to Western Australia are critical to growing visitation, which in turn creates jobs and contributes to the State's economic growth. Qantas has commenced its non-stop flights between Perth and London, repositioning Perth as Australia's western gateway for travellers from Europe. However, more routes into Perth are needed and the State Government is working with Perth Airport to target several airlines to increase or secure new inbound services from key markets, including China, Japan and South East Asia.

Tourism WA is hosting the Australian Tourism Exchange in 2019. This is Australia's premier tourism trade event and the largest international travel trade show of its kind in the southern hemisphere. The event provides a forum for Australian tourism businesses to meet with key international buyers from around the world. The event is owned by Tourism Australia and each year attracts around 650 international and domestic buyers and 80 media from more than 30 countries. In addition, the event is expected to bring around 1,500 sellers from more than 550 companies to Perth. Visiting delegates represent key influencers in the tourism industry with the ability to drive visitation into Western Australia.

Hosting the Australian Tourism Exchange 2019

650 INTERNATIONAL
and DOMESTIC buyers
1,500 sellers
80 media

PERTH *the* WESTERN *gateway* *to* AUSTRALIA



MESSAGE TO THE MINISTER

1.0 OVERVIEW

2.0 AGENCY PERFORMANCE

3.0 SIGNIFICANT ISSUES IMPACTING THE AGENCY

4.0 DISCLOSURES AND LEGAL COMPLIANCE

4.0 DISCLOSURES AND LEGAL COMPLIANCE

4.1 INDEPENDENT AUDITOR'S REPORT



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

WESTERN AUSTRALIAN TOURISM COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Western Australian Tourism Commission which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Western Australian Tourism Commission for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Western Australian Tourism Commission. The controls exercised by the Commission are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Western Australian Tourism Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Board's Responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Western Australian Tourism Commission for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Western Australian Tourism Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2018.

The Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Western Australian Tourism Commission for the year ended 30 June 2018 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 August 2018

4.2 FINANCIAL STATEMENTS

Certification of Financial Statements

For the reporting period ended 30 June 2018

The accompanying financial statements of the Western Australian Tourism Commission (operating as Tourism WA) have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2018 and the financial position as at 30 June 2018.

At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



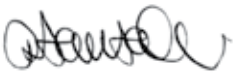
Manny Papadoulis
DEPUTY CHAIRMAN

31 August 2018



Tracey Horton
COMMISSIONER

31 August 2018



Renato Sansalone
CHIEF FINANCIAL OFFICER

31 August 2018



Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.5	406	12,190
Supplies and services	3.1	36,945	27,576
Depreciation and amortisation expense	5.1, 5.2	546	512
Accommodation expenses	3.5	1,800	2,146
Grants and subsidies	3.2	4,507	5,678
Event operations expenses	3.3	27,144	22,483
Advertising and promotion expenses	3.4	21,265	21,518
Other expenses	3.5	-	44
Total cost of services		92,613	92,147
Income			
Revenue			
Commonwealth grants and contributions	4.2	1,382	1,444
Interest revenue		329	440
Other revenue	4.3	1,287	759
Total Revenue		2,998	2,643
Total income other than income from State Government		2,998	2,643
NET COST OF SERVICES			
Income from State Government			
Service appropriation	4.1	-	67,642
State grants and contributions		64,947	-
Services received free of charge		10,493	549
Royalties for Regions Fund		14,262	22,460
Total income from State Government		89,702	90,651
SURPLUS FOR THE PERIOD			
		87	1,147

See also note 2.2 'Schedule of Income and Expenses by Service'.

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

Statement of Financial Position

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	6,086	5,913
Restricted cash and cash equivalents	6.1	1,714	897
Receivables	5.3	1,683	2,171
Prepayments	5.4	7,524	4,796
Amounts receivable for services	5.5	475	475
Total Current Assets		17,482	14,252
Non-Current Assets			
Amounts receivable for services	5.5	6,045	6,520
Property, plant and equipment	5.1	264	297
Intangible assets	5.2	507	957
Other non-current assets	5.6	242	235
Total Non-Current Assets		7,058	8,009
TOTAL ASSETS		24,540	22,261
LIABILITIES			
Current Liabilities			
Payables	5.7	6,614	2,959
Employee related provisions	3.5	79	2,058
Other current liabilities	5.8	770	2
Total Current Liabilities		7,463	5,019
Non-Current Liabilities			
Employee related provisions	3.5	-	455
Total Non-Current Liabilities		-	455
TOTAL LIABILITIES		7,463	5,474
NET ASSETS		17,077	16,787
EQUITY			
Contributed equity	8.8	10,336	10,133
Accumulated surplus		6,741	6,654
TOTAL EQUITY		17,077	16,787

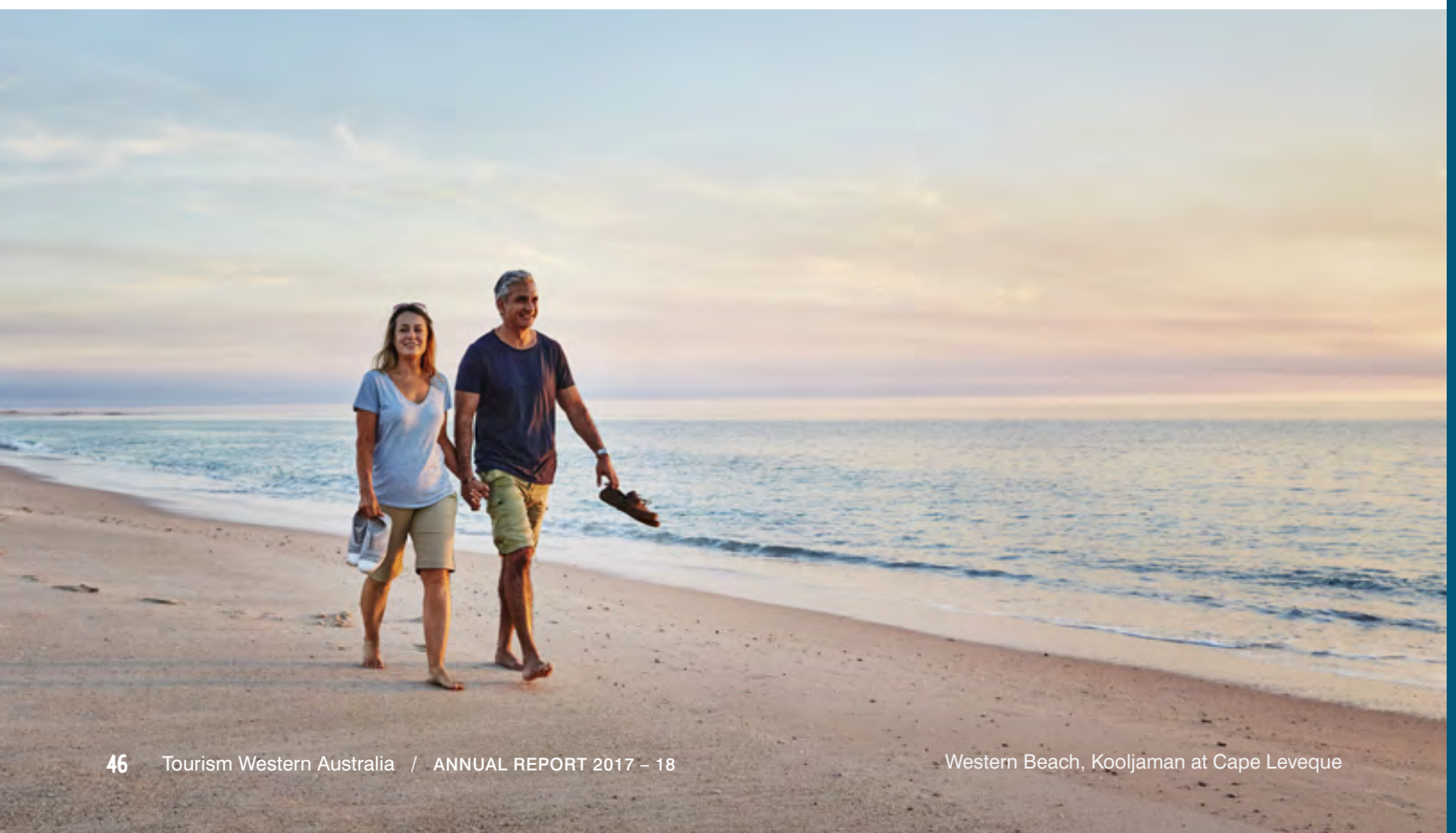
The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2018

	Note	CONTRIBUTED EQUITY \$'000	ACCUMULATED SURPLUS \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2016		9,493	5,507	15,000
Surplus		-	1,147	1,147
Total comprehensive income for the period		-	1,147	1,147
Transactions with owners in their capacity as owners:	8.8			
Capital appropriations		150	-	150
Other contributions by owners		490	-	490
Total		640	-	640
Balance at 30 June 2017		10,133	6,654	16,787
Balance at 1 July 2017		10,133	6,654	16,787
Surplus		-	87	87
Total comprehensive income for the period		-	87	87
Transactions with owners in their capacity as owners:	8.8			
Capital appropriations		-	-	-
Other contributions by owners		203	-	203
Total		203	-	203
Balance at 30 June 2018		10,336	6,741	17,077

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



Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
State grants and contributions		64,947	-
Service appropriation		-	66,950
Capital appropriation		-	640
Holding account drawdown		475	475
Royalties for Regions Fund		14,262	22,460
Transfer of leave liability		(2,215)	-
Net cash provided by State Government		77,469	90,525
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(605)	(11,970)
Supplies and services		(26,279)	(26,898)
Accommodation		(1,766)	(2,110)
Grants and subsidies		(4,477)	(5,681)
GST payments on purchases		(6,793)	(6,841)
Event operations payments		(26,192)	(23,676)
Advertising and promotion payments		(20,660)	(20,696)
Other payments		(164)	(695)
Receipts			
Commonwealth grants and contributions		1,382	1,386
Interest received		328	437
GST receipts on sales		106	48
GST receipts from taxation authority		6,952	6,603
Other receipts		1,752	572
Net cash used in operating activities	6.1	(76,416)	(89,521)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(63)	(656)
Net cash used in investing activities		(63)	(656)
Net increase in cash and cash equivalents		990	348
Cash and cash equivalents at the beginning of the period		6,810	6,462
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.1	7,800	6,810

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

Notes to the Financial Statements

For the year ended 30 June 2018

NOTE 1. BASIS OF PREPARATION

The Western Australian Tourism Commission (operating as Tourism WA) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. Tourism WA is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of Tourism WA's operations and its principal activities are included in the Annual Report which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Board of Commissioners of Tourism WA (the accountable authority) on 31 August 2018.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- The *Financial Management Act 2006* (FMA)
- Treasurer's Instructions (the Instructions or TI)
- Australian Accounting Standards (AAS) including applicable interpretations
- Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

The *Financial Management Act 2006* and Treasurer's Instructions take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousands dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by T1955 *Contributions by Owners made to Wholly-Owned Public Sector Entities* and have been credited directly to Contributed Equity.



Mimbi Caves, The Kimberley

For the 2018 year, capital funding provided through the Department of Jobs, Tourism, Science and Innovation was not formally designated by Government as contributions by owners and has consequently been recognised as 'State grants and contributions' in the Statement of Comprehensive Income.

NOTE 2. AGENCY OUTPUTS

This section includes information regarding the nature of funding Tourism WA receives and how this funding is utilised to achieve Tourism WA's objectives. This note also provides the distinction between controlled and administered funding.

	Notes
Agency objectives	2.1
Schedule of income and expenses by service	2.2

2.1 Agency objectives

Mission

Tourism WA shares its goal with the Western Australian tourism industry, and federal, state and territory governments, to maximise tourism's contribution to the Australian people. The national stretch target is a challenging one: To achieve \$140 billion in annual overnight tourism expenditure by 2020. To bring this vision to life, over the decade between 2010 and 2020, a stretch goal for tourism in Western Australia has been developed. This is: To double the value of tourism in Western Australia from \$6 billion in 2010 to \$12 billion by 2020.

Services

Tourism WA comprises the following three service areas:

Service 1: Destination Marketing

In partnership with the tourism and travel industry, Regional Tourism Organisations, Perth Convention Bureau, Western Australian Indigenous Tourism Operators Council and Tourism Australia, Tourism WA promotes Western Australia as a desirable holiday destination in core intrastate, interstate and international markets and undertakes marketing strategies that maximise the economic benefit to the State.

Service 2: Event Tourism

Tourism WA develops, attracts and supports events that generate social and economic benefit to the State and market Western Australia nationally and internationally

Service 3: Tourism Destination Development

This service focuses on tourism supply side issues; working across Government and the industry to determine the needs of destinations in terms of access, accommodation, attractions and amenities; and facilitating the filling of gaps through private or public investment and policy settings.

Tourism WA administers expenses on behalf of Government (for Qantas Hub infrastructure at Perth Airport) that are not controlled by, nor integral to, the function of the agency. These transactions are not recognised in the principal financial statements of the agency but schedules are prepared using the same basis as the financial statements and are presented at Note 9.1 'Disclosure of administered income and expenses by service'.



Notes to the Financial Statements

For the year ended 30 June 2018

2.2 Schedule of income and expenses by service For the year ended 30 June 2018

	Destination Marketing		Event Tourism		Tourism Destination Development			TOTAL	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	
COST OF SERVICES									
Expenses									
Employee benefits expense	244	5,931	81	2,530	81	3,371	406	11,832	
Supplies and services	26,462	20,201	4,521	2,461	5,962	5,272	36,945	27,934	
Depreciation and amortisation expense	328	270	109	103	109	139	546	512	
Accommodation expenses	1,336	1,479	233	296	230	371	1,800	2,146	
Grants and subsidies	113	391	7	42	4,387	5,245	4,507	5,678	
Event operations expenses	-	-	27,144	22,483	-	-	27,144	22,483	
Advertising and promotion expenses	19,944	20,449	1,027	782	294	287	21,265	21,518	
Other expenses	-	23	-	9	-	12	-	44	
Total cost of services	48,428	48,744	33,122	28,706	11,063	14,697	92,613	92,147	
Income									
Commonwealth grants and contributions	-	-	-	-	1,382	1,444	1,382	1,444	
Interest revenue	198	231	65	89	66	120	329	440	
Other revenue	1,018	658	131	17	138	84	1,287	759	
Total income other than income from State Government	1,216	889	196	106	1,586	1,648	2,998	2,643	
NET COST OF SERVICES	47,212	47,855	32,926	28,600	9,477	13,049	89,615	89,504	
INCOME FROM STATE GOVERNMENT									
Service appropriation	41,951	41,518	20,869	19,587	2,127	6,537	64,947	67,642	
Resources received free of charge	5,787	289	2,341	111	2,365	149	10,493	549	
Royalties for Regions Fund	-	6,210	9,550	10,068	4,712	6,182	14,262	22,460	
Total income from State Government	47,738	48,017	32,760	29,766	9,204	12,868	89,702	90,651	
Surplus/(deficit) for the period	526	162	(166)	1,166	(273)	(181)	87	1,147	

NOTE 3. USE OF OUR FUNDING

Expenses incurred in the delivery of services

This section provides additional information about how Tourism WA's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by Tourism WA in achieving its objectives and the relevant notes are:

	Notes	2018 \$'000	2017 \$'000
Supplies and services	3.1	36,945	27,576
Grants and subsidies	3.2	4,507	5,678
Event operations expenses	3.3	27,144	22,483
Advertising and promotion expenses	3.4	21,265	21,518
Other expenses	3.5	2,206	14,380

3.1 Supplies and services

	2018 \$'000	2017 \$'000
Communications expenses	270	297
Computer expenses	1,700	1,664
Contracts for service	11,721	11,476
General administration expenses	2,368	2,071
Insurance	77	80
Marketing services	2,878	3,293
Operating lease, rental and hire costs	322	313
Printing and stationery	27	32
Professional services	4,653	5,778
Research	1,753	1,636
Services provided by the Department of Jobs, Tourism, Science and Innovation ^(a)	10,437	-
Travel	665	835
Vehicles	74	101
	36,945	27,576

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

- a) Following Machinery of Government changes that became effective 1 July 2017, Tourism WA employees were transferred to the Department of Jobs, Tourism, Science and Innovation. As the employing authority, the Department provides personnel to Tourism WA on a free of charge basis and retains the associated cash funding from Government. Services provided by the Department represent wages and salaries, superannuation expense, payroll processing costs, fringe benefits tax, workers' compensation insurance and any termination benefits associated with personnel provided to Tourism WA. See also Notes 3.5.1 'Employee benefits expense' and 4.1(a) 'Services received free of charge'.

Commissioner fees were previously classified as supplies and services and have been reclassified as employee benefits expense. Prior year comparatives have also been adjusted to reflect the reclassification (see Note 3.5.1 'Employee benefits expense').

Notes to the Financial Statements

For the year ended 30 June 2018

3.2 Grants and subsidies

	2018 \$'000	2017 \$'000
Royalties for Regions		
Caravan and Camping grants	1,477	2,419
Regional Visitor Centre grants	1,218	1,093
Tourism Demand-Driver Infrastructure grants	1,382	1,444
Other grants and sponsorships	430	722
	4,507	5,678

Transactions in which Tourism WA provides funding to another party without receiving approximately equal value in return are categorised as grant expenses. Grants can be either operating or capital in nature.

Grants can be paid as general purpose grants which refers to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use. Grants and other transfers to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable.

3.3 Event operations expenses

	2018 \$'000	2017 \$'000
Event sponsorship by funding source:		
Consolidated Account	19,891	15,764
Royalties for Regions Fund – Regional Events Program	7,253	6,719
	27,144	22,483

Event operations expenses are recognised in the period that the event takes place.

3.4 Advertising and promotion expenses

	2018 \$'000	2017 \$'000
Promotions and co-operative campaigns	17,241	16,600
Collateral – production and distribution	1,717	2,975
Familiarisation visits	2,266	1,906
Multimedia and audiovisual	41	37
	21,265	21,518

Advertising and promotion expenses are expensed in the reporting period in which the campaign or other activity occurs.

3.5 Other expenses

	2018 \$'000	2017 \$'000
3.5.1 Employee benefits expense		
Wages and salaries	-	9,370
Termination benefits	-	706
Commissioner fees	345	358
Superannuation – defined contribution plans ^(a)	30	916
Other staffing costs	31	840
Total employee benefits expense	406	12,190
3.5.3 Accommodation expenses		
Cleaning	72	78
Lease rentals	1,273	1,611
Utilities	61	59
Repairs and maintenance	394	398
Total accommodation expenses	1,800	2,146
3.5.4 Other expenditures		
Employment on-costs	-	29
Loss on disposal of non-current assets	-	1
Miscellaneous expenses	-	14
Total other expenditures	-	44
Total other expenses	2,206	14,380

a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds.



Notes to the Financial Statements

For the year ended 30 June 2018

3.5.1 Employee benefits expense

Tourism WA employees were transferred to the new Department of Jobs, Tourism, Science and Innovation on 1 July 2017. The Department provides personnel to Tourism WA on a free of charge basis and associated costs are recognised under 'Supplies and services' (see also Note 3.1 'Supplies and services' and 4.1(a) 'Services received free of charge').

Commissioner fees were previously classified as supplies and services but have been reclassified as employee benefits expense. Prior year comparatives have also been adjusted to reflect the reclassification. 2018 employee benefits solely represent costs associated with the Board of Commissioners of Tourism WA.

Wages and salaries: Includes all costs related to employment including wages and salaries and movements in leave provisions.

Termination benefits: Payable when employment is terminated before normal retirement date or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised in the period that payments are made.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by Tourism WA to GESB extinguishes Tourism WA's obligations to the related superannuation liability.

Tourism WA does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to employees. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by Tourism WA to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

3.5.2 Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Employee related provisions associated with local staff were transferred to the Department of Jobs, Tourism, Science and Innovation following the transfer of staff to the Department on 1 July 2017. The balance of 2018 provisions solely represent annual leave provisions for international staff of Tourism WA. The Board of Commissioners of Tourism WA are paid at a set remuneration rate and do not accrue leave entitlements.



	2018 \$'000	2017 \$'000
Current		
Employee benefits provision		
Annual leave ^(a)	79	891
Long service leave ^(b)	-	1,004
Deferred salary scheme ^(c)	-	1
	79	1,896
Other provisions		
Employment on-costs ^(d)	-	162
Total current employee related provisions	79	2,058
Non-current		
Employee benefits provision		
Long service leave ^(b)	-	413
Other provisions		
Employment on-costs ^(d)	-	42
Total non-current employee related provisions	-	455
Total employee related provisions	79	2,513

- (a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$'000	2017 \$'000
Within 12 months of the end of the reporting period	50	587
More than 12 months after the end of the reporting period	29	304
	79	891

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as Tourism WA does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because Tourism WA has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$'000	2017 \$'000
Within 12 months of the end of the reporting period	-	392
More than 12 months after the end of the reporting period	-	1,025
	-	1,417

Notes to the Financial Statements

For the year ended 30 June 2018

The long service leave liabilities are calculated at present value as Tourism WA does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

- (c) **Deferred salary scheme liabilities:** Deferred salary schemes represent agreements between Tourism WA and individual employees whereby the employee sacrifices salary in order to purchase additional leave. The liability for leave is classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2018 \$'000	2017 \$'000
Within 12 months of the end of the reporting period	-	1
More than 12 months after the end of the reporting period	-	-
	-	1

- (d) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' (see Note 3.5.4) (apart from the unwinding of the discount (finance cost)) and are not included as part of Tourism WA's 'Employee benefits expense'. The related liability is included in 'Employment on-costs' provision.

	2018 \$'000	2017 \$'000
Employment on-costs provision		
Carrying amount at start of period	204	342
Additional/(reversals of) provisions recognised	(204)	-
Payments/other sacrifices of economic benefits	-	(138)
Unwinding of the discount	-	-
Carrying amount at end of period	-	204

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating Tourism WA's long service leave provision. These include:

- Expected future salary rates;
- Discount rates;
- Employee retention rates; and
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.5.3 Accommodation expenses

Operating lease payments are recognised on a straight-line basis over the lease term.

Cleaning, utilities and repairs and maintenance are recognised as expenses are incurred.

NOTE 4. OUR FUNDING SOURCES

How we obtain our funding

This section provides additional information about how Tourism WA obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by Tourism WA and the relevant notes are:

	Notes	2018 \$'000	2017 \$'000
Income from State Government	4.1	89,702	90,651
Commonwealth grants and contributions	4.2	1,382	1,444
Interest revenue		329	440
Other revenue	4.3	1,287	759

4.1 Income from State Government

	2018 \$'000	2017 \$'000
Appropriation received during the period:		
Service appropriations ^(a)	-	67,642
Total service appropriations	-	67,642
Grants from other State government agencies:		
State grants and contributions		
Department of Jobs, Tourism, Science and Innovation ^(a)	64,847	-
Other	100	-
Total state grants and contributions	64,947	-
Services received free of charge from other State government agencies during the period:		
Department of Jobs, Tourism, Science and Innovation ^(a)	10,419	-
Department of Finance	37	29
State Solicitors Office	22	21
WA Land Information Authority (Landgate)	15	499
Total services received free of charge	10,493	549
Royalties for Regions Fund:		
Regional Community Services Account ^(b)	14,262	22,460
Total Royalties for Regions Fund	14,262	22,460
Total income from State Government	89,702	90,651

(a) **Service appropriations** are recognised as revenues at fair value in the period in which Tourism WA gains control of the appropriated funds. Tourism WA gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered (as set out in Note 2.2). Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The receivable (holding account – Note 5.5) comprises budgeted depreciation expense for the year.

Notes to the Financial Statements

For the year ended 30 June 2018

Following Machinery of Government changes that came into effect on 1 July 2017, Tourism WA no longer receives service appropriations. Tourism WA's funding that was previously classified as 'Service appropriations' is provided by Government to the Department of Jobs, Tourism, Science and Innovation. Funding for employee-related costs for personnel provided by the Department to Tourism WA is retained by the Department (and provided to Tourism WA as a **service free of charge**) with the remainder of funding provided by the Department to Tourism WA as a **grant**. In addition, the Machinery of Government changes result in Tourism WA no longer being entitled to receive non-cash funding (holding account receivable).

- (b) **The Regional Community Services Account** is a sub-fund within the overarching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as revenue when Tourism WA gains control on receipt of the funds.

Details of program funding are:

	2018 \$'000	2017 \$'000
Regional Events Program	9,550	10,068
Caravan and Camping Action Plan	2,189	3,811
Regional Visitor Centres Program	1,373	1,227
Aboriginal Tourism Development Program	1,150	1,144
Regional Tourism Marketing Program	-	6,210
Total Royalties for Regions funding	14,262	22,460

4.2 Commonwealth grants and contributions

	2018 \$'000	2017 \$'000
Recurrent grant – Tourism Demand-Driver Infrastructure	1,382	1,444
Total Commonwealth grants and contributions	1,382	1,444

This funding relates to a National Partnership agreement, between the Commonwealth of Australia and all the States and Territories that expired on 30 June 2018. Western Australia, through Tourism WA, received \$5.06 million over four years for the delivery of infrastructure projects that contribute to Tourism 2020 outcomes by driving demand, improving quality and increasing tourism expenditure. Infrastructure projects were undertaken by third parties with contributions via a grant program administered by Tourism WA (see Note 3.2 'Grants and subsidies').

The grant funding has been recognised in its entirety upon receipt as the only condition applying to its use is how it can be expended and it is not subject to performance measures. At 30 June 2018, the Commonwealth funding has been fully expended.

4.3 Other revenue

	2018 \$'000	2017 \$'000
Industry contributions and sponsorship	241	120
Travel agents' commissions	35	30
Gain on foreign exchange	45	4
Miscellaneous revenue	966	605
Total other revenue	1,287	759

NOTE 5. ASSETS AND LIABILITIES

This section includes information regarding assets Tourism WA utilises to gain economic benefits or provide service potential along with the key accounting policies and financial information about the performance of these assets. This section also sets out other assets and liabilities that arose from Tourism WA's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018 \$'000	2017 \$'000
Property, plant and equipment	5.1	264	297
Intangible assets	5.2	507	957
Receivables	5.3	1,683	2,171
Prepayments	5.4	7,524	4,796
Amounts receivable for services	5.5	6,520	6,995
Other non-current assets	5.6	242	235
Payables	5.7	6,614	2,959
Other liabilities	5.8	770	2



Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, plant and equipment

	FURNITURE, FITTINGS AND EQUIPMENT \$'000	COMPUTER EQUIPMENT \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
YEAR ENDED 30 JUNE 2017				
1 July 2016				
Gross carrying amount	2,901	460	-	3,361
Accumulated depreciation	(2,533)	(378)	-	(2,911)
Accumulated impairment loss	-	-	-	-
Carrying amount at start of period	368	82	-	450
Additions	16	-	-	16
Transfers	-	-	-	-
Other disposals	-	(2)	-	(2)
Revaluation increments/(decrements)	-	-	-	-
Impairment losses (a)	-	-	-	-
Impairment losses reversed (a)	-	-	-	-
Depreciation	(101)	(66)	-	(167)
Classified as held for sale	-	-	-	-
Carrying amount at 30 June 2017	283	14	-	297

- (a) Impairment losses are recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

	FURNITURE, FITTINGS AND EQUIPMENT \$'000	COMPUTER EQUIPMENT \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
YEAR ENDED 30 JUNE 2018				
1 July 2017				
Gross carrying amount	2,917	444	-	3,361
Accumulated depreciation	(2,634)	(430)	-	(3,064)
Accumulated impairment loss	-	-	-	-
Carrying amount at start of period	283	14	-	297
Additions	13	15	35	63
Transfers	-	-	-	-
Other disposals	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-
Impairment losses (a)	-	-	-	-
Impairment losses reversed (a)	-	-	-	-
Depreciation	(84)	(12)	-	96
Classified as held for sale	-	-	-	-
Carrying amount at 30 June 2018	212	17	35	264

- (a) Impairment losses are recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

Initial recognition

Items of property, plant and equipment costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Assets transferred as part of a Machinery of Government change are transferred at their fair value. There were no asset transfers affecting Tourism WA as part of Machinery of Government changes during the reporting period.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement. As at the reporting date, Tourism WA did not carry any leasehold improvement assets.

The initial cost for a non-financial physical asset under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Tourism WA was not party to any finance leases as at reporting date.

Subsequent measurement

Subsequent to initial recognition as an asset, property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

5.1.1 Depreciation and impairment

Charge for the period

	2018 \$'000	2017 \$'000
Depreciation		
Furniture, fittings and equipment	84	101
Computing equipment	12	66
Total depreciation for the period	96	167

As at 30 June 2018 there were no indications of impairment to property, plant and equipment.

All surplus assets at 30 June 2018 have either been classified as assets held for sale or have been written off.

Please refer to Note 5.2 for guidance in relation to the impairment assessment that has been performed for intangible assets.

Finite useful lives

All items of property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The estimated useful lives for the different asset classes for current and prior years are as follows:

Asset class	Useful life
Furniture, fittings and equipment	5 to 10 years
Computer equipment	3 to 5 years
Leasehold improvements	Shorter of remaining term of lease or estimated useful life of improvement

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjustments made where appropriate.

Notes to the Financial Statements

For the year ended 30 June 2018

Impairment

Non-financial assets, including items of property, plant and equipment and intangible assets, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As Tourism WA is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount is increased to its recoverable amount. However this reversal does not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.



5.2 Intangible assets

	SOFTWARE AND WEBSITE DEVELOPMENT \$'000	DEVELOPMENT COSTS \$'000	CAMPAIGN PRODUCTION COSTS \$'000	WORKS IN PROGRESS \$'000	TOTAL \$'000
YEAR ENDED 30 JUNE 2017					
1 July 2016					
Gross carrying amount	405	556	500	107	1,568
Accumulated amortisation	(234)	(556)	(10)	-	(800)
Accumulated impairment loss	-	-	-	-	-
Carrying amount at start of period	171	-	490	107	768
Additions	-	150	491	-	641
Adjustments	-	-	-	(107)	(107)
Classified as held for sale	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Amortisation expense	(93)	(4)	(248)	-	(345)
Carrying amount at 30 June 2017	78	146	733	-	957

	SOFTWARE AND WEBSITE DEVELOPMENT \$'000	DEVELOPMENT COSTS \$'000	CAMPAIGN PRODUCTION COSTS \$'000	WORKS IN PROGRESS \$'000	TOTAL \$'000
YEAR ENDED 30 JUNE 2018					
1 July 2017					
Gross carrying amount	405	706	990	-	2,101
Accumulated amortisation	(327)	(560)	(257)	-	(1,144)
Accumulated impairment loss	-	-	-	-	-
Carrying amount at start of period	78	146	733	-	957
Additions	-	-	-	-	-
Adjustments	-	-	-	-	-
Classified as held for sale	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Amortisation expense	(70)	(50)	(330)	-	(450)
Carrying amount at 30 June 2018	8	96	403	-	507

Software and website development

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Notes to the Financial Statements

For the year ended 30 June 2018

Development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can reasonably be regarded as assured and the total project costs are likely to exceed \$50,000. Other development costs are expensed as incurred.

Campaign production costs

Internally developed campaign production costs associated with researching campaign concepts, including fees paid to advertising agencies, are expensed as incurred up to approval of the final concept. Costs incurred for development of the approved campaign concepts, including casting, travel and accommodation, licencing, music, location costs, filming and other production and post-production costs, are carried forward when the future economic benefits can reasonably be regarded as assured. These are carried at cost less accumulated amortisation and accumulated impairment losses. All costs of advertisement placement are expenses when incurred.

Website costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the maintenance phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more, and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

5.2.1 Amortisation and impairment

Charge for the period

	2018 \$'000	2017 \$'000
Amortisation		
Software and website development	70	93
Development costs	50	4
Campaign production costs	330	248
Total amortisation for the period	450	345

As at 30 June 2018 there were no indications of impairment to intangible assets.

Tourism WA held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight-line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by Tourism WA have a finite useful life and zero residual value. Estimated useful lives are reviewed annually. The estimated useful lives for each class of intangible asset are as follows:

Asset class	Useful life
Software and website development ^(a)	3 to 5 years
Development costs	3 to 5 years
Campaign production costs	3 years

(a) Software that is not integral to the operation of any related hardware.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in Note 5.1.1.

5.3 Receivables

	2018 \$'000	2017 \$'000
Current		
Receivables	45	24
Allowance for impairment of receivables	-	-
Accrued revenue	258	372
GST receivable	1,380	1,775
Total receivables	1,683	2,171

Tourism WA does not hold any collateral or other credit enhancements as security for receivables.



Notes to the Financial Statements

For the year ended 30 June 2018

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (ie. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that Tourism WA will not be able to collect the debts.

5.4 Prepayments

	2018 \$'000	2017 \$'000
Event sponsorship	6,460	3,915
Licence, maintenance and support fees	527	384
Accommodation expenses	147	183
Other	390	314
Total prepayments	7,524	4,796

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



5.5 Amounts receivable for services (holding account)

	2018 \$'000	2017 \$'000
Current	475	475
Non-current	6,045	6,520
Balance at end of period	6,520	6,995

Amounts receivable for services represent the non-cash component of service appropriations. For Tourism WA, it is restricted in that it can only be used for asset replacement.

Up to 30 June 2017, Tourism WA received funding on an accrual basis. Service appropriations from Government were paid partly in cash and partly as an asset (holding account receivable). Due to Machinery of Government changes, from 1 July 2017 Tourism WA no longer receives the non-cash component (holding account receivable).

The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover asset replacement.

5.6 Other non-current assets

	2018 \$'000	2017 \$'000
Investments	242	235
Total other non-current assets	242	235

At 30 June 2018, Tourism WA held a 13.57% interest (2017: 13.57%) in the Australian Tourism Data Warehouse Pty Ltd (ATDW), which is classified as an available-for-sale financial asset in accordance with AASB 139. Its principal activity is the development of a database for Australian tourism products. Since there is no active market, the fair value is its liquidation value being working capital plus property, plant and equipment.

5.7 Payables

	2018 \$'000	2017 \$'000
Current		
Trade payables	1,304	745
Accrued expenses	5,309	2,176
Accrued salaries	1	38
Total payables	6,614	2,959

Payables are recognised at the amounts payable when Tourism WA becomes obliged to make future payments as a result of a purchase of assets or services or agreed contractual milestones on grants. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff, but unpaid, at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. Tourism WA considers the carrying amount of accrued salaries to be equivalent to its fair value.

Accrued salaries for staff is no longer applicable to the agency following the transfer of Tourism WA personnel to the Department of Jobs, Tourism, Science and Innovation on 1 July 2017 as a result of Machinery of Government changes. Accrued salaries for 2018 solely represents accrued Commissioner fees.

5.8 Other liabilities

	2018 \$'000	2017 \$'000
Current		
Income in advance	770	2
Total other liabilities	770	2

2018 income in advance represents a third party contribution towards sponsorship of an event occurring in the following financial year.

Notes to the Financial Statements

For the year ended 30 June 2018

NOTE 6. FINANCING

This section sets out the material balances and disclosures associated with the cashflows of Tourism WA.

	Notes
Cash and cash equivalents	6.1
Reconciliation of cash	6.1.1
Reconciliation of operating activities	6.1.2
Commitments	6.2
Non-cancellable operating lease commitments	6.2.1
Other expenditure commitments	6.2.2

6.1 Cash and cash equivalents

6.1.1 Reconciliation of cash

	2018 \$'000	2017 \$'000
Cash and cash equivalents	6,086	5,913
Restricted cash and cash equivalents		
- Royalties for Regions Fund ^(a)	1,714	897
Balance at end of period	7,800	6,810

(a) Unspent funds are either committed to projects and programs in WA regional areas or will be returned to the Department of Treasury.

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.



6.1.2 Reconciliation of net cost of services to net cash flows used in operating activities

	Notes	2018 \$'000	2017 \$'000
Net cost of services		(89,615)	(89,504)
Non-cash items			
Depreciation and amortisation expense		546	512
Services received free of charge		10,493	549
Net loss on disposal of property, plant and equipment	5.1, 5.2	-	1
Loss on foreign exchange	4.1	34	5
Write-down of prior year intangible asset work in progress	3.5	-	107
Adjustment for other non-cash items		(35)	(2)
(Increase)/decrease in assets			
Current receivables ^(a)		93	54
Other current assets		(2,728)	(729)
Other non-current assets		(7)	14
Increase/(decrease) in liabilities			
Current payables ^(a)		3,655	150
Current provisions ^(d)		(15)	(186)
Other current liabilities		768	(163)
Non-current provisions ^(d)		-	(149)
Net GST receipts/(payments) ^(b)		265	(190)
Change in GST in receivables/payables ^(c)		130	10
Net cash used in operating activities		(76,416)	(89,521)

- (a) Note that Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
- (b) This is the net GST paid/received, ie. cash transactions.
- (c) This reverses out the GST in receivables and payables.
- (d) Movements in provisions exclude the transfer of leave liabilities of \$2.4m to the Department of Jobs, Tourism, Science and Innovation as a result of Machinery of Government changes.

The mandatory application of AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* imposes disclosure impacts only. Tourism WA is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Notes to the Financial Statements

For the year ended 30 June 2018

6.2 Commitments

6.2.1 Non-cancellable operating lease commitments

	2018 \$'000	2017 \$'000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,515	1,273
Later than 1 year and not later than 5 years	2,978	3,924
Later than 5 years	-	-
	4,493	5,197

Operating leases are expensed on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

Tourism WA leases its motor vehicles from State Fleet, a division of the Department of Finance. Property is rented under lease to the Honourable Minister for Works and through a Memorandum of Understanding between the Department of Finance and Tourism WA. The property leases are non-cancellable leases with terms of up to ten years and rent is payable monthly in advance.

Contingent rent provisions within the lease agreements require that minimum lease payments shall be increased by the lower of CPI or a nominated percentage per annum. Options exist to renew some of the leases at the end of their terms for additional periods.

Judgements made by management in applying accounting policies – operating lease commitments

Tourism WA has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

6.2.2 Other expenditure commitments

	2018 \$'000	2017 \$'000
Other expenditure commitments in relation to the sponsorship of events within Western Australia and other contracts and agreements for operational activities in place at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	47,100	37,418
Later than 1 year and not later than 5 years	41,405	50,448
Later than 5 years	-	-
	88,504	87,866

The totals presented for other expenditure commitments are GST inclusive.



NOTE 7. RISKS AND CONTINGENCIES

This note sets out the key risk management policies and measurement techniques of Tourism WA.

	Notes
Financial risk management	7.1
Contingent assets and liabilities	7.2

7.1 Financial risk management

Financial instruments held by Tourism WA are cash and cash equivalents, restricted cash and cash equivalents, receivables, available for sale financial assets and payables. Tourism WA has limited exposure to financial risks. Tourism WA's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of Tourism WA's receivables defaulting on their contractual obligations resulting in financial loss to Tourism WA.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 7.1(c) 'Ageing analysis of financial assets' and Note 5.3 'Receivables'.

Credit risk associated with Tourism WA's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than Government, Tourism WA trades only with recognised, creditworthy third parties. Tourism WA has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that Tourism WA's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when Tourism WA is unable to meet its financial obligations as they fall due.

Tourism WA is exposed to liquidity risk through its trading in the normal course of business.

Tourism WA has appropriate procedures to manage cash flows including drawdown of cash funding by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect Tourism WA's income or the value of its holdings of financial instruments. Tourism WA's activities expose it to a variety of financial/market risks, including currency risks. Tourism WA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Tourism WA. Tourism WA uses derivative financial instruments such as foreign exchange contracts to hedge certain exposures.

In 2017-18, Tourism WA's policy to minimise the risks associated with foreign currency fluctuations required that in all cases where the total contracted or committed amount exceeded AUD \$100,000, at least 80% of the foreign exchange exposure arising from international contracts be covered by forward purchase arrangements of the required foreign currency through the Western Australian Treasury Corporation.

Tourism WA's exposure to market risk for changes in interest rates relates primarily to cash and cash equivalents as detailed in the interest rate sensitivity analysis table at Note 7.1(e) 'Interest rate sensitivity analysis'. Tourism WA holds no borrowings at reporting date.

Notes to the Financial Statements

For the year ended 30 June 2018

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2018 \$'000	2017 \$'000
Financial assets		
Cash and cash equivalents	6,086	5,913
Restricted cash and cash equivalents	1,714	897
Receivables ^(a)	303	397
Amounts receivable for services	6,520	6,995
Available for sale financial asset	242	235
Total financial assets	14,865	14,437
Financial liabilities		
Financial liabilities measured at amortised cost	6,614	2,959
Total financial liabilities	6,614	2,959

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).



(c) Ageing analysis of financial assets

	CARRYING AMOUNT \$'000	NOT PAST DUE AND NOT IMPAIRED \$'000	PAST DUE BUT NOT IMPAIRED					IMPAIRED FINANCIAL ASSETS \$'000
			UP TO 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS TO 1 YEAR \$'000	1-5 YEARS \$'000	MORE THAN 5 YEARS \$'000	
2018								
Cash and cash equivalents	6,086	6,086	-	-	-	-	-	-
Restricted cash and cash equivalents	1,714	1,714	-	-	-	-	-	-
Receivables ^(a)	303	303	-	-	-	-	-	-
Amounts receivable for services	6,520	6,520	-	-	-	-	-	-
Available for sale asset	242	242	-	-	-	-	-	-
	14,865	14,865	-	-	-	-	-	-
2017								
Cash and cash equivalents	5,913	5,913	-	-	-	-	-	-
Restricted cash and cash equivalents	897	897	-	-	-	-	-	-
Receivables ^(a)	397	395	2	-	-	-	-	-
Amounts receivable for services	6,995	6,995	-	-	-	-	-	-
Available for sale asset	235	235	-	-	-	-	-	-
	14,437	14,435	2	-	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements

For the year ended 30 June 2018

(d) Liquidity risk and interest rate exposure

The following table details Tourism WA's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	INTEREST RATE EXPOSURE					MATURITY DATES				
	CARRYING AMOUNT \$'000	FIXED INTEREST RATE \$'000	VARIABLE INTEREST RATE \$'000	NON- INTEREST BEARING \$'000	NOMINAL AMOUNT \$'000	UP TO 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS TO 1 YEAR \$'000	1-5 YEARS \$'000	MORE THAN 5 YEARS \$'000
2018										
Financial Assets										
	6,086	-	6,036	50	6,086	6,086	-	-	-	-
Cash and cash equivalents	1.47									
Restricted cash and cash equivalents	1.47	-	1,714	-	1,714	1,714	-	-	-	-
Receivables ^(a)	303	-	-	303	303	303	-	-	-	-
Amounts receivable for services	6,520	-	-	6,520	6,520	-	475	1,900	4,145	-
Available for sale asset	242	-	-	242	242	242	-	-	-	-
	14,865	-	7,750	7,115	14,865	8,345	475	1,900	4,145	-
Financial Liabilities										
Payables	6,614	-	-	6,614	6,614	6,614	-	-	-	-
	6,614	-	-	6,614	6,614	6,614	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	INTEREST RATE EXPOSURE					MATURITY DATES				
		CARRYING AMOUNT \$'000	FIXED INTEREST RATE \$'000	VARIABLE INTEREST RATE \$'000	NON- INTEREST BEARING \$'000	NOMINAL AMOUNT \$'000	UP TO 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS TO 1 YEAR \$'000	1-5 YEARS \$'000	MORE THAN 5 YEARS \$'000
2017											
Financial Assets											
Cash and cash equivalents	1.91	5,913	-	5,866	47	5,913	5,913	-	-	-	-
Restricted cash and cash equivalents	1.91	897	-	897	-	897	897	-	-	-	-
Receivables ^(a)		397	-	-	397	397	397	-	-	-	-
Amounts receivable for services		6,995	-	-	6,995	6,995	-	475	1,900	4,620	
Available for sale asset		235	-	-	235	235	235	-	-	-	-
		14,437	-	6,763	7,674	14,437	7,442	475	1,900	4,620	
Financial Liabilities											
Payables		2,959	-	-	2,959	2,959	2,959	-	-	-	-
		2,959	-	-	2,959	2,959	2,959	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements

For the year ended 30 June 2018

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of Tourism WA's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

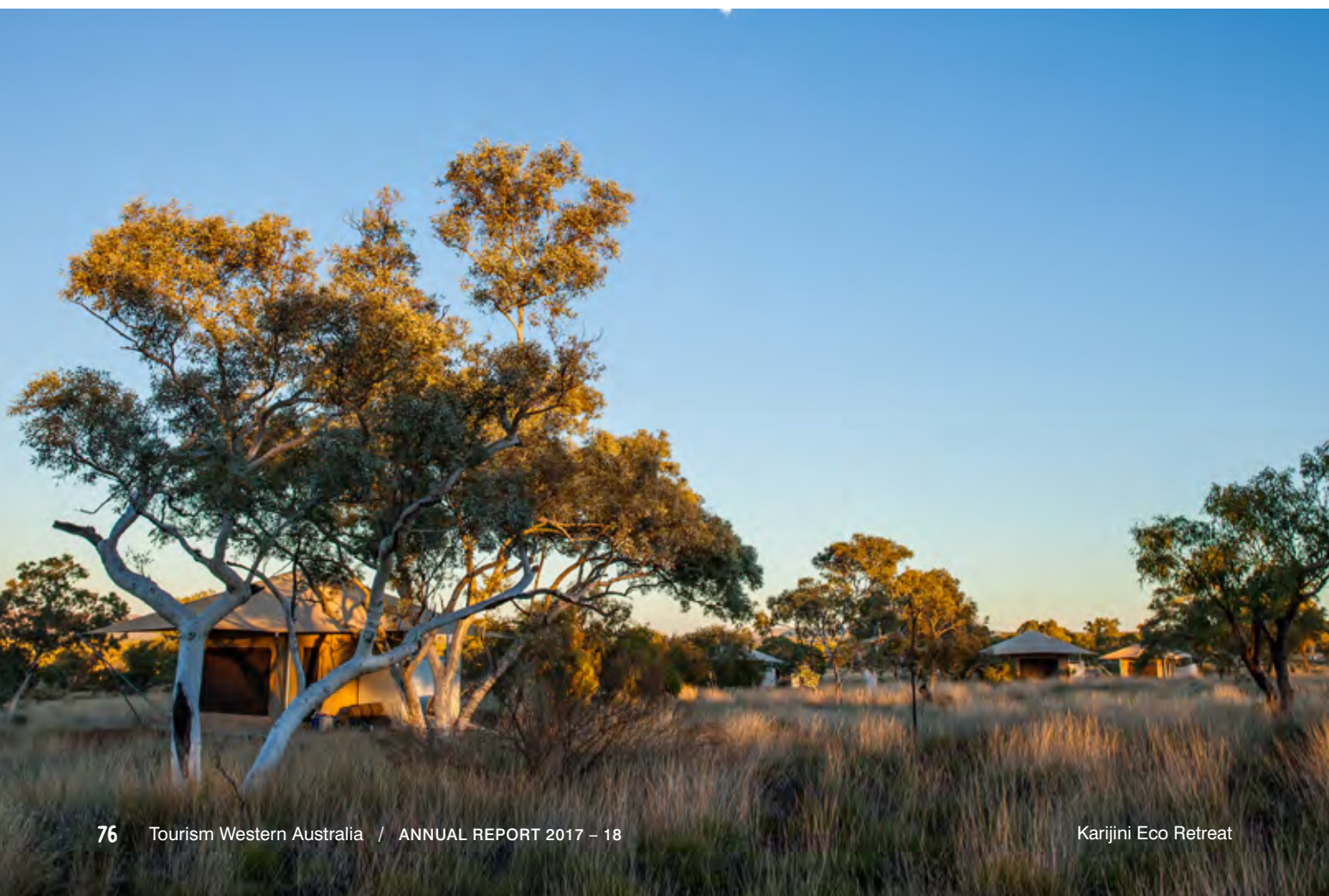
	CARRYING AMOUNT \$'000	-100 BASIS POINTS		+100 BASIS POINTS	
		SURPLUS \$'000	EQUITY \$'000	SURPLUS \$'000	EQUITY \$'000
2018					
Financial Assets					
Cash and cash equivalents	6,086	(61)	(61)	61	61
Restricted cash and cash equivalents	1,714	(17)	(17)	17	17
Total increase/(decrease)		(78)	(78)	78	78
2017					
Financial Assets					
Cash and cash equivalents	5,913	(59)	(59)	59	59
Restricted cash and cash equivalents	897	(9)	(9)	9	9
Total increase/(decrease)		(68)	(68)	68	68

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Tourism WA has no contingent assets or contingent liabilities at reporting date.



NOTE 8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or other pronouncements for further understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Future impact of Australian standards issued not yet operative	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9
Explanatory statement	8.10

8.1 Events occurring after the end of the reporting period

The Statement of Comprehensive Income and Statement of Financial Position have been prepared on the basis of conditions existing at reporting date. There is no additional evidence of events or conditions occurring after balance date that may have an impact on the financial statements.

8.2 Future impact of Australian standards issued not yet operative

Tourism WA cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements' or by an exemption from TI 1101. Where applicable, Tourism WA plans to apply the following Australian Accounting Standards from their application date (1 July following their operative date).



Notes to the Financial Statements

For the year ended 30 June 2018

		Operative for reporting periods beginning on/after
AASB 9	<p>Financial Instruments</p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>Tourism WA does not hold any financial instruments that are impacted by this Standard. Therefore there is no financial implication on the application of the Standard.</p>	1 Jan 2018
AASB 15	<p>Revenue from Contracts with Customers</p> <p>This Standard establishes the principles that Tourism WA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.</p> <p>Tourism WA's income is principally derived from State Government grants and funding which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change.</p>	1 Jan 2019
AASB 16	<p>Leases</p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, Tourism WA currently has non-cancellable operating lease commitments of \$4.493 million that will mostly be brought onto the Statement of Financial Position. When the Standard becomes applicable, interest and amortisation expense will increase and rental expense will decrease.</p>	1 Jan 2019
AASB 1058	<p>Income of Not-for-Profit Entities</p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an agency.</p> <p>Tourism WA anticipates that the application of this Standard will not materially impact untied grant revenues.</p>	1 Jan 2019
AASB 1059	<p>Service Concession Arrangements: Grantors</p> <p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.</p> <p>Tourism WA has not identified any public private partnerships within scope of the Standard.</p>	1 Jan 2019

		Operative for reporting periods beginning on/after
AASB 2010-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Tourism WA has determined there is no impact on the application of the Standard.</p>	1 Jan 2018
AASB 2014-1	<p>Amendments to Australian Accounting Standards</p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards.</p> <p>These changes have no impact as Appendix E has been superseded and Tourism WA was not permitted to early adopt AASB 9.</p>	1 Jan 2018
AASB 2014-5	<p>Amendments to Australian Accounting Standards arising from AASB 15</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018.</p> <p>Tourism WA has determined that the application of the Standard has little or no impact.</p>	1 Jan 2018
AASB 2014-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014).</p> <p>Tourism WA has determined that there is no financial impact on the application of this Standard.</p>	1 Jan 2018
AASB 2015-8	<p>Amendments to Australian Accounting Standards – Effective Date of AASB 15</p> <p>This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5.</p> <p>There is no financial impact arising from this Standard.</p>	1 Jan 2018
AASB 2016-3	<p>Amendments to Australian Accounting Standards – Clarifications to AASB 15</p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15.</p> <p>Tourism WA has not yet determined the application or the potential impact when the deferred AASB 15 becomes effective from 1 January 2019.</p>	1 Jan 2018

Notes to the Financial Statements

For the year ended 30 June 2018

Operative for reporting periods beginning on/after

AASB 2016-7 **Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities** 1 Jan 2018

This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5.

There is no financial impact arising from this Standard.

AASB 2016-8 **Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities** 1 Jan 2019

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events.

There is no financial impact on application of this Standard.



8.3 Key management personnel

Tourism WA has determined key management personnel to include Cabinet Ministers, members of the accountable authority (board members) and senior officers of Tourism WA. Tourism WA does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for Board members and senior officers of Tourism WA for the reporting period are presented below.

Compensation of members of the accountable authority

	2018	2017
0 – 10,000	1	-
10,001 – 20,000	1	-
30,001 – 40,000	6	6
40,001 – 50,000	1	3
60,001 – 70,000	1	1
	\$'000	\$'000
Short term employee benefits	320	379
Post employment benefits	30	34
Total compensation of members of the accountable authority	350	413

Commissioner fees for Kevin Brown are excluded from the above tables as these fees are paid directly to Perth Airport Pty Ltd.

Compensation of senior officers

	2018	2017
10,001 – 20,000	-	1
20,001 – 30,000	1	-
60,001 – 70,000	1	-
130,001 – 140,000	2	1
140,001 – 150,000	1	1
170,001 – 180,000	-	1
190,001 – 200,000	-	1
200,001 – 210,000	3	2
210,001 – 220,000	1	1
390,001 – 400,000	-	1
	\$'000	\$'000
Short term employee benefits	1,103	1,527
Post employment benefits	116	157
Termination benefits	124	-
Total compensation of senior officers	1,343	1,684

Senior officers are defined as those officers who sat on the Executive Management Team for part or all of the financial year.

Compensation details for the current reporting period are disclosed in this note however these personnel are remunerated by the Department of Jobs, Tourism, Science and Innovation. Tourism WA employees were transferred to the new Department on 1 July 2017. The Department provides personnel to Tourism WA, including senior officers, on a free of charge basis and associated costs are recognised under 'Supplies and services' (see Note 3.1).

Notes to the Financial Statements

For the year ended 30 June 2018

8.4 Related party transactions

Tourism WA is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of Tourism WA include:

- all Cabinet Ministers and their close family members, and their controlled or jointly controlled entities;
- all key management personnel and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies that are included in the whole of government consolidated financial statements (ie. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, Tourism WA is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government (Note 4.1);
- equity contributions (Note 8.8);
- superannuation payments to GESB (Note 3.5);
- lease rental payments to the Department of Finance (Government Office Accommodation and State Fleet); and
- remuneration for services provided by the Office of the Auditor General (Note 8.7).

Material transactions with other related parties

During the year, Tourism WA entered into two cooperative marketing campaign agreements with Kalhaven Holdings Pty Ltd trading as Discover Australia Holidays. The entity is controlled by close family members of Nathan Harding, Tourism WA's Chairman. The agreements were entered into following expression of interest processes and under terms and conditions equivalent to those that prevail in arm's length transactions. \$135,000 has been included in expenses in the current reporting period and there are no future commitments as at reporting date.

All other transactions between Tourism WA and senior officers or their close family members or their controlled (or jointly controlled) entities are not material for disclosure.

8.5 Related bodies

There are no related bodies.

8.6 Affiliated bodies

Perth Convention Bureau

Tourism WA entered into a contract for service with the Perth Convention Bureau Inc. (PCB) for the provision of the Convention and Incentive Travel Output previously undertaken by a division of Tourism WA. This contract covers a four-year period to 30 June 2020.

Tourism WA controls the activities of the PCB to the extent that it provides the majority of the PCB's funding and that the PCB has contracted to submit its annual operation plan and budget for approval by Tourism WA prior to implementation. The PCB is not subject to operational control by Tourism WA. The PCB received more than 50% of its total funding from Tourism WA in 2017-18.

Payments inclusive of GST made to the PCB in 2017-18 totalled \$5,632,000 (2016-17: \$5,423,822).

Regional Tourism Organisations

Tourism WA entered into Marketing and Services Agreements with each of the five Regional Tourism Organisations (RTOs) in Western Australia to promote and market the regions. The RTOs comprise Destination Perth (previously known as Experience Perth), Australia's Coral Coast, Australia's Golden Outback, Australia's South West and Australia's North West. The current agreement period is from 1 January 2016 to 30 June 2020.

The RTOs are not subject to operational control by Tourism WA, but are required to submit their annual business plan for approval prior to implementation. All five RTOs received more than 50% of their total funding from Tourism WA in 2017-18.

Base payments, inclusive of GST, made to each RTO in 2017-18 were \$770,542 (2016-17: \$762,913). Total additional payments made to the RTOs in 2017-18 for other activities were \$504,839 (2016-17: \$72,815).

Western Australian Indigenous Tourism Operators Council (WAITOC)

Tourism WA entered into two four-year agreements with WAITOC - an Administration Services Agreement and a Marketing and Business Development agreement (the latter being funded through the Royalties for Regions Fund) - to promote Aboriginal tourism experiences in Western Australia. The current agreements expire 30 June 2019.

WAITOC is not subject to operational control by Tourism WA but received more than 50% of its total funding from Tourism WA in 2017-18.

Total payments, inclusive of GST, made to WAITOC in 2017-18 were \$1,555,393 (2016-17: \$1,530,934).

8.7 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2018 \$'000	2017 \$'000
Auditing the accounts, financial statements, controls and key performance indicators	114	113

8.8 Equity

	2018 \$'000	2017 \$'000
Contributed equity		
Balance at start of period	10,133	9,493
Contributions by owners		
Capital appropriation	-	150
Other contributions by owners		
Royalties for Regions Fund – Regional Community Services Account	-	490
Transfer of net assets from other agencies		
Transfer of employment (leave liability) on-costs to the Department of Jobs, Tourism, Science and Innovation ^(a)	203	-
Total contributions by owners	203	640
Balance at end of period	10,336	10,133

- (a) Following Machinery of Government changes effective 1 July 2017, employee related provisions associated with local staff were transferred to the Department of Jobs, Tourism, Science and Innovation. Annual leave and long service leave liability transfers were accompanied by a cash payment to the Department (refer to Note 3.5.2 'Employee related provisions'). On-costs associated with leave provisions were transferred to the Department as a contribution by owners.

Notes to the Financial Statements

For the year ended 30 June 2018

8.9 Supplementary financial information

(a) Write-offs

During the financial year, nil was written off Tourism WA's asset register under the authority of:

	2018 \$'000	2017 \$'000
The accountable authority	-	-
The Minister	-	-
Executive Council	-	-
	-	-

(b) Losses through theft, defaults and other causes

	2018 \$'000	2017 \$'000
Losses of public money and public and other property through theft or default	-	-
Amounts recovered	-	-
	-	-

(c) Gifts of public property

	2018 \$'000	2017 \$'000
Gifts of public property provided by Tourism WA	12	12
	12	12

8.10 Explanatory statement (controlled operations)

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017, are shown below. Narratives are provided for key major variances, which are generally greater than:

- 5% and \$1.84 million (2% of prior year Total Cost of Services) for the Statements of Comprehensive Income and Cash Flows; and
- 5% and \$445,000 (2% of prior year Total Assets) for the Statement of Financial Position.

Estimates reported in this note represent original budget estimates. During the course of any given year, budgets are revised to account for new or adjusted Government initiatives through the whole-of-Government Mid Year Budget Review Process and other State Budget review processes. The tables below provide a summary comparison of original estimates and revised estimates for key Statement of Comprehensive Income items.



	ORIGINAL ESTIMATE 2018 \$'000	REVISED ESTIMATE 2018 \$'000	BUDGET MOVEMENT 2018 \$'000
2018 Key Budget Movements			
Total cost of services ^(a)	99,803	92,971	(6,832)
Net cost of services	96,756	90,299	(6,457)
Royalties for Regions Fund	15,212	14,563	(649)
Total income from State Government	96,931	90,403	(6,528)
(a) Total cost of services – original estimate			99,803
Budget adjustments during the year:			
Recashflow of budget to 2018-19			(2,300)
Contribution towards Broome port dredging project (funding redirected to Kimberley Port Authority)			(2,250)
Revenue revisions with offsetting expenditure impact			(840)
Net savings from Machinery of Government changes			(747)
Royalties for Regions program expenditure adjustments			(578)
Government wages policy (reduction to forecast salaries budget)			(103)
Miscellaneous adjustments			(14)
Total budget adjustments during the year			(6,832)
Total cost of services – revised estimate			92,971



Notes to the Financial Statements

For the year ended 30 June 2018

	VARIANCE NOTE	ORIGINAL ESTIMATE 2018 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	VARIANCE BETWEEN ESTIMATE AND ACTUAL AND ACTUAL \$'000	VARIANCE BETWEEN ACTUAL RESULTS FOR 2018 AND 2017 \$'000
STATEMENT OF COMPREHENSIVE INCOME						
COST OF SERVICES						
Expenses						
Employee benefits expense	1, a	11,870	406	11,832	(11,464)	(11,426)
Supplies and services	2, b	29,663	36,945	27,934	7,282	9,011
Depreciation and amortisation expense		692	546	512	(146)	34
Accommodation expenses		1,761	1,800	2,146	39	(346)
Grants and subsidies		5,200	4,507	5,678	(693)	(1,171)
Event operations expenses	3, c	31,325	27,144	22,483	(4,181)	4,661
Advertising and promotion expenses	4	19,258	21,265	21,518	2,007	(253)
Other expenses		34	-	44	(34)	(44)
Total cost of services		99,803	92,613	92,147	(7,190)	466
Income						
Revenue						
Commonwealth grants and contributions		1,757	1,382	1,444	(375)	(62)
Interest revenue		250	329	440	79	(111)
Other revenue		1,040	1,287	759	247	528
Total Revenue		3,047	2,998	2,643	(49)	355
Total income other than income from State Government		3,047	2,998	2,643	(49)	355
NET COST OF SERVICES		96,756	89,615	89,504	(7,141)	111
Income from State Government						
Service appropriation	d	-	-	67,642	-	(67,642)
State grants and contributions	5, d	81,199	64,947	-	(16,252)	64,947
Services received free of charge	5, d	520	10,493	549	9,973	9,944
Royalties for Regions Fund	e	15,212	14,262	22,460	(950)	(8,198)
Total income from State Government		96,931	89,702	90,651	(7,229)	(949)
SURPLUS/(DEFICIT) FOR THE PERIOD		175	87	1,147		

STATEMENT OF FINANCIAL POSITION ASSETS		ORIGINAL ESTIMATE 2018 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	VARIANCE BETWEEN ESTIMATE AND ACTUAL \$'000	VARIANCE BETWEEN ACTUAL RESULTS FOR 2018 AND 2017 \$'000
Current Assets						
Cash and cash equivalents		6,875	6,423	5,913	(452)	510
Restricted cash and cash equivalents		-	1,377	897	1,377	480
Receivables		2,048	1,683	2,171	(365)	(488)
Prepayments		4,748	7,524	4,796	2,776	2,728
Amounts receivable for services	6, f	475	475	475	-	-
Total Current Assets		14,146	17,482	14,252	3,336	3,230
Non-Current Assets						
Amounts receivable for services		6,737	6,045	6,520	(692)	(475)
Property, plant and equipment		566	264	297	(302)	(33)
Intangible assets		1,008	507	957	(501)	(450)
Other non-current assets		249	242	235	(7)	7
Total Non-Current Assets		8,560	7,058	8,009	(1,502)	(951)
TOTAL ASSETS		22,706	24,540	22,261	1,834	2,279
LIABILITIES						
Current Liabilities						
Payables		2,721	6,614	2,959	3,893	3,655
Provisions	8, h	2,244	79	2,058	(2,165)	(1,979)
Other current liabilities	9, i	165	770	2	605	768
Total Current Liabilities		5,130	7,463	5,019	2,333	2,444
Non-Current Liabilities						
Provisions	9, i	604	-	455	(604)	(455)
Total Non-Current Liabilities		604	-	455	(604)	(455)
TOTAL LIABILITIES		5,734	7,463	5,474	1,729	1,989
NET ASSETS		16,972	17,077	16,787	105	290
EQUITY						
Contributed equity		10,283	10,336	10,133	53	203
Accumulated surplus/(deficit)		6,689	6,741	6,654	52	87
TOTAL EQUITY		16,972	17,077	16,787	105	290

Notes to the Financial Statements

For the year ended 30 June 2018

	VARIANCE NOTE	ORIGINAL ESTIMATE 2018 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	VARIANCE BETWEEN ESTIMATE AND ACTUAL \$'000	VARIANCE BETWEEN ACTUAL RESULTS FOR 2018 AND 2017 \$'000
STATEMENT OF CASH FLOWS						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	j	-	-	66,950	-	(66,950)
State grants and contributions	10, j	80,407	64,947	-	(15,460)	64,947
Capital appropriation		150	-	640	(150)	(640)
Holding account drawdown		475	475	475	-	-
Royalties for Regions Fund	e	15,212	14,262	22,460	(950)	(8,198)
Transfer of leave liability	11, k	-	(2,215)	-	(2,215)	(2,215)
Net cash provided by State Government		96,244	77,469	90,525	(18,775)	(13,056)
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	1, l	(11,870)	(605)	(11,970)	(11,265)	(11,365)
Supplies and services	12	(28,903)	(26,279)	(26,898)	(2,624)	(619)
Accommodation		(1,761)	(1,766)	(2,110)	5	(344)
Grants and subsidies		(5,200)	(4,477)	(5,681)	(723)	(1,204)
GST payments on purchases		(6,900)	(6,793)	(6,841)	(107)	(48)
Event operations payments		(31,325)	(26,192)	(23,676)	(5,133)	2,516
Advertising and promotion payments	3, m	(19,258)	(20,660)	(20,696)	1,402	(36)
Other payments		(34)	(164)	(695)	130	(531)
Receipts						
Commonwealth grants and contributions		1,757	1,382	1,386	(375)	(4)
Interest received		250	328	437	78	(109)
GST receipts on sales		60	106	48	46	58
GST receipts from taxation authority		6,840	6,952	6,603	112	349
Other receipts		900	1,752	572	852	1,180
Net cash used in operating activities		(95,444)	(76,416)	(89,521)	(17,602)	(10,157)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(625)	(63)	(656)	(562)	(593)
Net cash used in investing activities		(625)	(63)	(656)	(562)	(593)
Net increase/(decrease) in cash and cash equivalents		175	990	348		
Cash and cash equivalents at the beginning of the period		6,700	6,810	6,462		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		6,875	7,800	6,810		

Major Estimate and Actual (2018) Variance Narratives

1. On 1 July 2017, all employees of Tourism WA were transferred to the Department of Jobs, Tourism, Science and Innovation following Machinery of Government changes. Personnel are now provided by the Department to Tourism WA on a free-of-charge basis and associated costs are classified as 'Supplies and services' in the Statement of Comprehensive Income. Original estimates classified personnel costs as 'Employee benefits expense' as the funding model between the two agencies was not finalised when the 2018 estimates were prepared.
2. As per Note 1 above, the variance is mostly due to the classification of personnel costs as 'Supplies and services' following the transfer of Tourism WA staff to the Department. This is offset by the redirection of funds during 2018 to marketing activities that are classified as 'Advertising and promotion expenses'.
3. The Government provided an increased level in event funding commencing in 2018. However, due to the lead time associated with attracting and securing events for the State, uncommitted events funding was:
 - redirected to marketing priorities within the agency;
 - deferred to 2019 to contribute to costs associated with the Australian Tourism Exchange (ATE) event; and
 - returned to Government as a contribution to the Broome port dredging program (in partnership with other agencies to attract increased visitation from cruise ship porting).
4. As mentioned in Notes 2 and 3 above, budgets were redirected during the year from other areas of the agency to fund additional marketing activities.
5. 'State grants and contributions' and 'Services received free of charge' mostly represent funding provided to Tourism WA through the Department. Original estimates classified all this funding as 'State grants and contributions' as the funding model between the two agencies was not finalised when the 2018 estimates were prepared.

The \$6.3 million net variance of these two items is largely due to the following funding adjustments during the year:

- contribution to the Broome port dredging program (see Note 3 above);
 - deferral of funding to 2019 to cover costs associated with ATE;
 - personnel-related savings to the agency due to Machinery of Government changes;
 - the cessation of non-cash funding (holding account receivable) effective from 1 July 2017 due to Machinery of Government changes; and
 - a reduction to services free of charge provided by Landgate for mapping data used in digital marketing activities.
6. Prepayments at the end of 2018 are higher than originally anticipated, and greater than prior year, due to payments for events being held at Perth Stadium in future years. The sponsorship of blockbuster events at Perth Stadium will likely result in an ongoing increased level of prepayments for Tourism WA.
 7. Original estimates included additional 'Intangible assets' being commissioned during the year however these projects have been deferred to 2019.
 8. The level of 'Payables' is higher than estimated, and greater than prior year, due to a few substantial unpaid event sponsorship commitments at year end. The relevant eventholders had not met contracted milestones by the end of 2018 and these are expected to be finalised in 2019.
 9. Effective from 1 July 2017 as a result of Machinery of Government changes, the Department became the employing authority for all Perth-based Tourism WA personnel. Consequently, employee leave entitlements and associated on-costs were transferred during 2018 to the Department. Original estimates did not account for the transfer of entitlements as the details were not known when the estimates were prepared.
 10. 'State grants and contributions' mostly represents cash funding, provided to Tourism WA through the Department, for costs other than personnel-related costs. The Department retains cash funding received from Government for personnel-related costs and passes this on to Tourism WA as non-cash funding (classified as services free of charge). Tourism WA's original estimates classified all funding to be received as cash due to the funding model between the two agencies not being finalised when the 2018 estimates were prepared.
 11. See Note 9 above. This item represents cash paid to the Department upon the transfer of leave entitlements.
 12. 'Supplies and services' in the Statement of Cash Flows does not include services received free of charge from the Department for personnel-related costs. The variance is largely the result of the redirection of funds during the year to marketing activities that are classified as 'Advertising and promotion payments'.

Notes to the Financial Statements

For the year ended 30 June 2018

Major Actual (2018) and Comparative (2017) Variance Narratives

- a) See Note 1 above. Prior year figures are representative of pre-Machinery of Government arrangements whereby Tourism WA staffing costs were classified as 'Employee benefits expense'.
- b) See Note 2 above.
- c) Event operations expenses were higher than previous year due to a greater overall level of funding available in 2018 for event sponsorships.
- d) Following Machinery of Government changes on 1 July 2017, Tourism WA no longer receives service appropriations from Government. Equivalent funding is now provided through the Department as cash grants or services free of charge.

The net increase of \$7.2 million of these three items compared to prior year is mostly due to an overall increase to Destination Marketing and Event Tourism funding as part of Government's commitment of \$425 million funding over five years.

- e) Royalties for Regions funding decreased due to the cessation in 2017 of the Regional Tourism Marketing Program (that ran for two years) and a decreased level of funding in 2018 for the completion of the Caravan and Camping program.
- f) See Note 6 above.
- g) The decrease in 'Intangible assets' represents amortisation expense for the year as there were no additional assets commissioned.
- h) See Note 8 above.
- i) See Note 9 above.
- j) Following Machinery of Government changes on 1 July 2017, Tourism WA no longer receives service appropriations from Government. Equivalent funding is now provided through the Department as cash grants or services free of charge (non-cash).

The \$2 million net decrease, compared to the prior year, of these two funding items ('Service appropriation' and 'State grants and contributions') is mostly due to the overall increase to funding (as per Note d above) offset by the personnel-related services provided free of charge from the Department (for which the Department receives funding for directly from Government).

- k) See Note 11 above.
- l) See Note 1 above.
- m) See Note c above. This is offset, in the Statement of Cash Flows, by a higher level of event sponsorship payables at the end of 2018 (see Note 8 above).



NOTE 9. ADMINISTERED DISCLOSURES

This section sets out all of the statutory disclosures regarding the financial performance of Tourism WA.

	Notes
Disclosure of administered income and expenses by service	9.1
Explanatory statement for administered items	9.2

9.1 Schedule of administered income and expenses by service

For the year ended 30 June 2018

	DESTINATION MARKETING		EVENT TOURISM		TOURISM DESTINATION DEVELOPMENT		TOTAL	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income								
State grants and contributions	-	-	-	-	2,800	-	2,800	-
Total administered income	-	-	-	-	2,800	-	2,800	-
Expenses								
Grants and subsidies	-	-	-	-	2,800	-	2,800	-
Total administered expenses	-	-	-	-	2,800	-	2,800	-

9.2 Explanatory Statement for administered items

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017, are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$56,000.

ADMINISTERED ITEMS	VARIANCE NOTE	ORIGINAL ESTIMATE 2018 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	VARIANCE BETWEEN ESTIMATE AND ACTUAL \$'000	VARIANCE BETWEEN ACTUAL RESULTS FOR 2018 AND 2017 \$'000
Income						
State grants and contributions	a	2,800	2,800	-	-	2,800
Total administered income		2,800	2,800	-	-	2,800
Expenses						
Grants and subsidies	a	2,800	2,800	-	-	2,800
Total administered expenses		2,800	2,800	-	-	2,800

Major Actual (2018) and Comparative (2017) Variance Narratives

- (a) Administered transactions represent expenditure, and corresponding funding from Government, to fund customs and immigration infrastructure requirements at Perth Airport as a result of direct flights between Perth and London. The Government has committed to \$14 million over five years commencing in 2017-18.

4.3 KEY PERFORMANCE INDICATORS

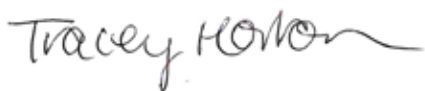
Certification of Key Performance Indicators for the Year Ended June 30, 2018

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Western Australian Tourism Commission's performance, and fairly represent the performance of the Western Australian Tourism Commission for the financial year ending June 30, 2018.



Manny Papadoulis
DEPUTY CHAIRMAN

31 August 2018



Tracey Horton
COMMISSIONER

31 August 2018



Key Performance Indicators

The following Key Performance Indicators (KPIs) were developed in consultation with the Department of Treasury and the Office of the Auditor General (OAG). These KPIs came into effect in July 2015 and this is the third year they have been reported on. These changes occurred to more closely align Agency KPIs with government goals. Where results are available and comparable, actuals for historical years have been provided.

The government goal that is supported by Tourism WA is: "Future Jobs and Skills: Grow and diversity the economy, create jobs, and support skills development."

The desired outcome supporting this is: "Increased competitiveness and viability of the Western Australian tourism industry." 'Competitiveness' reflects the fact Western Australia faces real product competition with other interstate and overseas destinations. Tourism industry 'viability' is secured when it is characterised by profitability and new investment whilst being sensitive to community views and environmental concerns.

The KPIs provide an indication of whether Tourism WA has achieved this outcome. Tourism WA has two types of KPIs.

Key Effectiveness Indicators

Key Effectiveness Indicators assist with the assessment of agency performance in the achievement of government desired outcomes.

Key Efficiency Indicators

Key Efficiency Indicators assist with the assessment of agency service delivery. They monitor the relationship between the service delivered and the resources used to produce the service.

Key Effectiveness Indicators

1. Total dollar amount spent by visitors in Western Australia

This KPI measures the result of successfully promoting Western Australia as a visitor destination and facilitating visitation through cooperative marketing campaigns and aviation access development. While Tourism WA does not directly control inbound visitor numbers, they are influenced by the agency's activities.

	2017-18 Target	RESULTS			
		2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual
KPI 1					
Total dollar amount spent by visitors in Western Australia	\$10.3 billion	\$9.6 billion	\$10.0 billion	\$9.6 billion	\$9.5 billion

Notes:

- Spend information is sourced from the Regional Expenditure data, provided by Tourism Research Australia (TRA). The expenditure figures are based on responses from TRA's National Visitor Survey (NVS) and International Visitor Survey (IVS) for the visitor's entire trip. The Regional Expenditure model allocates visitor expenditure to specific tourism regions to determine spend estimates for each of Australia's states.
- The results of the NVS and IVS, including the Regional Expenditure data, are released by TRA each quarter and figures are reported for the latest 12 month period (i.e. Year Ending (YE) December 2017 in this instance). YE December information is used as it is usually available ahead of each year's State Budget process.
- The NVS figures are based on a large scale survey of Australians on land line or mobile telephones, while the IVS figures are based on interviews with international visitors at airport departure lounges across Australia.
- Mobile phone interviewing was introduced to the NVS in 2014; prior to this all interviewing was conducted by calling landline phone numbers only. Consequently, there is a break in time series between 2013 and 2014.
- Overnight Domestic Visitors Definition: Australian residents aged 15 years and over who spent at least one night away from home in Western Australia.
- Overnight International Visitors Definition: International visitors aged 15 years and over who spent at least one night in Western Australia.
- Visitors include those travelling for all purposes including leisure, business, visiting friends and relatives and education.
- Sample size for Western Australia: daytrips n=2,566; interstate n=612; intrastate n=3,848; international n=5,834.
- Confidence intervals for Western Australia: daytrips \pm 1.93%; interstate \pm 3.96%; intrastate \pm 1.58%; international \pm 1.28%. These confidence intervals are calculated by Tourism WA based on total sample sizes
- The response rate for the International Visitor Survey is 61% and the National Visitor Survey is 37%.
- The target for 2017-18 of \$10.3 billion was set based on achieving a 2.7% increase from the 2016-17 result, consistent with the average annual growth rate in total visitor spend in WA seen over the previous three years (2014 to 2016). This target has not been met, as total visitor spend in WA declined by (-) 4.7% from \$10.0 billion in YE December 2016 to \$9.6 billion in YE December 2017. A decline in visitor spend was seen from all overnight visitor source markets: international (-5.5% to \$2.2 billion), interstate (-12.1% to \$1.4 billion), and intrastate (-4.4% to \$3.9 billion). Only the intrastate daytrip source market saw growth in visitor spend (+1.4% to \$2.0 billion).

2. Percentage of visitors whose expectations were met or exceeded upon visiting Western Australia

In order to build a strong market base, WA as a destination must at least meet visitor expectations, if not exceed them. This KPI measures the effectiveness of strategies being employed by Tourism WA and the tourism industry to develop and improve tourism product (including awareness, access, accommodation, amenities and attractions).

	2017-18 Target	RESULTS			
		2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual
KPI 2					
Percentage of visitors whose expectations were met or exceeded upon visiting Western Australia	90%	98.5%	99%	97.8%	97.5%

Notes:

- Visitor expectations are measured through the Visitor Expectation and Experience Research.
- This is conducted through a face-to-face survey of intrastate, interstate and international visitors to WA.
- Interviewing takes place across the full year to address seasonality issues. Data is analysed and reported annually.
- The KPI measure is based on a sample size of n=400 visitors for 2017-18.
- This was made up of n=124 intrastate, n=129 interstate and n=147 international visitors.
- The response rate for 2017-18 was 89%.
- The confidence interval for the sample of n=400 interviews is +/-5% (+/-4.9%) at the 95% confidence level. This confidence interval is based on total sample size.
- The 2017-18 and prior year's targets have been set on the premise that at least nine out of 10 visitors to/within Western Australia should say their holiday met or exceeded their expectations.

3. Value of cooperative marketing funds provided by the tourism industry

This KPI measures Tourism WA's success in encouraging the tourism industry to integrate into the State Government's destination marketing activities, thereby achieving greater leverage of government funding and better outcomes for the State's tourism industry.

Tourism WA allocates a sum of money each year that is available to industry when they participate in cooperative marketing campaigns, where the tourism operator and the agency match funds on the campaign. The industry operator also uses the Experience Extraordinary branding as part of the agreement. This KPI details the amount of money that the tourism industry puts into marketing campaigns, alongside the agency's funds. This cooperative marketing approach provides significant benefits for the destination and the Western Australian tourism industry generally.

	2017-18 Target	RESULTS			
		2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual
KPI 3					
Value of cooperative marketing funds provided by the tourism industry	\$6.5 million	\$9.9 million	\$8.7 million	\$6.9 million	\$7.5 million

Notes:

Domestic cooperative marketing

- The domestic cooperative marketing program targets airlines, wholesalers, retailers, direct sell agents, and more recently online travel agents to undertake joint campaigns with Tourism WA for WA product.
- A national Expression of Interest (EOI) process is undertaken by Tourism WA each year to secure relevant trade partners in cooperative campaign activity for the domestic market.
For those partners approved for funding, Tourism WA shares the brand campaign strategy and media buy details to allow partner alignment where possible with WA brand bursts. Domestic marketing leverages the distribution partner relationships across a number of campaign platforms including niche digital marketing (WA landing pages), eDM, sharing of rich media assets, trade communications and incentives (retail agents), social marketing, destination content and PR strategies and holiday deals on westernaustralia.com.

International cooperative marketing

- International cooperative marketing enables Tourism WA to leverage further economic benefit for the State through increased visitation, spend and brand awareness by working with selected partners in key source markets.
- Tourism WA's International Market Managers identify cooperative opportunities with airlines, wholesalers, retailers and non-traditional partners and undertake joint campaigns in the United Kingdom, Germany, Singapore, Malaysia, Indonesia, China, Hong Kong, Japan, New Zealand and the USA.
- Tourism WA's participation in cooperative marketing activities in these international markets is evaluated based on the potential return on investment and alignment to the State's tourism brand. In joint brand promotions, Tourism WA's funding contribution is generally matched dollar for dollar and aims to promote regional dispersal and introduce new products to the market where possible.

Combined total

- The actual result for 2017-18 is significantly greater than the actual for 2016-17, and greater than the target set for 2017-18, largely due to an additional \$2 million of Tourism WA investment into marketing activity (that was not allocated to marketing activity when the target was set) that enabled Tourism WA to seek additional partner contributions.

4. Direct economic impact of major events sponsorship

This KPI measures the result of attracting events to, and supporting events in, the State. This KPI measures how much money is generated for the WA economy as a result of hosting major events in WA, financially sponsored by Tourism WA.

	2017-18 Target	RESULTS		
		2017-18 Actual	2016-17 Actual	2015-16 Actual
KPI 4				
Direct economic impact of major events sponsorship	\$50 million	\$56.8 million	\$56.8 million	\$33.2 million

Major events definition

- i. Major events are defined as either 1.) an event whose sponsorship value from Tourism WA is \$500,000 or more or 2.) the event is expected to generate a significant economic impact for the WA economy.

Direct economic impact

- ii. **Direct economic impact** is defined as the amount of new money that enters the WA economy as a direct result of an event (i.e. the money would not enter the economy if the event was not held). That is any event related spend in the State by non-WA individuals and organisations, minus any spend outside of the State by WA individuals and organisations. For events held in the State specifically for Western Australians to attend, an independent measure of the local economic activity generated by the event is determined. This represents the amount of event-related spend by WA individuals that flows through the WA economy.
- iii. The two measures used to determine direct economic impact are as follows:
- **State Economic Impact (SEI)** – money into the State economy (inbound measure, interstate and international – including participants, spectators and organisers)
 - **Regional Economic Impact (REI)** – money into the region/moving around the State economy (intrastate measure)
- iv. SEI and REI are mutually exclusive because they are applied to different events. No event has both SEI and REI applied to it.
- v. The economic impact is based on the most current and relevant research for events. In some cases, this research may be from the prior period.
- vi. The actual result for 2017-18 is greater than the target set due to year on year increases in the economic impact of a number of events.

5. Direct media impact of major events sponsorship

This KPI measures how much media equivalent value is generated as a result of hosting major events that are financially supported by Tourism WA.

The current definition of media impact includes the Advertising Equivalent Value (AEV) of the exposure of Western Australian tourism imagery and branding within television production and traditional periphery media (e.g. print, radio). It does not include social media.

Tourism WA's media and event strategies are targeted at a variety of digital media channels, and produce high levels of exposure through these platforms, including social media.

	2017-18 Target	RESULTS		
		2017-18 Actual	2016-17 Actual	2015-16 Actual
KPI 5				
Direct media impact of major events sponsorship	\$140 million	\$122.3 million	\$156 million	\$139.4 million

Major events definition

- i. Major events are defined as either 1.) an event whose sponsorship value from Tourism WA is \$500,000 or more or 2.) the event is expected to generate a significant media impact for the State.

Media Impact

- ii. **Media Impact (MI)** is defined as 1.) the dollar value of Western Australian tourism imagery and branding (including video postcards of WA tourism destinations, verbal commentary mentions about the destination, on-screen graphics and signage) integrated into television production related to the events plus 2.) the dollar value of the number of mentions of Western Australia in traditional periphery media (e.g. print, radio etc) as a result of the event.
- iii. It is measured by independent media evaluation companies. In line with the rest of the agency, 100% of the Advertising Equivalent Value (AEV) is counted.
- iv. The media impact is based on the most current and relevant research for events. In some cases, this research may be from the prior period.
- v. The 2017-18 actual result is less than the target set for 2017-18 primarily due to a decrease in signage received, which impacted brand visibility, in the assessment of media value.

Key Efficiency Indicators

6. **Destination Marketing administrative costs as a proportion of Total Cost of Services allocated to Destination Marketing**
7. **Events Tourism administrative costs as a proportion of Total Cost of Services allocated to Events Tourism**
8. **Tourism Destination Development administrative costs as a proportion of Total Cost of Services allocated to Tourism Destination Development**

These KPIs indicate the overall administrative cost to implement Tourism WA's various outward facing programs (i.e. Destination Marketing, Events Tourism and Tourism Destination Development). They demonstrate focus on maximising the amount of State Government funding invested in stimulating tourism demand and addressing supply constraints.

	2017-18 Target	RESULTS		
		2017-18 Actual	2016-17 Actual	2015-16 Actual
KPI 6				
Destination Marketing administrative costs as a proportion of Total Cost of Services allocated to Destination Marketing	25%	21%	23%	29%
KPI 7				
Events Tourism administrative costs as a proportion of Total Cost of Services allocated to Events Tourism	11%	10%	14%	15%
KPI 8				
Tourism Destination Development administrative costs as a proportion of Total Cost of Services allocated to Tourism Destination Development	36%	31%	34%	39%

- i. The percentage shown is the cost of service division overheads and corporate and executive services allocated to the service division divided by total cost of services for the division.
- ii. Allocation of the cost of corporate and executive services to each service division is determined by the proportion of FTE numbers in each division.



4.4 MINISTERIAL DIRECTIVES

Section 16 (2) of the *Western Australian Tourism Commission Act 1983* requires that the text of any written directions from the Minister are to be recorded in the annual report. There were no such directions received in 2017-18.

4.5 OTHER FINANCIAL DISCLOSURES

4.5.1 Capital works

Tourism WA continued its asset replacement program in 2017-18. This included the replacement of information and communication technology equipment and other office equipment.

4.5.2 Employment and industrial relations

Our people

As a result of Machinery of Government changes effective from July 1, 2017, the Department of Jobs, Tourism, Science and Innovation became the employing authority of Tourism WA personnel. The department provides personnel to Tourism WA to undertake operational activities. As at June 30, 2018, 84.1 full time equivalents (FTEs) were assigned to Tourism WA. Of these employees, 76 per cent are female and 24 per cent male. Women continue to be well represented in the senior leadership team of Tourism WA (Tiers 1 – 3) comprising 70 per cent of this group.

	2016-17		2017-18	
	Male	Female	Male	Female
Tier 1,2 and 3 FTE	8.6	14.5	7.6	17.5
Tier 1,2 and 3 %	37%	63%	30%	70%
Total agency FTE	22.6	62	20.4	63.7
Total agency %	27%	73%	24%	76%

Notes:

Full time equivalent (FTE) employees assigned to Tourism WA as at June 30, 2018. The above does not include employees on extended unpaid leave.

Tier 1, 2 and 3 represents Tiers for Tourism WA, with the Managing Director of Tourism WA as Tier 1.

Staff development

The Department of Jobs, Tourism, Science and Innovation (JTSI) provides human resource services to Tourism WA and has supported staff development through various initiatives including:

- The development of a new JTSI Learning and Development Framework.
- Training sessions for managers to support them through change.
- Mentoring Program was launched in March 2018, with 26 staff participating from across the department.
- International Women's Day was celebrated with an internal event featuring three female executives within the Department of Jobs, Tourism, Science and Innovation sharing their inspiring stories.
- The performance management program was revised and implemented during 2018, supporting the blended learning model of 70:20:10.

4.6 GOVERNANCE DISCLOSURES

Shares in another body

Tourism WA has shares in the Australian Tourism Data Warehouse Pty Ltd. Details are provided at Note 5.6 of the Financial Statements.

Unauthorised use of credit cards

Personnel assigned to Tourism WA hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under Tourism WA's credit card policy, 16 employees inadvertently used the corporate credit card for various purchases where the expense was not for business purposes. The incidences were not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amount, and that the nature of the expenditure was immaterial and characteristic of an honest mistake.

	2018 \$
Aggregate amount of personal use expenditure for the reporting period	1,286
Aggregate amount of personal use expenditure settled by the due date (within five working days)	1,286
Aggregate amount of personal use expenditure settled after the period (after five working days)	-
Aggregate amount of personal use expenditure outstanding at balance date	32

Senior officer interests

During the year, Tourism WA incurred expenditure with an entity in which a senior officer is also a Director, Partner or member of the Executive. All transactions occurred within normal supplier relationships on terms and conditions no more favourable than those that would be adopted if dealing at arm's length.

SENIOR OFFICER	POSITION HELD	SUPPLIER	TOTAL AMOUNT (EXCLUDING GST)
Nathan Harding	Chairman	Kalhaven Holdings Pty Ltd trading as Discover Australia Holidays	135,000
Manny Papadoulis	Deputy Chairman	Australia's Coral Coast	711,627
Kevin Brown	Commissioner	Perth Airport Pty Ltd	56,486
Linda Wayman	Commissioner	Western Australian Sports Centre Trust trading as VenuesWest/Optus Stadium	581,538

Board remuneration

Remuneration of the Board of Commissioners of the Western Australian Tourism Commission in 2017-18 was as follows:

POSITION	NAME	PERIOD OF MEMBERSHIP	REMUNERATION
Chairman	Nathan Harding	1 July 2017 to 30 June 2018	62,664
Deputy Chairman	Manny Papadoulis	1 July 2017 to 30 June 2018	36,729
Commissioner	Kevin Brown*	1 July 2017 to 30 June 2018	-
Commissioner	Valerie Davies	1 July 2017 to 30 June 2018	36,728
Commissioner	Kia Dowell	1 April 2018 to 30 June 2018	9,477
Commissioner	Elizabeth Gaines	1 July 2017 to 7 December 2017	16,104
Commissioner	Tracey Horton	1 July 2017 to 30 June 2018	36,728
Commissioner	Nicole Lockwood	1 July 2017 to 30 June 2018	36,728
Commissioner	Karen Priest	1 July 2017 to 30 June 2018	41,255
Commissioner	Ian Thubron	1 July 2017 to 30 June 2018	36,728
Commissioner	Linda Wayman	1 July 2017 to 30 June 2018	36,729
Total			349,870

All members are paid a set annual fee. Remuneration includes superannuation and any allowances and non-cash benefits provided.

*Commissioner fees for Kevin Brown of \$33,650 were paid directly to Perth Airport Pty Ltd.

Annual estimates

STATEMENT OF COMPREHENSIVE INCOME

COST OF SERVICES

Expenses

Employee benefits expense	459
Supplies and services	38,217
Depreciation and amortisation expense	692
Accommodation expenses	1,880
Grants and subsidies	800
Event operations expenses	31,366
Advertising and promotion expenses	20,445

Total cost of services

93,859

Income

Revenue

Interest revenue	250
Other revenue	1,040

Total Revenue

1,290

Total income other than income from State Government

1,290

NET COST OF SERVICES

92,569

Income from State Government

State grants and contributions	66,583
Services received free of charge	10,669
Royalties for Regions Fund	15,492

Total income from State Government

92,744

SURPLUS FOR THE PERIOD

175



Annual estimates (continued)

	2018-19 ESTIMATE \$'000
STATEMENT OF FINANCIAL POSITION	
ASSETS	
Current Assets	
Cash and cash equivalents	4,839
Receivables	2,171
Prepayments	4,796
Amounts receivable for services	475
Total Current Assets	12,281
Non-Current Assets	
Amounts receivable for services	6,954
Property, plant and equipment	163
Intangible assets	957
Other non-current assets	235
Total Non-Current Assets	8,309
TOTAL ASSETS	20,590
LIABILITIES	
Current Liabilities	
Payables	2,959
Provisions	59
Other current liabilities	2
Total Current Liabilities	3,020
TOTAL LIABILITIES	3,020
NET ASSETS	17,570
EQUITY	
Contributed equity	10,433
Accumulated surplus	7,137
TOTAL EQUITY	17,570

	2018-19 ESTIMATE \$'000
STATEMENT OF CASH FLOWS	
CASH FLOWS FROM STATE GOVERNMENT	
State grants and contributions	65,891
Capital appropriation	150
Holding account drawdown	475
Royalties for Regions Fund	15,492
Net cash provided by State Government	82,008
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits	(459)
Supplies and services	(27,290)
Accommodation	(1,880)
Grants and subsidies	(800)
GST payments on purchases	(6,900)
Event operations payments	(31,366)
Advertising and promotion payments	(20,445)
Receipts	
Interest received	250
GST receipts on sales	60
GST receipts from taxation authority	6,840
Other receipts	782
Net cash used in operating activities	(81,208)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments	
Purchase of non-current assets	(625)
Net cash used in investing activities	(625)
Net increase in cash and cash equivalents	175
Cash and cash equivalents at the beginning of the reporting period	4,664
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4,839

Annual estimates (continued)

	2018-19 ESTIMATE \$'000
STATEMENT OF COMPREHENSIVE INCOME - ADMINISTERED	
COST OF SERVICES	
Expenses	
Grants and subsidies	2,800
Total cost of services	2,800
Income from State Government	
State grants and contributions	2,800
Total income from State Government	2,800
SURPLUS/(DEFICIT) FOR THE PERIOD	-

	2018-19 ESTIMATE \$'000
STATEMENT OF CASH FLOWS - ADMINISTERED	
CASH FLOWS FROM STATE GOVERNMENT	
State grants and contributions	2,800
Net cash provided by State Government	2,800
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Grants and subsidies	(2,800)
Net cash used in operating activities	(2,800)
Net increase in cash and cash equivalents	-
Cash and cash equivalents at the beginning of the reporting period	-
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	-

4.7 OTHER LEGAL REQUIREMENTS

Expenditure on advertising, market research, polling and direct mail

In accordance with Section 175ZE of the *Electoral Act 1907*, Tourism WA incurred the following expenditure in advertising, market research, polling and direct mail.

	2017-18 \$'000		2017-18 \$'000
(a) Advertising agencies	2,391	(e) Media advertising organisations	
(b) Market research organisations	1,703	Adcorp Australia Limited	6
(c) Polling organisations	-	Big Head Digital	2,685
(d) Direct mail organisations	-	Boogie Monster	1
(e) Media advertising organisations	10,407	Brandpoint	7
	14,501	Buzz Marketing	15
(a) Advertising agencies		Carat Australia Media Services Pty Ltd	7,295
Cummins & Partners	2,391	CMMA Digital & Print Pty Ltd	11
	2,391	Commoner Media Pty Ltd	30
(b) Market research organisations		Cruise Industry News	9
BDA Marketing Planning Pty Ltd	175	Goolarri Media Enterprises Pty Ltd	24
Connexity Australia Pty Ltd	58	HCP Media	9
Faster Horses Pty Ltd	42	KCRW	7
Forrester Research Limited	17	Media Equation Pty Ltd	25
Isentia Pty Ltd	115	Nine Network Australia Pty Ltd	73
KPP Business Development	47	OMD Singapore Pte Ltd	46
Metrix Consulting Pty Ltd	683	On Board Media	9
MI Associates Pty Ltd	125	Promag Publishing	2
MyTravelResearch.com Pty Ltd	1	Seven Network (Operations) Limited	114
Nielsen Sports Pty Ltd	206	Story(ation) Pty Ltd	21
STR Global Ltd	3	Tabs on Travel	3
Taylor Nelson Sofres Australia Pty Ltd	208	Travmedia.Com Pty Ltd	6
Thinkfield	23	UBM (UK) Ltd	9
	1,703		10,407

Disability Access and Inclusion Plan outcomes

Tourism WA's Disability Access and Inclusion Plan (DAIP) is in accordance with the legislative framework.

The seven desired outcomes in the DAIP are supported by strategies to address the gaps identified in meeting the legislative requirements.

The strategies are also informed by the review and consultation undertaken in preparation of the plan. A five-year (2017-2021) Disability Access and Inclusion Plan (DAIP) has been implemented by Tourism WA and includes all outcomes required under the legislation.

During 2017-18, the following activities were progressed:

Outcome 1 - People with disabilities have the same opportunities as other people to access the services of, and any events organised by, Tourism WA.

Tourism WA is proud of its world-class events and the appeal these events have to national and international visitors. The event holders of all events sponsored by Tourism WA are required to use their best endeavours to ensure that, in respect to the event, they facilitate the desired access and inclusion outcomes expressly or implicitly set out in the Disability Access and Inclusion Plan of Tourism WA. Specifically, the event holder must do all things reasonable to ensure that there are sufficient facilities at the venue for persons with disabilities to attend and maximise their enjoyment of the event.

Outcome 2 - People with disabilities have the same opportunities as other people to access the buildings and other facilities of Tourism WA.

Tourism WA maintains its Perth offices to facilitate ease of access for all people and always ensures that advice is sought when planning and designing any facilities or undertaking major refurbishments.

Outcome 3 - People with disabilities receive information from Tourism WA in a format that will enable them to access the information as readily as other people are able to access it.

Tourism WA encourages people to contact the agency if they require information in alternative formats. This message is provided on both the corporate and consumer websites.

Tourism WA also continues to improve and upgrade its website to facilitate stronger alignment with current standards.

All new online information and functionality implemented by Tourism WA is developed in line with best practice for people with disabilities wherever possible.

Outcome 4 - People with disabilities receive the same level and quality of service from staff as other people receive.

Staff members who interact with the public receive awareness training to enable them to assist visitors with a disability.

Outcome 5 - People with disabilities have the same opportunities as other people to make complaints to Tourism WA.

All existing complaint mechanisms meet the needs of people with disabilities. Tourism WA's website provides a variety of feedback mechanisms for people with disabilities to lodge grievances and comment on tourism-related matters.

Outcome 6 - People with disabilities have the same opportunities as other people to participate in any public consultation by Tourism WA.

When required, Tourism WA seeks public consultation directly and through survey organisations and other research bodies. Tourism WA reminds all staff and survey organisations of this requirement under the DAIP, including the ability to provide the same opportunities for people with disabilities to be involved in any public consultation.

Outcome 7 - People with disabilities have the same opportunities as other people to be employed by the Department of Jobs, Tourism, Science and Innovation.

The Department of Jobs, Tourism, Science and Innovation's recruitment and employment policies and practices reflect the aim of having a diverse workforce. The department also captures accurate demographic and disability data from its employees.

Compliance with public sector standards and ethical codes

The management of employees is undertaken in accordance with the public sector standards in human resource management and approved public sector policies and procedures.

During 2017-18, no breach claims against the public sector standards were substantiated. No reports of non-compliance were lodged with respect to the Code of Ethics or the Department of Jobs, Tourism, Science and Innovation's Code of Conduct.

The Department of Jobs, Tourism, Science and Innovation's Code of Conduct has been developed in consultation with Tourism WA. It was launched in May 2018, and was followed by a series of mandatory workshops for staff in June 2018 covering the code; accountable and ethical decision-making; and equal employment opportunity.

Policies are available to all employees, including the Code of Conduct and Conflict of Interest Policy. Employees are aware there is an obligation to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest.

During 2017-18, Tourism WA worked with the department to integrate and consolidate human resource management policies and procedures to ensure they met legislative and governance responsibilities in regards to managing people across the business.

Record-keeping plan

The *State Records Act 2000* requires Tourism WA to have a record-keeping plan and to comment in the annual report on compliance with the plan.

Tourism WA's current record-keeping plan, along with the record retention and disposal authority and record-keeping policies, has been approved by the State Records Commission.

A compliance audit program is in place to audit Tourism WA against the record-keeping plan.

Tourism WA staff receive induction and ongoing training in relation to the agency's record-keeping policies, practices and procedures. The training program is monitored and reviewed by the Chief Information Officer and is working well within the agency.

Under Section 28 of the *State Records Act 2000*, no more than five years must elapse between the record-keeping plan and its review. The current record-keeping plan applies until late 2018 and work is well progressed to develop and implement a new plan.

4.8 GOVERNMENT POLICY REQUIREMENTS

Occupational safety, health and injury management

Tourism WA is committed to providing and maintaining a safe and healthy working environment for all assigned personnel, vocational students, contractors and visitors.

The Department of Jobs, Tourism, Science and Innovation provides human resource services including workplace safety and health to Tourism WA. A review of current occupational safety and health policies and programs, including injury management, has commenced for the newly formed department. An external review of Tourism WA's occupational health and safety management system will be undertaken early in the new financial year.

A health and wellness program has been offered across the department, providing the opportunity for participation to improve health benefits. These have included flu vaccinations and skin cancer screenings. Free counselling to personnel and immediate family is also offered through Employee Assistance providers.

The Tourism WA Occupational Safety and Health Committee meets quarterly and provides a key occupational safety and health consultative mechanism within Tourism WA. All members are accessible to both management and employees in the discussion and resolution of occupational safety and health issues and related matters.



Performance indicators for 2017-18

(For department employees assigned to Tourism WA only)

MEASURE	2015-16 Actual	2016-17 Actual	2017-18 Actual	2017-18 Target	COMMENTS TOWARDS TARGETS
Number of fatalities	0	0	0	0	Achieved
Lost time injury and/or disease incidence rate	0	0	0	0 or a 10% reduction	Achieved
Lost time injury and severity rate	0	0	0	0	Achieved
Percentage of injured workers returned to work (i) within 13 weeks	N/A	N/A	N/A	Greater than or equal to 80%	N/A
Percentage of injured workers returned to work within 26 weeks	N/A	N/A	N/A	Greater than or equal to 80%	N/A
Percentage of managers trained in occupational safety, health and injury management responsibilities.	79%	69%	68%	Greater than or equal to 80%	Not achieved. Further training for managers is planned for 2018-19

Workers' compensation

Through the department, Tourism WA complies with the *Workers' Compensation and Injury Management Act 1981* with a focus on the employee being able to return safely to meaningful work following illness or injury. Advice and support to employees and line managers is provided by Human Resources on a proactive basis following the reporting of any occupational safety and health incidents.







Tourism
WESTERN AUSTRALIA



Tourism Western Australia

Level 9, 2 Mill Street
PERTH WA 6000
GPO Box X2261
PERTH WA 6847

T: 08 9262 1700 F: 08 9262 1787
info@westernaustralia.com

westernaustralia.com
tourism.wa.gov.au

*Tourism WA produces a wide range
of publications that are available for
download at tourism.wa.gov.au*

