

Annual Report



2007-08
2008-09
2009-10



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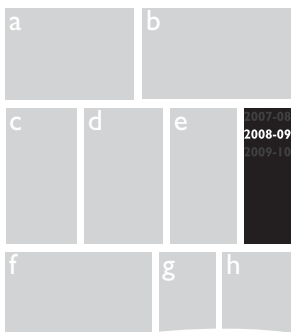
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Printed October 2009



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Photographic captions

Front cover:

- a Savour Tasmania restaurant promotion
- b Bay of Fires, St Helens
- c ACROSS scientist lab, Hobart
- d Dairy cows grazing in north-west
- e Liferaft Systems Australia manufacturing, southern Tasmania
- f Panorama from Elizabeth Street Pier showing Aurora Australis
- g Ocean trout, aquaculture industry in Tasmania
- h Fibre optic light.

Images courtesy of Tourism Tasmania, Australian Sports Commission, John Holland – Fairbrother Joint Venture, Mineral Resources Tasmania, Simon de Salis, Peter Whyte, Nick Osbourne, Peter Harmsen, Bob Iddon, Brian Dullaghan, George Apostolidis

Submission to the Minister



Michael Aird MLC

Minister for
Economic Development



Michelle O'Byrne MP

Minister for Sport and Recreation
Minister for Tourism

From February 2008 until September 2008, Paula Wriedt MP served as Minister for Economic Development and Tourism.

Michelle O'Byrne MP was appointed the Minister for Sport and Recreation in October 2006, and gained the Tourism portfolio in September 2008.

In September 2008, Michael Aird MLC was appointed the Minister for Economic Development.

Dear Minister

In accordance with section 36 of the *Tasmanian State Service Act 2000*, I submit to you, for presentation to Parliament, this report on the affairs and activities of the Department of Economic Development and Tourism, including Sport and Recreation Tasmania, for the financial year ended 30 June 2009.

In accordance with section 29E of the *Tasmanian Development Act 1983*, a report is included on the affairs and activities of the Tasmanian Development Board for the same financial year.

Mark Kelleher

Secretary,
Department of Economic Development and Tourism
and

Chief Executive,
Tasmania Development and Resources

Message from the Chairman



Facing the challenge of the Global Financial Crisis

This has been an interesting and challenging year upon which to report. The Global Financial Crisis (GFC) emerged early in the financial year affecting global credit, banking, currency and trade.

Tasmania was not immune to this crisis but fortunately has 'weathered the storm' better than many.

Tasmanian Government policies and decisions previously brought to fruition through this agency have allowed the state to ride this crisis well. Without projects such as Basslink and natural gas as an alternative energy source, Tasmania's ability to continue many of its activities at such a high level would have been greatly impeded.

Much of the Department of Economic Development and Tourism's efforts this year were aimed at supporting affected businesses. Our approach was not one of propping up unsound businesses but focused on assisting those businesses adversely affected by the global credit crisis through no fault of their own.

Economic Development and Tourism's officers worked with many of the state's businesses adversely affected by the GFC. If, despite our best combined efforts, businesses eventually closed or scaled down, our Skills Response unit provided valuable assistance in helping displaced workers.

Tasmanian Industry Support Scheme (TISS)

In response to the GFC, the Tasmanian Government announced the creation of a \$100.0 million Tasmanian Industry Support Scheme to provide loans to small and medium-sized Tasmanian businesses to maintain projects through the volatility in credit markets. TISS was also made available to businesses experiencing an impaired investment capacity, as a result of volatility in financial markets and the consequent credit conditions.

Economic Development and Tourism's Business Point service received 61 enquiries about the TISS resulting in 26 formal applications being received. To date, six applications totalling \$7.570 million have been approved with a further six applications totalling \$2.035 million currently being assessed.

As the financial year drew to a close, there were some positive signs emerging in the world's economies.

A prolonged drought

A sustained drought has also added pressure to Tasmania's economy. The current drought commenced in 2005 and has had a dramatic impact, especially on rural communities in the Midlands and across the eastern half of the state including the East Coast, Fingal Valley and Flinders Island.

Some areas of Tasmania were officially declared as 'drought-affected' and some had 'exceptional circumstances' status allowing farmers access to relief payments.

The drought not only affected Tasmania's primary producers but there was also speculation that the hydro-power generation capacity may have been reduced to a point where the state would need to regularly buy-in power from the national grid via Basslink.

The effects of future droughts will be alleviated by investment now being made in Tasmania's water infrastructure. The State Government is currently supporting irrigation infrastructure projects worth \$400.0 million around Tasmania.

The \$37.8 million Meander Dam is now operating and is having a positive impact on farmers and local communities alike. The reach of the Meander Dam is being extended with the construction of the Quambry irrigation pipeline, the first of four projects with a combined value of \$17.0 million, to deliver water from the Meander Dam.

These pipeline extensions will help communities across the central-northern region.

Interim solutions were also announced during the year to provide much-needed extra water to the Coal River Valley where innovative agri-businesses are located. The Coal River Valley supplies supermarkets around Australia with high-quality natural Tasmanian produce and has built a reputation for quality and reliability worthy of preservation.

Although rural Tasmania has endured one of the toughest and longest droughts on record, the new strategic investment in irrigation infrastructure will enable Tasmania's agriculture sector to be transformed.

Tasmania's aquaculture sector continued to play a significant role in the state's economy with outstanding results being recorded by some aquaculture businesses during the year, and the mining and manufacturing sectors generally fared well despite the difficult economic climate.

A period of change

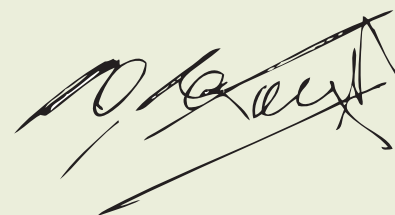
The agency has also had its share of change during the year with both a new Minister and Secretary. It is to the credit of the professional and dedicated agency employees that continuity was achieved.

Secretary Norm McIlpatrick accepted a new challenge and moved on to head the Department of Infrastructure, Energy and Resources in September 2008. His permanent replacement, Mark Kelleher, commenced in May 2009. In the interim, the role was filled by Jonathan Wood and, for a month, Craig Watson. I would like to thank each of these officers and the agency staff for their achievements, endeavours and support during a difficult year.

Despite the difficult climate, the agency continued to achieve important goals and continued to contribute effectively to Tasmania's economic growth and community development.

I would also like to thank the Ministers holding the Economic Development, Tourism and Sport and Recreation portfolios, for their support over the year. I wish Paula Wriedt, who resigned from her Parliamentary position during the year, the very best for her future.

And finally, thank you to all the directors of the Tasmanian Development Board for their dedication and commitment, and for their continued hard work in striving to make Tasmania a more vibrant and economically prosperous place in which to live, work and play.



Denis W Rogers AO

Chairman,
Tasmanian Development Board

Message from the Secretary



The Global Financial Crisis, together with one of the worst droughts in Tasmania's recorded history, has meant that the past year has been an extremely challenging one for the Tasmanian economy, and for the agency. I have been delighted to see, however, that our people have performed very well in these circumstances and have produced some excellent outcomes.

The agency exceeded its KPI targets on eight out of nine indicators, falling short only on the value of export contracts facilitated. Given the prevailing global situation, this came as no surprise.

Another worrying issue to hit the state during the year was the Human Swine Flu (H1N1) virus. Economic Development and Tourism actively participated in whole-of-government preparations to prevent the spread of Human Swine Flu in Tasmania. The department conducted free workshops for businesses in the north and south of the state focussing on business continuity in the event of a pandemic, with reinforced communications to business and the tourism industry.

Achievements

Achievements for 2008-09 include:

Private investment in the 12 months to June 2009 was \$4.75 billion, an increase of 13.3 per cent on the previous year, due in part to the agency promoting investment and assisting businesses to seek market opportunities. This included:

- commencement of Norske Skog's \$50.0 million softwood conversion project

- the opening of Ta Ann's \$30.0 million peeled veneer mill at Smithton

- a new \$40.0 million facility to co-locate the Faculty of Health Science and the Menzies Research Institute now under construction in Hobart

- commitment to significant infrastructure projects including \$400.0 million worth of water developments to boost agricultural production and major upgrades of the Midland Highway including the \$243.0 million Brighton bypass and transport hub projects.

Organising 11 buyer delegations seeking products and services from all industry sectors and resulting in 130 trade meetings. Markets included Japan, the Netherlands, Mexico, China, India, Thailand, Malaysia, Singapore and mainland Australia.

Sponsoring 176 skilled and 29 business migration applications and assisting 108 migrants to settle in Tasmania. Having assumed a new role as a Regional Certifying Body in May 2008, we also certified 271 skilled positions with 93 different employers under the employer-sponsored visa program.

Organising many high-profile, industry-related events including these new initiatives:

Savour Tasmania – featuring dinners, demonstrations, master classes and a weekend of wine tasting that was followed up by commercial sales internationally and generated promotional exposure for Tasmania with a media value of almost \$490 000

Waste Management in a Changing Climate conference – which attracted over 160 delegates from local and interstate businesses, local government and visitors from New Zealand, Europe, Japan and Singapore.

Seeing growth in tourism in Tasmania of around seven per cent, with total number of visitors to the state in a year exceeding one million for the first time, despite a substantial downturn in tourism internationally and nationally.

Events supported by Events Tasmania delivering 47 000 visitors to the state and realising an economic benefit of close to \$50.0 million.

Tourism Tasmania's Visiting Journalist Program and public relations activities delivering 575 articles on Tasmania with an equivalent advertising value of \$45.4 million.

Tourism Tasmania's management of the State Government's sponsorship of the 2008 AFL premiers Hawthorn Football Club generating \$15.14 million. This comprised \$7.79 million in direct expenditure from approximately 24 000 visitors to the state for matches played at Aurora Stadium. Total media exposure for the 2008 season was valued at \$3.4 million – a 76 per cent increase on 2007.

Leading the AFL Tasmania team bid. This included selecting the successful tenderer for the development of a business case for Tasmania having its own AFL team and signing a major three-year sponsorship deal with Mars Snackfoods for the prospective Tasmanian team.

Delivering the Indigenous Sport Program, which enabled 337 children to participate in sporting activities including AFL, cricket, tennis, surf-lifesaving, softball and swimming.

Achieving therapeutic outcomes including positive behavioural changes for 307 participants in Wilderness Program courses.

Four productions being supported by Screen Tasmania through the Filming in Tasmania scheme. The productions were the feature film *Dying Breed*; the drama *The Last Confession of Alexander Pearce* and documentaries *Feral Peril* and *Storm Surfers*. *The Last Confession of Alexander Pearce* was nominated for an Irish Film and Television Award and *Feral Peril* was screened on the ABC.

Playing a significant role in the drafting and submission of the Tasmanian plan for the National Broadband Network (NBN) which has placed Tasmania at the nation's forefront of the NBN's rollout to commence in the new financial year.

In conclusion

Being appointed Secretary of the Department of Economic Development and Tourism in May 2009 meant that most of the 2008-09 financial year was already behind me. I wish to thank my predecessor Norm McIlfrack together with Jonathan Wood and Craig Watson who both acted as Secretary for periods during the nine months from Norm's departure until my appointment.

It has been both challenging and rewarding to come into the agency as we neared the end of this reporting period. It is also an exciting time to come on board, with the agency taking on an enhanced role in the development of the future direction for Tasmania's economy.

The agency is now taking the lead in the development of a Tasmanian Economic Development Strategy, which will build upon, and inform, the three State Government main policy themes of Innovation, Infrastructure and Skills. Key elements of Tasmania's emerging economic vision and strategy include agricultural expansion, the National Broadband Network/digital economy, renewable energy, Antarctic and other scientific research, and tourism.

An alignment of agency activities to underpin achievement of this new vision was the basis for the organisational restructure commenced at the end of the current financial year and continuing into the next. The addition of Arts Tasmania and the Tasmanian Museum and Art Gallery to the agency's portfolio from 1 July 2009 will enrich our capability to fulfil our purpose of 'working together to make Tasmania a prosperous, vibrant and healthy community'.

I would also like to thank the agency's portfolio ministers, Ministers Michael Aird and Michelle O'Byrne, and Chairman Denis Rogers and the Tasmanian Development Board, for their support during my initiation, and finally to the staff of the department for their warm welcome and great work.



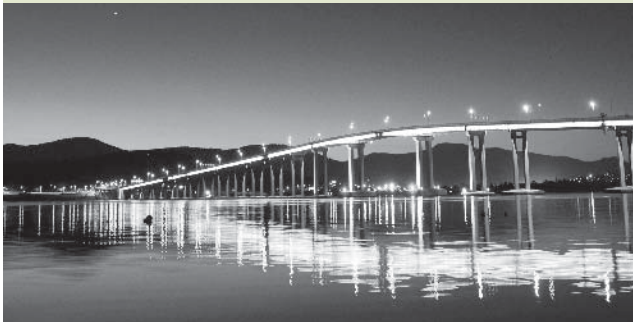
Mark Kelleher

Secretary,
Department of Economic Development and Tourism
Chief Executive,
Tasmania Development and Resources

What we do

Our purpose

Working together to make Tasmania a prosperous, vibrant and healthy community



Why we are here

To show leadership for Tasmania and Tasmanians by:

being responsive to our clients' needs and helping them to achieve their goals

supporting Tasmanian businesses to succeed domestically and internationally

promoting investment and assisting people to seek market opportunities

improving Tasmanian's wellbeing and prosperity

advising on and implementing government policy.

Our objectives

Our department objectives:

attracting investment

increasing exports and maximising import replacement

stimulating innovation and business development in the Tasmanian community

providing opportunities for all Tasmanians to participate in sport, recreation and physical activity

strengthening leadership and employee engagement

delivering outstanding client service and high-quality information and advice.

Our values

Our values and accompanying supporting behaviours are an integral part of our processes including recruitment, induction, competencies, development and career progression. Our values underpin the work we do towards the achievement of our corporate plan.

Our department values:

people first

creativity

commitment

excellence

achievement

being business-like

making a difference.

Performance summary

2008-09			
Objective 1 Attracting investment	Target	Outcome	Result
Jobs created and retained	3 000 jobs	3 194 jobs	●
Investment facilitated	\$ 300.0 M	\$ 338.0 M	●
Objective 2 * Increasing exports and maximising import replacement			
Exports facilitated	\$ 70.0 M	\$45.6 M	○
Import replacements facilitated	\$ 40.0 M	\$125.3 M	●
Objective 3 Stimulating innovation and business development in Tasmania			
Increased revenue arising from innovation	\$ 20.0 M	\$ 35.0 M	●
Investment facilitated in research, development and innovation	\$ 15.0 M	\$ 27.7 M	●
Objective 4 Providing opportunities for all Tasmanians to participate in sport and recreation			
Total investment in sport and recreation infrastructure and programs	\$ 9.1 M	\$ 12.6 M	●
Number of participation opportunities facilitated through Sport and Recreation Tasmania grants and programs	112 500	182 942	●
Objective 5 Strengthening leadership and employee engagement			
Employee satisfaction	75%	Not measured **	
Objective 6 Delivering outstanding client service and high-quality information and advice			
Client satisfaction	80%	80%	●

* In addition to depressed global demand reducing business confidence and in turn investment, there were no major export projects facilitated during the year as there were in previous years. Other export facilitation activities performance outcomes were similar to previous years.

** Employee Pulse Check Survey was not undertaken due to departmental restructure.

Key	
●	Simple projection of performance meets or exceeds target
○	Simple projection of performance not within target

Departmental highlights a year review



July 2008

Young Farmers Interest Rebate Scheme 2008-09 launched to help alleviate the financial burden of commercial loans for land-based farming activities in Tasmania.

\$8.3 million Sport and Recreation Tasmania Grants program launched to increase access and participation by Tasmanians in sport and recreation activities.

Tasmanian ICT Industry Awards 2008 launched to recognise and honour outstanding achievements in information and communications technology.

Departmental delegation travelled to Asia to promote apple, cherry and stone fruit exports.

August 2008

Australian Innovation Research Centre (AIRC) Tasmanian Innovation Census launched by the Premier.

©-Star Award 2008 presentation celebrated commercialisation success in science and technology.

15 Tasmanians competed at the 2008 Beijing Olympic and Paralympic Games, winning five medals.



September 2008

\$2.5 million Workforce Participation Program launched to assist Tasmanians access employment opportunities.

Premier's Fuel Summit held in Launceston, hosted by the department.



October 2008

Tasmanian Food and Beverage Strategy 2008-2011 launched to present a new vision for the Tasmanian food and beverage industry.

2008 Tasmanian Export Awards celebrated export excellence.

Russian Ambassador Mr Alexander Blokhin hosted by Antarctic Tasmania.

Departmental delegation attended AusBiotech in Melbourne to highlight Tasmania's biotechnology capabilities.

The department released the first progress payment of the \$4.5 million loan to assist construction of the 'Lost Farm' course on the Barnboughe property at Bridport.

November 2008

\$100.0 million Tasmanian Industry Support Scheme (TISS) launched to support businesses affected by the Global Financial Crisis.

2008 Regional Economic Development and Investment (REDI) Map launched.

Premiere screening of the *Last Confession of Alexander Pearce*, a Screen Tasmania co-production.

\$30.0 million CSIRO Tasmanian ICT Centre launched, with assistance from the Intelligent Island program administered by the department

The Ta Ann rotary peeled veneer mill at Smithton was officially opened, creating approximately 60 full-time jobs and increasing Tasmania's export capacity. Department officers played a role in facilitating the project.



December 2008

2008 Employer of Choice Awards ceremony celebrated those Tasmanian businesses with excellent cultures and employment practices. Awards hosted by the department.

2009 Tasmanian Institute of Sport scholarships announced.

Men's Micro-credit program launched to extend a grant facility to low income males to start a business, complementing the Women in Business Micro-credit program.

Departmental Disability Action Plan launched to improve access to department services for people with a disability.

Department officers lodged the Tasmanian bid for an AFL team.

The department released the first progress payment of the \$10.0 million loan to Norske Skog Paper Mills (Australia Limited) to assist the company with the construction of a Thermomechanical Pulp Project at its Boyer site.

January/ February 2009

Tasmanian Economic Development Forum drew together stakeholders to discuss Tasmania's economic future.

Departmental delegation attended G'Day USA to showcase Tasmanian products and opportunities.

Seven Mile Beach Land Use Strategy released.



March 2009

Managing Waste in a Changing Climate conference and exhibition held in Launceston.

45th Annual Tasmanian Sports Awards held to celebrate excellence and commitment in the Tasmanian sporting community.

\$900 000 funding for the Whitelion Employment program announced.

April 2009

The Premier's Physical Activity Council Find Thirty® campaign launched to encourage fitness and exercise.

Second International Forum on the Sub-Antarctic hosted by Antarctic Tasmania with world-renowned speakers participating.

Announcement of Tasmania as the first state to roll out the \$43.0 billion National Broadband Network – set to connect up to 90 per cent of Australian homes to ultra-fast broadband.



May 2009

Inaugural Savour Tasmania 2009 epicurean festival, showcasing the highest quality Tasmanian produce and featuring internationally renowned chefs Emmanuel Stroobant, Tetsuya Wakuda, Shane Osborn and Marcus Eaves.

Beyond the Financial Crisis series of seminars held for small businesses across Tasmania.

June 2009

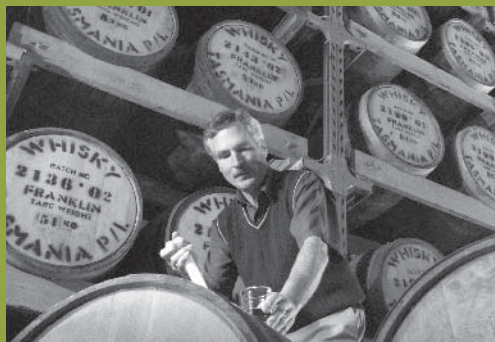
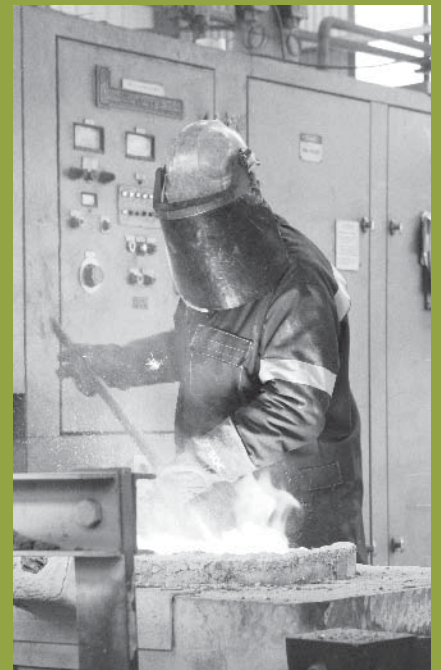
Antarctic Midwinter Festival held to celebrate the historical and living links between Tasmania and the Antarctic through a ten-day program of events.

Launch of a joint initiative between Screen Tasmania and the Australian Children's Television Foundation to develop several children's television drama series in Tasmania.

Australian Innovation Festival supported by a series of department events to highlight the value of innovation and entrepreneurship.

Business continuity workshops held to assist businesses manage the impact of the Human Swine Flu (H1N1) virus.



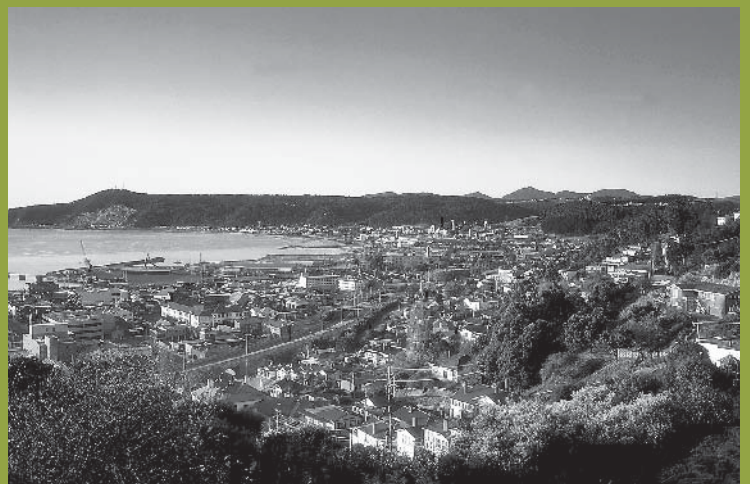


This page:

A range of Tasmanian industries

Previous pages:

- Jul 08** Organic apples from a farm in Woodbridge
- Aug 08** Edward Ockenden, member of the bronze-medal Australian Men's Hockey Squad, the Kookaburras, at the 2008 Beijing Olympic Games
- Oct 08** Wine industry in Tasmania
- Nov 08** Minister Michael Aird at the launch of 2008 Regional Economic Development and Investment (REDI) Map.
- Dec 08** Tasmanian sport and recreation opportunities for people with a disability
- Mar 09** Scott Brennan (rowing), winner of 2008 Athlete of the Year and TIS Awards for Male Athlete of the Year.
- Apr 09** Prime Minister Kevin Rudd and Premier David Bartlett announce the National Broadband Network in Tasmania.
- May 09** Chief Tetsuya Wakuda preparing the venue at Meadowbank Estate for the Savour Tasmania festival.
- Jun 09** Antarctic map



Tasmania Together

Tasmania *Together* is Tasmania's 20 year social, economic and cultural plan. Tasmania *Together* is linked to the State Budget and plays a key role in government activities.

Tasmania *Together* lead agency responsibilities

The Department of Economic Development and Tourism is the lead agency responsible for the Tasmania *Together* benchmarks listed below and is an active contributor to a range of other benchmarks.

A guide to understanding the benchmark table:

There are 12 goals in Tasmania *Together*

Standard	What we are trying to achieve under this goal
Indicator	What is being measured

Goal 1 A reasonable lifestyle and standard of living for all Tasmanians	
Standard	1.1 Ensure that all Tasmanians have the economic capacity to enjoy a reasonable standard of living and access to basic services
Indicator	1.1.9 Number of Tasmanians who are long-term unemployed
Goal 4 Active, healthy Tasmanians with access to quality and affordable health care services	
Standard	4.1 Improve Tasmanians' health through promotion and support of healthy lifestyle choices
Indicator	4.1.3 Proportion of children (five to 14 year olds) participating in organised sport
Goal 5 Vibrant, inclusive and growing communities where people feel valued and connected	
Standard	5.2 Tasmania will have viable rural communities
Indicators	5.2.1 The proportion of Tasmanians residing in socially disadvantaged regional areas
	5.2.2 Proportion of Tasmania's population outside the four major urban centres
Standard	5.4 Access and utilisation of communications technology
Indicator	5.4.2 Percentage of households with internet connections
Standard	5.5 A valued role in community life for Tasmania's young people now and in the future
Indicator	5.5.2 Proportion of 15 to 29 year olds leaving for interstate or overseas for 12 months or more
Standard	5.7 Increase population levels and distribution subject to sustainable levels
Indicators	5.7.1 Level of population growth
	5.7.2 Proportion of 15 to 39 year olds
	5.7.3 Proportion of migrants



Goal 9 Increased work opportunities for all Tasmanians		
Standard	9.1	Increase the number of secure, flexible and well-paid jobs
Indicators	9.1.1	Workforce participation rate
	9.1.2	Extent of under-employment
	9.1.3	Proportion of employees in secure employment
	9.1.4	Tasmanian average weekly earnings as a proportion of national average weekly earnings
Standard	9.2	Promote fair workplaces
Indicators	9.2.1	Proportion of employees who have flexible work arrangements
	9.2.2	Families using flexible working arrangements to manage childcare
	9.2.3	Employee dissatisfaction
Goal 10 Thriving and innovative industries driven by a high level of business confidence		
Standard	10.1	Encourage and support innovation and new technologies
Indicators	10.1.1	Level of research and development expenditure as a proportion of Gross State Product
	10.1.2	Employment in science, technology, research and development as a percentage of total employment
Standard	10.3	Increase the rate of economic growth
Indicator	10.3.1	Growth in Gross State Product
Standard	10.4	Foster a culture of enterprise
Indicators	10.4.1	Export value
	10.4.2	Investment
	10.4.3	Growth in the number of small businesses
Standard	10.5	Increase access to global knowledge and productive business investment
Indicator	10.5.1	Business connections to the internet
Standard	10.6	Increase business confidence
Indicator	10.6.1	Level of Tasmanian business confidence
Standard	10.7	Maximise economic growth through value-adding
Indicators	10.7.1	Level of value added by manufacturing industries per head of population
Standard	10.8	Promote our island advantages including our 'clean green' image, natural resources, location and people
Indicators	10.8.1	Tourism expenditure
	10.8.2	Visitor numbers

Tasmania *Together* benchmarks have been embedded in the objectives within the Year in Review.

Objective 1

Attracting investment

– promoting investment and assisting people to seek market opportunities

We achieve this through our corporate plan objectives:

- 1.1 Identifying and targeting investment opportunities
- 1.2 Leveraging the state's investment in new infrastructure
- 1.3 Positioning and promoting Tasmania as a preferred investment destination
- 1.4 Facilitating major investment projects
- 1.5 Encouraging reinvestment and expansion by existing priority industries

Investment in Tasmania has grown strongly over the past year. Private investment in the 12 months to June 2009 totalled \$4.75 billion, an increase of 13.3 per cent compared to the previous year. This was led by particularly strong growth in machinery and equipment investment.

Public investment in the 12 months to June 2009 totalled \$989.0 million, an increase of 15.8 per cent compared to the previous year, supported by increased State and Australian Government infrastructure spending.

Film and screen industry

Four productions were supported through the Filming in Tasmania scheme by way of subsidies or grants totalling over \$97 000. The productions were: feature film *Dying Breed*, drama *The Last Confession of Alexander Pearce* and documentaries *Feral Peril* and *Storm Surfers*. *The Last Confession of Alexander Pearce* was nominated for an Irish Film and Television Award and *Feral Peril* was screened on the ABC. *The Passionate Apprentices* series, a production of 2007-08, was one of the highest-rating documentary strands on SBS during 2008-09.

Investment website

Work on a new Invest in Tasmania website continued in collaboration with the Tasmania Brand Project, to market Tasmania as an investment destination and promote the state's economic environment, natural and competitive advantages, major infrastructure and key industry sectors and opportunities.

Food sectors

During 2008-09 in-kind and financial support was provided to businesses in the food sector to address issues such as evolving market demands, climate change and investment attraction opportunities in Tasmania.

Two loan schemes were developed for Tasmanian farmers. The Farm Water Development Loan Scheme provides short-term financial assistance (\$100 000 to \$750 000) to farming enterprises to facilitate the uptake of irrigation infrastructure with the aim of boosting their agricultural productivity.

The second program, the Drought Recovery Restocking Assistance Scheme, provides short-term financial assistance to farming enterprises in exceptional circumstances declared areas to support restocking investment following drought. The scheme provides loans of up to \$250 000.

Collaborative efforts were initiated with Dairy Tasmania and Fruit Growers Tasmania to promote Tasmania as an investment destination for dairy farming and horticultural operations. The department also promoted controlled environment agriculture opportunities in the state.

Natural gas

By the end of 2008-09, some 6 700 customers were connected to the natural gas distribution network owned by TasGas Networks. Approximately 43 000 residential and business premises are able to access the live gas network in Bell Bay, George Town, Launceston, Longford, Westbury, Wynyard, Port Latta, Devonport, Wesley Vale, Burnie and Hobart.

The department is actively exploring the use of natural gas in 'off-network' applications including transport fuel and in areas remote from the established pipelines. Both Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) offer economic and environmental benefits compared to petroleum-based fuels.

Strategic land use and development

The proposed Mersey Regional Industrial Area at Pardoe is a 170 hectare, privately-owned, greenfield site located in the Devonport and Latrobe municipalities adjacent to the Devonport airport. Due to the shortage of available industrial land in the area, a working group comprising the Devonport City and Latrobe Councils and State Government agencies commissioned a number of consultancies to identify suitable land that will support future industrial growth. The Economic Development and Tourism North West Regional Office has managed this project since its inception, working with the councils to secure the support of landowners and supporting a public consultation process. Following the councils' joint approval of the rezoning of the Pardoe land to industrial, the matter was referred to the Resource Planning and Development Commission for consideration.

The Tasmanian Development Board recommended that a loan of \$4.5 million be made available to Mr RG Sattler at its December 2007 meeting, to assist with the construction of the second links golf course on the 'Barnbogle' property at Bridport. The initial drawdown on this loan was effected during the 2008-09 financial year. The course, to be known as 'Lost Farm' is progressing well with shaping completed and the majority of the holes and fairways grassed.

The department coordinated a combined government response to the Resource Planning and Development Commission (RPDC) on Walker Corporation's Draft Integrated Impact Statement for its proposed Lauderdale Quay property development in southern Tasmania.

Broadband development

2008-09 represented the second year of the three-year Tasmanian Broadband Development program. Achievements included:

Completion of the first revision of the Tasmanian Broadband Audit report.

Mapping of all telecommunications assets across Tasmania to assist with the state's submission of a proposal under the Australian Government's National Broadband Network RFP.

Establishment of an online web portal for Tasmanian councils to register all capital works projects in order to be considered for co-location of telecommunications infrastructure.

Facilitation of the Premier's Wireless Waterfront project in Hobart.

Establishment of the Launceston Inner City Fibre network under the Australian Government's Building on Broadband program. This project is the first of its kind for Australia involving the re-utilisation of abandoned and under-utilised buried assets.

Digital industries sectors

In 2008-09 a focus was placed on promoting the Tasmanian digital industries sectors both nationally and internationally. Some examples of activities included:

Hosting an industry promotional event in Sydney attended by the Minister for Economic Development and involving senior executives from Microsoft Australia, Apple Australia, Infosys, Logica CMG, Dell Australia, Fujitsu Australia, PK Business Advantage, UXC and the Chair of the Terria Group.

Development of a multimedia promotional tool that showcases Tasmania's key benefits and the specific strengths of organisations across the industry sectors dependent on the target audience. The first version promotes the businesses that were successful in receiving the State and Australia Governments' Intelligent Island grants. There are plans to release a separate version promoting organisations with strengths aligned to the National Broadband Network project.

Participation in a number of national and international policy and strategy forums including the National ICT Skills 2020 Think Tank, the Australian Government's Digital Economy workshops, the Online and Communications Ministerial Council's Digital Economy working group and the Intel Mature Markets of Asia Pacific Government Dialogue on Broadband and the Digital Economy.

The department also played an important part in the preparation and submission of a bid by the State Government to roll out the Australian Government's proposed National Broadband Network in the state.

Forest industries

During 2008-09, Norske Skog commenced construction of its \$50.0 million softwood conversion project. This project has been facilitated by Tasmanian Community Forest Agreement grants and a loan from the department.

During the year, the non-Tasmanian assets of Australian Paper were sold by PaperlinX. PaperlinX established a new company, Tas Paper, to operate the Wesley Vale and Burnie plants and commenced a review of the plants. The department has been involved in ongoing discussions with Tas Paper during this review process.

Ta Ann's Smithton mill was officially opened in November 2008. The mill became fully operational in May 2009. Peeled veneer will be exported to Malaysia from Burnie. The Smithton project is worth over \$30.0 million and approximately 60 full-time jobs have been created at the mill. This is the company's second mill to be constructed in Tasmania and the department played an important role in facilitating both projects.

The implementation of the proposed Gunns Limited Pulp Mill required significant coordination between Gunns and a number of State Government departments and regulators. The department undertook a facilitation role during part of the year.

While Gunns continued to seek finance it was not able to proceed with the development, the department's Pulp Mill Steering Committee was disbanded and the level of facilitation support afforded the project through that committee ceased.

At the end of 2008-09, Gunns was still working to secure finance for the project. Gunns announced late in the financial year that it had selected a preferred joint venture partner for the project.

Controlled waste management

The department played a central role in organising a national conference on 'Managing Waste in a Changing Climate', which was held in Launceston in March 2009.

The conference was attended by 160 delegates from across Australia, New Zealand, Europe, Japan and Singapore. The conference provided Tasmania's state and local governments, large businesses, and small and medium enterprises (SMEs) with an opportunity to engage with national and international experts in the management of waste and the implications for reducing greenhouse emissions.

Mining and mineral processing

As a result of the global recession significant adverse conditions have emerged in markets for mineral commodities. This has been reflected in the temporary closure or reduction in operations at a number of Tasmanian mines. The climate for new investment in the industry is similarly affected. However, the department is continuing to work with the proponents of a number of exciting new development opportunities.

Alternative energy

Alternative energy projects have been identified where Tasmanian raw materials and technological know-how can be combined and advanced to a commercial scale. Tidal power, geothermal energy, remote area power generation, and the use of CNG and LNG within the road transport industry are all projects being developed. The department is liaising with proponents and encouraging them to advance their projects.

Antarctic sector

In October 2008 Antarctic Tasmania hosted a visit by the Russian Ambassador to Australia, Mr Alexander Blokhin who was accompanied by Protocol Attaché Mr Yaroslav Eremin.

An annual grant of \$20 000 was provided by the department to the Tasmanian Polar Network (TPN) to implement actions identified under the TPN Strategic Plan including quarterly network meetings and targeted functions for members of the French National Antarctic Program.

The State Government supported the Antarctic Climate and Ecosystems Cooperative Research Centre (ACE CRC) bid for re-funding. The successful bid was submitted to the Australian Government on 20 March 2009. The department, together with the Tasmanian Climate Change Office and the Department of Premier and Cabinet, jointly committed staff in-kind support totalling 0.8 of a full-time employee annually over five years. Under the terms of the bid, this contribution is valued as a \$1.0 million in-kind contribution from the State Government.

The ninth Antarctic Midwinter Festival was hosted between 19-28 June, with a ten-day program of events on the theme of Tasmania's unique connections with Antarctica.

Antarctic Tasmania hosted the second International Forum on the Sub-Antarctic in April this year. The forum attracted over 60 delegates from five countries.

The forum provided valuable opportunities for cross-disciplinary discussions between scientists, policy makers and environmental managers to examine how terrestrial ecosystems can be managed to mitigate the effects of external change, including control and management of introduced species.

Science and technology

Construction of the \$40 million Menzies Centre co-location in Hobart continued during the year. The department is managing the grant in support of the project.

The two-year (2007-09) \$2.4 million Springboard Accelerator Program helps innovative, export-focused science and technology businesses develop and commercialise their products and services. Over this period, more than 100 individual expressions of interest have been received, with 17 firms participating in the program. These include Australian Seafood Industries, Solux, Assistive Technologies, SConsulting, Vision Instruments, My Lyfe and Terrestrial Systems. All firms participating have expressed a high level of satisfaction with the business planning, marketing and commercialisation advice received.

Manufacturing industry

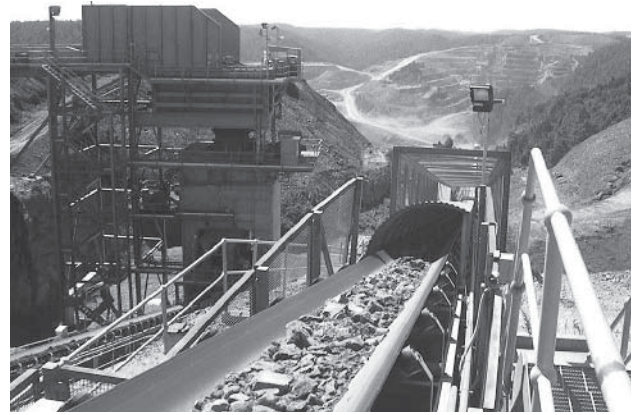
A manufacturing forum entitled 'Lean Principles in Action' was held in Devonport and Hobart on 4-5 March 2009. The forum featured two South Australian manufacturers – Guy Fens and Peter Hooper who, with the assistance of the South Australian Government's Centre for Innovation, have applied lean thinking to a warehousing and distribution environment and production processes with great results. The forums were interactive and were attended by over 120 participants from the north and south of Tasmania.

Department officers attended a workshop 'Making Measures Work' on 5 October 2008 along with industry representatives from Incat, ACL Bearings, Penguin Composites, Rio Tinto, Skretting, Moonraker, Inghams, APCO, Tascot and Lionel Brown Pty Ltd. Following the workshop the group toured the Incat site to see firsthand the lean measures that have been responsible for significant efficiencies.

Climate Futures for Tasmania – Infrastructure project

On 3 February 2009, the Minister for Economic Development spoke at a launch of the Climate Futures for Tasmania – Infrastructure project. The total value of this project is over \$300 000, of which \$100 000 is being provided through the department's Research Partnership Program. The project is being coordinated by Pitt & Sherry Pty Ltd with key input from the ACE CRC. Other financial stakeholders include the Department of Infrastructure Energy and Resources, the Local Government Association of Tasmania and the majority of local councils around the state.

The aim of the project is to use the climate projections produced by the ACE CRC to develop a tool to assess the performance of Tasmanian infrastructure under different climate scenarios. These climate predictions will assist in developing a risk profile for the state's major infrastructure assets and in the future planning and design of infrastructure.



Above: Conveyor at the Australian Bulk Minerals mining area
Middle: Irrigation in Tasmania's Midlands
Below: Menzies Research Institute, Hobart



Objective 2

Increasing exports and maximising import replacement

– supporting people to succeed domestically and internationally

We achieve this through our corporate plan objectives:

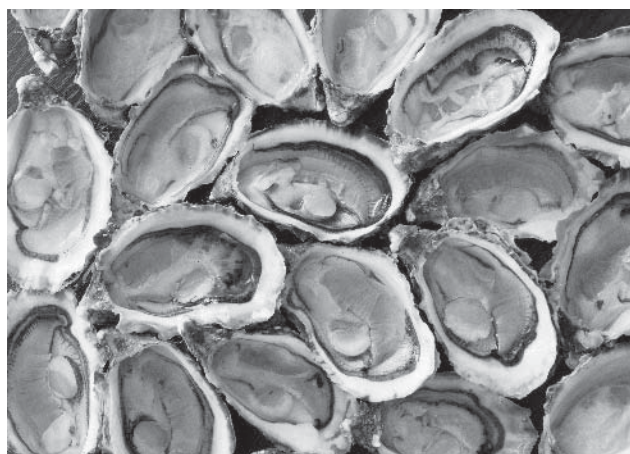
- 2.1 Assisting Tasmanian industry and firms to export goods and services
- 2.2 Encouraging use of local goods and services
- 2.3 Promoting Tasmanian products and services and leveraging our brand
- 2.4 Attracting international students to Tasmania

In 2008-09 Tasmanian exports continued to be a significant contributor to the state's economy. The nominal value of overseas merchandise exports from Tasmania in the year to June 2009 was \$3.5 billion. While this represented a slight decrease compared to the previous year, it was a strong result considering the volatility in the Australian dollar and an overall slowing of international trade levels over that time.

Promoting Tasmanian exporters

The Export Marketing Assistance Scheme assists individual enterprises to pursue new export market opportunities. During 2008-09, 39 enterprises were assisted to undertake 47 separate international marketing activities.

Tasmanian enterprises representing a range of industry sectors participated in 14 national and international promotions, market development missions and trade exhibitions. These and other marketing activities undertaken during the year resulted in over \$15.2 million in initial export sales. International activities included:



Activity	Location	Tasmanian representation
Ministerial Industry Trade Mission to Asia	Hong Kong, Republic of Korea, Japan and Taiwan	Minister for Primary Industries and Water, Fruit Growers Tasmania, Reid Fruits and Quarantine Tasmania
Ministerial Industry Trade Mission to China	China	Minister for Economic Development and three infrastructure supplier enterprises
Asian Racing Conference 2008	Japan	Four infrastructure supplier enterprises
South East Asia ICT New Market Investigation Mission	Vietnam and Thailand	Three ICT enterprises
International Workboat Exhibition 2008	United States of America	Five maritime enterprises
Whitebait and Kale Tasmania restaurant promotion	Singapore	Fifteen food and beverage companies
South East Asia ICT New Market Investigation Mission	Hong Kong and China	Four ICT enterprises
Fancy Foods Expo 2009	United States of America	Five food and beverage companies representing 11 Tasmanian suppliers

A number of activities were also undertaken in the national market. These domestic marketing activities in many cases are a precursor to future international market development activities and provide enterprises with significant sales opportunities.

Activity	Location	Tasmanian representation
Australasian Aquaculture Exhibition 2008	Brisbane, Queensland	Six aquaculture industry equipment suppliers
Tasmania Unbottled tasting event	Sydney, New South Wales and Brisbane, Queensland	Thirty one food and beverage companies
Health Informatics conference 2008	Melbourne, Victoria	Three e-health enterprises
Fine Food exhibition 2008	Melbourne, Victoria	Ten food and beverage companies
Australasian Oil and Gas exhibition 2009	Perth, Western Australia	Ten suppliers of products and services to the oil and gas industry
Savour Tasmania restaurant promotion	Hobart, Tasmania	Multiple food and beverage companies
Restaurant 09 exhibition	Melbourne, Victoria	Eight food and beverage companies

Providing resources for our exporters

Ten export education workshops and seminars were presented to 184 participants throughout Tasmania this year. The export education program covered topics such as 'E-Business', 'Do you want to export?', 'Export practices', 'Beyond the financial crisis', 'India and South India opportunities', 'Branding', 'Export Market Development grants' and 'Women in export'.

2008 Tasmanian Export Awards

Economic Development and Tourism coordinated the 2008 Tasmanian Export Awards program which culminated in a presentation dinner held at Wrest Point, Hobart, attended by 240 guests. The Learning Edge International received the Minister for Economic Development's 2008 Tasmanian Exporter of the Year Award – the overall winner from all categories. Mr Josef Chromy OAM won the 2008 Tasmanian Award for Export Leadership.

Tasmanian Industry Capability Network (ICNTAS)

The department continued to help local businesses gain more work in major projects and government procurement, including defence through ICNTAS. In 2009 the online capability of ICNTAS was developed to include web portals for major projects and industry specific directories. These included state water projects through the Tasmanian Irrigation Development Board and a capability directory for the Tasmanian 'Building the Education Revolution' project to maximise opportunities for local small and medium enterprises (SME).

Through ICNTAS five applications were successful for the Australian Government's Enhanced Project By-law Scheme, which is aimed at reducing tariff duties on imported goods.

Tasmania Brand Project

The Tasmania Brand Project developed the strategic vision for strengthening the perception of Tasmania with internal and external audiences. The project supported initiatives such as Savour Tasmania, Population 500000 and G'day USA and worked with the Brand Tasmania Council to help deliver on its strategic direction.

Attracting international buyers

In the 2008-09 financial year the department organised 11 inward buyer delegations seeking products and services from all industry sectors. Buyers came from markets including Japan, the Netherlands, Mexico, China, India, Thailand, Malaysia, Singapore and mainland Australia. Over 130 trade meetings resulted from the visits.

Attracting international students to Tasmania

Until December 2008, the department continued its role of recruiting overseas students for TAFE Tasmania and State Government schools. With changes to the government education delivery systems, the function was transferred to the Tasmanian Polytechnic in January 2009. International students enrolled at Tasmanian institutions in the calendar year 2008 totalled 4 415, a seven per cent increase on the previous year, with overseas students' expenditure contributing an estimated \$80.0 million to the Tasmanian economy.

Promotional activities were undertaken in Thailand, Korea, Taiwan, China, Hong Kong, Japan and Vietnam resulting in 662 enrolments in 2008, an increase of five per cent from 2007.

Objective 3

Stimulating innovation and business development in the Tasmanian community

– helping our clients to achieve their goals and improve their prosperity

We achieve this through our corporate plan objectives:

- 3.1 Assisting Tasmanian businesses and industry to innovate, grow and be sustainable
- 3.2 Assisting Tasmanian businesses to commercialise innovative ideas and products
- 3.3 Working with enterprises to build the capability of the Tasmanian workforce
- 3.4 Attracting business and skilled migrants

Economic Development and Tourism undertakes a variety of activities to stimulate innovation and develop Tasmania's business community. Each year we award grants to promote innovation, commercialisation, research, skills and workforce participation, and the development of innovative industries such as biotechnology. We also work closely with Tasmanian businesses to improve their efficiency and productivity, and adopt best-practice industry processes.

Workforce Participation Program

The Partnerships to Jobs program was replaced by the Workforce Participation Program in 2008-09. It provides grants to organisations that directly employ or facilitate the employment of Tasmanians without recent work experience and who face barriers to working. In 2008-09, \$1.80 million was committed to 25 projects aiming to achieve employment for 280 Tasmanians. By the end of the financial year, the Workforce Participation Program and previous projects funded through Partnerships to Jobs delivered 393 jobs for disadvantaged jobseekers.

Intelligent Island

In the past year the Intelligent Island's Market Access and Partnership Program (MAPP) assessment panel recommended that 14 applicants, 11 Commercial grants and three Special grants, be funded with a total budget of \$6 747 151. This exceeded the original MAPP budget by \$47 151, with the additional monies absorbed by surplus funds returned to MAPP from Intelligent Island Phase One projects. This was the fourth and final round of MAPP since its inception in 2006.

Business Boost

The Business Boost Program offers business assistance in a group-delivery format. The program has provided training and professional development for small and medium sized businesses and has enabled businesses to see first-hand best practice in their industry.

Nine Business Boost projects were approved in 2008-09 with 323 clients participating in workshops. An amount of \$149 454 was disbursed with forward commitments of \$13 000 in 2009-10.

North East Tasmania Micro Program

In response to the loss of jobs at Auspine, the Northern Regional Office planned and delivered the North East Tasmania Micro program (NETMicro). NETMicro was targeted at providing one off grants to help small businesses expand in the Dorset region. The \$600 000 program was funded on a 50/50 basis between the State and Australian Governments. Following a public call for applications, 20 businesses were awarded grant funding in the range of \$10 000 to \$50 000. This seed funding is expected to trigger further investment of \$1.8 million and create 32 jobs.

North West Regional Industry Network

The North West Regional Industry Network was initiated through the North West Regional Office following consultation with regional industry stakeholders. The network provided an opportunity for regional businesses across a range of industries to meet and share information, discuss ideas, and consider solutions that may benefit the participating businesses.

The department provided Business Boost program funding to support two information/networking sessions during the year.

Tasmanian Innovations Advisory Board

The Tasmanian Innovations Advisory Board (TIAB) was established in 1999 to advise the State Government on innovation policy and its implementation. The Hon. Michael Field AC is the Chairman of the TIAB.

The TIAB also assesses the Tasmanian Innovations Program (TIP) and Research Partnerships Program applications. Businesses supported through TIP in 2008-09 included:

Datacall Telemetry Pty Ltd – \$150 000 for commercialisation of FLECK wireless sensor network technology

Multi-ed Medical Pty Ltd – \$150 000 for commercialisation of health and medical software for mobile devices

Agent Technology Pty Ltd – \$150 000 for its supply chain management software for the independent food and grocery sector

Spring Bay Seafoods – \$150 000 for a new range of value-added products

Seafish Tasmania Pty Ltd – \$150 000 to improve salmon waste

Essential Oils of Tasmania Pty Ltd – \$60 000 for its essential oils fractionation process

Spatial View Technologies Pty Ltd – \$20 000 for the Spatial View Emergency Response System.

Skills response and development

The department provides assistance to employers and employees when a business decides to substantially reduce its workforce or close. This year assistance was provided to a number of businesses, including the State Government's own Tasmania's Temptations Holidays.

The department worked extensively with the management of Launceston-based ACL Bearings to ensure its survival and the retention of 285 jobs. The aim was to assist the company to increase its global competitiveness and secure its long-term future. In June 2009, the Australian Government agreed to provide grants of \$7.0 million to support the company's re-investment program to improve productivity.

Following the closure of the Van Dieman Mine, staff worked with the ex-employees and contractors to identify new employment opportunities. Most were able to secure new employment within the first few weeks of unemployment.

The Market Ready Commercialisation Program is designed for Tasmanian businesses that are commercialising innovative products, processes or services. Sixteen participants completed eight intensive one-day workshops over a period of three months.

Research commercialisation boot-camps were held over two days to assist research organisations to build a commercial culture and awareness within their organisation.

Thirty five participants attended Critical Success Factors for Raising Capital and Rapid Growth workshops held in Hobart and Launceston targeted to fast growth entrepreneurial companies. A similar target group of 16 high technology businesses attended a Closing Sales workshop held in Hobart in May 2009.

Over the last 18 months the State Government has piloted an action learning program, Manufacturing Excellence Insights, which aims to address the low level of adoption of best practice in Tasmanian manufacturing. The pilot involved a number of two-day visits of 20 participants from Tasmanian enterprises to mainland best practice exemplars and has been modelled on the successful United Kingdom (UK) Action Learning program 'Inside UK enterprises' (IUKE). The visits are followed by regionally based half-day feedback sessions in Tasmania to encourage Tasmanian enterprises to learn from each other.

The department, in conjunction with the Manufacturing Industry Council and the Department of Education coordinated a series of Manufacturing Open Days to expose career teachers and pathway planners to modern manufacturing operations, and view the diverse career opportunities in manufacturing to dispel any negative perception of the manufacturing industry.

Over 90 teachers and 28 businesses participated in the highly successful tours involving a wide cross section of the Tasmanian manufacturing sector.

Business Over Breakfast forums continued this year with 90 Launceston business people attending the launch of Five Days of Innovation by the Premier. The keynote speaker Mr Matthew Michalewicz, spoke to the group on Winning through Innovation

i-cubed Networking Seminars promote interaction between innovators, investors and intermediaries to assist with professional development, investment attraction, strategic alliances and consortia building. Three events were held on the topics of Green Technology, Nanotechnology and Marine Biotechnology in a Changing Climate. In total 200 people attended the events.

Pitch Club is a business pitching initiative developed for the department by Christo partners. Pitch Club is growing in popularity and this year attracted additional sponsorship from Autech Software and Design, the University of Tasmania and Focussed Strategy. It encourages participants to pitch their early-stage entrepreneurial ideas, exposing them to investment, partnership opportunities and networking. Pitch Club was held twice this year, once in Hobart and once in Launceston with 148 investors, entrepreneurs and business intermediaries attending the two events.

Enterprise Centres

Enterprise Centres are independent, non-profit, community-based organisations partially funded by the department. Enterprise Centres are located throughout Tasmania and offer free and confidential high-quality business advisory and counselling services to existing small businesses and those who wish to start a business. During the 2008-09 period, the eight Enterprise Centres dealt with over 2 000 enquiries, resulting in the establishment of 378 new businesses and 681 new jobs.

Mentoring services

In 2008-09 Business Mentor Services Tasmania, formerly known as Mentor Resources Tasmania, continued to deliver a general mentoring service across the state. It assisted in creating 65 new jobs, maintaining 309 jobs and provided assistance to 153 businesses.

Microcredit

During the year, in partnership with the No Interest Loans Scheme (NILS) Network, the department provided a Men in Business Micro-credit program and a Women in Business Micro-credit program. These programs provide low-income men and women with loans of up to \$3 000 to assist them in commencing self-employment. In the 2008-09 financial year NILS issued \$85 715 in loans to 30 low-income Tasmanian men and women. Most of these loans were for \$3 000 and provided support to pay for costs such as insurance, business registration and internet access.

Enterprise Growth Program

The Enterprise Growth Program offers tailored assistance to individual businesses based on four themes: business efficiencies, accessing new markets, growth strategies, and environmental sustainability.

The 2008-09 financial year saw strong demand for the Enterprise Growth Program, with over \$1.0 million provided to businesses to help them identify, evaluate and invest in projects that would significantly improve their sustainability, performance, growth and productivity.



Examples of Enterprise Growth Program funding

Abalone Farms Australia Pty Ltd	\$4 650	Assisted the company to engage an external consultant to develop an investment prospectus in the form of an information memorandum to distribute to prospective investment entities.
Currawong Engineering	\$50 000	Contributed to Currawong Engineering winning an order from a defence contractor based in the United States of America for the supply of components.
Mader International Pty Ltd	\$50 000	Assisted the company to engage an external consultant to support the implementation of lean manufacturing and the purchase of specialised equipment associated with this process.
Plane Tree Studio Inc.	\$10 000	Supported a significant increase in production capacity to establish interstate distributors and access to new markets.
Premium Fresh Tasmania	\$50 000	Assisted in the development of a production and harvesting system to support the extension of the carrot season increasing supply opportunities in international markets.
WGL Enterprises Pty Ltd	\$19 733	Enabled the company to network with the 60 major Australian enterprises in the sector creating an opportunity to increase market share and establish strategic alliances with providers of complementary products.
Winemaking Tasmania Pty Ltd	\$50 000	Assisted the company with the purchase, construction and installation of a wastewater treatment plant using a modern bio-treatment process referred to as a Sequencing Batch Reactor, allowing the company to proceed with a significant expansion of its processing facility.

Employer of Choice program

The Employer of Choice Award celebrates workplaces that adopt modern human resource practices, promote work-life balance and engage their staff in the development of employee benefit strategies.

The 2008 Employers of Choice were SEMF Pty Ltd and Vodafone Australia Pty Ltd. They join the 2007 winners, Fairbrother Group, Hazell Bros Group and WHK Group on the Tasmanian Employer of Choice Honour Roll.

The Employer of Choice Network encourages Tasmanian businesses to share ideas about successful employer of choice practices. In 2008-09, a number of the Tasmanian Employer of Choice Honour Roll members delivered workshops around the state, sharing with businesses how they developed and implemented successful employer of choice practices.

Premier's Fuel Summit

The Premier's Fuel Summit was designed to help ease the impact of high fuel prices on Tasmanian families and businesses. It enabled the State Government to connect with the community and identify innovative local responses to a major global issue affecting all transport users.

The department took the lead in organising the summit, which was held in Launceston in September 2008. Approximately 110 people attended the event.

Attracting business and skilled migrants

During 2008-09 the department sponsored 176 skilled and 29 business migration applications and assisted 108 migrants (excluding dependent family members) to settle in Tasmania. Having assumed a new role as a Regional Certifying Body in May 2008, the department also certified 271 skilled positions with 93 different employers under the employer-sponsored visa program.

Business migrants invested approximately \$12.1 million in various industries such as property development, farming, tourism, cafes and restaurants, and retail trades.

In addition, the department:

- marketed Tasmania as a migration destination in Britain, Germany, Korea and South Africa

- assisted prospective migrants to make exploratory visits to the state and secure employment in high-demand occupations

- launched a new migration DVD marketing the benefits of moving to Tasmania to prospective migrants

- launched a new information booklet for local businesses about overseas recruitment and how to access regional employer-sponsored visa schemes

- provided settlement support services to new arrivals.

Biotechnology sector program

Projects and activities targeting the biotechnology sector have included:

- three networking functions and two meetings of the Tasmanian Biotechnology Network to encourage collaborative relationships between industry, the research sector and investors

- three skills development workshops that helped develop researchers' commercialisation and media communication skills

- support for Tasmanian enterprises and researchers to participate at the national (AusBiotech 2008) and international (Bio 2009) biotechnology business partnering and investment tradeshows

- development of communication materials to promote industry and research capabilities nationally and internationally

- intelligence gathering and liaison with national and international industry bodies, partners, investors and the wider biotechnology community to encourage linkages and sector growth.



Opposite: Loading products at Premium Fresh Tasmania

Above: AusBiotech 2008 conference

Below: Footwear making process at the Blundstone factory, based in Hobart

Objective 4

Providing opportunities for all Tasmanians to participate in sport, recreation and physical activities

– improving the wellbeing of Tasmanians

We achieve this through our corporate plan objectives:

- 4.1 Building a culture of active participation
- 4.2 Developing sport and recreation facilities and environments
- 4.3 Assisting sport and recreation organisations to innovate, grow and be sustainable
- 4.4 Supporting elite Tasmanian athletes to compete internationally

Sport and Recreation Tasmania (SRT) gives strategic advice and financial assistance to sport and recreation providers in Tasmania. It also provides opportunities for all members of the community, from grass-roots participants to elite athletes and those who may be disadvantaged. Six annual grant programs are administered that provide funding to increase participation in sport and recreation. Funding is provided for sport development programs, facility development and expansion, equipment purchase, hosting of national championships in the state, and the employment of trainees in the industry.

Sport and Recreation Tasmania 2008-09 KPIs:	Target:	Outcome:
Total investment facilitated in sport and recreation infrastructure and programs in Tasmania	\$9.1 million	\$12.6 million
Total participation opportunities facilitated	112 500	182 920
Tasmanian Institute of Sport scholarship holders in national teams	65	65

During the year, SRT developed and delivered a number of projects and programs, either fully or in collaboration with other organisations. Examples included:

Strategic sport and recreation planning projects including Cradle Coast Open Space Planning and the Lake Barrington Management Framework.

Three harassment-free sport workshops and a Member Protection Officer course in partnership with the Office of the Anti-Discrimination Commissioner.

The Indigenous Sport Program, which enabled 337 children to participate in sporting activities including AFL, cricket, tennis, surf-lifesaving, softball and swimming.

The Aboriginal Outdoor Recreation Program through which 180 members of the Tasmanian Aboriginal community were able to reconnect with their culture and heritage.

Funding of \$40 000, administrative support and strategic advice to the A-League taskforce for a feasibility study into a Tasmanian A-League soccer team.

Funding for AFL Tasmania to develop new benchmarks that focus on creating safe environments for the sport including the Play by the Rules initiative.

The Wilderness Program

Three hundred and seven people benefited from participating in Wilderness Program courses during 2008-09, including a variety of adventure activities such as rock climbing and abseiling, kayaking, caving, bushwalking and lightweight camping. Bush-counselling techniques were used to create positive behavioural change in participants.

During the year the Wilderness Program undertook a comprehensive risk assessment, including the development and implementation of a contemporary and rigorous risk and emergency management system governing all program activities.

Premier's Physical Activity Council

The Premier's Physical Activity Council continues to lead the implementation of the Tasmanian Physical Activity Plan (2005-2010): LIVE LIFE Get Moving.

Activities in 2008-09 included:

Continued implementation of phase one and two of the Find Thirty® social marketing campaign, which includes television community service announcements. This campaign encourages Tasmanians to do at least 30 minutes of moderate-intensity physical activity on at least five days of the week for health benefits.

Promotion and distribution of the Get Moving at Work resource kit, an easy to use guide for employers wanting to establish or improve a workplace health and wellbeing program. The kit is available free of charge to all Tasmanian organisations and is supported by an online survey tool, which identifies health and wellbeing issues faced by employees.

Implementation of the Medibank Private Active Tasmania Awards, which recognised communities and schools that promote physical activity in their community. The 2008 awards attracted over 60 nominations, a 300 per cent increase from the previous year.

Support for the development of physical activity initiatives throughout Tasmania, including Get Walking Tasmania Week, which attracted over 12 000 participants and State Bike Week, which attracted over 1 400 participants

Silverdome

During 2008-09 the Silverdome completed its second year of operation under the management of the Tasmanian Institute of Sport. The majority of work under the facility's redevelopment program has been completed. Work still in progress at the Silverdome includes the on-track seating, arena lighting and supply and installation of a scoreboard.

The facility was utilised for 304 of 366 days (83 per cent across all days) in the 2008-09 financial year. Netball and cycling accounted for a combined total of 82 per cent of sporting use at the venue and 35 per cent of total venue usage.

Events held at the Silverdome during the year included:

Australian National League netball

Youth Alive concert

2008 Rock Eisteddfod and JRock

Rio Tinto Formula One in Schools state finals

The Silverdome was also utilised as a flu clinic for three weeks in June as part of the whole-of-government response to the Human Swine Flu (H1N1) virus.

Providing financial assistance

SRT administers six annual grant programs that provide funding to increase participation in sport and recreation. Funding is provided for sport development programs, facility and infrastructure development projects, equipment purchases, hosting of national championships in the state, and the employment of trainees in the sport and recreation industry.

Significant grants provided in 2008-09 were:

Major Grants Program	\$1 045 644
Minor Grants Program	\$266 996
State Grants Program	\$858 000
Community Recreation Grants Program	\$850 000
Trainee Subsidy Program	\$72 250
National Championships Programs	\$44 000
Trails and Bikeways Grants	\$415 000
Surf Life Saving Tasmania	\$150 000
AFL Tasmania	\$150 000
Tasmanian Netball Association	\$100 000
Sports Carnival Association of Tasmania	\$80 000
Launceston Aquatic Centre	\$1 300 000
Domain Tennis Centre	\$1 200 000
Bushy Park Showground	\$143 000
King George V grandstand	\$164 000
Evandale Sports Centre	\$150 000
Northern Regional Tennis Centre	\$480 000
Ulverstone Showground development	\$1 814 000

In 2008-09, grants worth \$8.3 million were administered to improve the quality of sport and recreation facilities, programs and services around the state and to increase the number of Tasmanians participating in sport and recreation activities.

Nearly 200 organisations received assistance through the State Grants Program, Community Recreation Grants Program, Major Grants Program and Minor Grants Program. Grants enabled the employment of 19 trainees and helped 18 organisations host national championships in Tasmania.

Encouraging and recognising excellence

Two Tasmanians were inducted into the Tasmanian Sporting Hall of Fame during November 2008.

Richard Fromberg (tennis)

Graham McVilly (cycling)

In March 2009, SRT held the 2008 Tasmanian Sports Awards, a highly successful event attended by over 420 people. Many outstanding achievements were recognised from grass-roots to elite level.

Tasmanian Institute of Sport

During the year the Tasmanian Institute of Sport (TIS) assisted 126 athletes across 25 sports through TIS scholarships. There were 65 national representations during the year, which met the key performance indicator for national participation.

A record 15 Tasmanians competed at the 2008 Olympic and Paralympic Games in Beijing, winning a total of five medals, equalling the highest number of medals won by Tasmanians at the Olympic Games.

The highlight performance was from rower Scott Brennan who won gold in the men's double scull. This crew was prepared in Tasmania and coached by Tasmanian Institute of Sport Head Rowing Coach Rhett Ayliffe. Other medal winners were David Guest, Eddie Ockenden and Matthew Wells for hockey (bronze) and Hollie Grima for basketball (silver).



Objective 5

Strengthening leadership and employee engagement

We achieve this through our corporate plan objectives:

5.1 Continuing contemporary leadership and development programs

5.2 Building an integrated organisation

5.3 Building communication processes

This year commitment to building a strong culture and increasing levels of employee engagement was demonstrated through a number of initiatives including the continuation of Take the Lead, the department's leadership program.

Leadership

Established in 2007, Take the Lead was designed for employees with direct management responsibility or employees who have responsibility for significant stakeholder management. Three groups participated simultaneously in Take the Lead in 2008-09, with two groups scheduled to complete the program in December 2009.

Service recognition

The department introduced a service recognition program to acknowledge those employees who have reached 15, 20 and 25 years of service within the Tasmanian State Service. Seventy five employees were recognised for their length of service in 2008.

Employee induction

During the year, a new induction framework was developed aimed at assisting effective employee integration. It incorporates a number of new initiatives including a welcome pack, online induction and a manager toolkit to support both the new employee and manager during the first three months of employment.

Training and development

The department continued its Developing Together program, which is a performance development framework that integrates individual planning and performance with the broader goals of the department.

A number of employees accessed support from the department's study assistance program to undertake tertiary study, with staff also participating in the Graduate Certificate in Government, run in-house in collaboration with the University of Tasmania School of Government.

Graduate Register and Corporate Internship Program

Two interns undertook work-based projects with the department and received credit for their undergraduate degrees as part of the Corporate Internship Program run by the University of Tasmania.

The department's Graduate Employment Register provides graduates with up to 12 months of work experience in fixed-term roles, exposing them to the government environment and providing practical development opportunities to increase their knowledge and skills for future employment.

Workplace diversity

The department provided a number of placements for volunteers from diverse backgrounds to gain work experience during the year.

The department submitted its Disability Action Plan in October 2008 with its focus on addressing accessibility in the following areas:

- access to working within the department
- access to information
- recruitment and employment of people with disabilities
- employees' training and awareness
- business and community programs.

Accessing and adopting practices for balancing work and personal commitments is encouraged by the department. Flexible work and leave arrangements include part-time employment, leave without pay, parental and adoption leave, the State Service Accumulated Leave Scheme and phased-in retirement.

In 2008-09 more than 20 per cent of staff were employed on a part-time basis, 24 staff accessed accumulated leave schemes, 15 staff accessed maternity leave and 17 employees accessed leave without pay options.

Workplace health and safety management

The Workplace Health and Safety Management System provides a number of strategies towards achieving safer systems of work. An example is a new workstation self-assessment program which was introduced to guide staff in correctly setting up their workstation. Over 50 one-on-one assessments were undertaken in 2008-09.

GLOW – Great Life Options at Work

The GLOW Program measures and targets employee health risks and delivers programs to manage overall employee health and wellbeing.

Some key projects and activities for 2008-09 included:

- access to a customised website for all staff to review information about nutrition, fitness and active health programs

- workplace pilates program

- free flu vaccinations

- free fruit provided to all agency worksites as a healthy snack alternative

- promotion of key Tasmanian health and wellbeing events

- information sessions and lunch-time forums

- corporate memberships to help promote staff participation in general health and wellbeing services.

22E Social Club

The 22E Social Club is run by a committee of dedicated volunteers who organise a range of activities and events throughout the year.

Events this year included a Melbourne Cup luncheon, bake-off competition, Halloween, mini Olympics, annual art competition the 'Lizibalds', a Kings and Queens-themed Christmas dinner and the interdepartmental quiz challenge.

Supporting charity

Staff members undertook a number of activities to support charities. Money was raised through casual clothes days and morning teas where staff had the opportunity to make a small donation. This year \$7 700 was raised to support the Cancer Council of Tasmania, Movember, and the World's Greatest Shave.

Measurement of client satisfaction

Client satisfaction remains an integral element of the department's key performance indicators. During the past year the department continued its quarterly surveys to measure satisfaction levels amongst clients and the results were positive. An 80 per cent satisfaction rating was achieved during 2008-09 mirroring last year's figure and remaining above the target of 75 per cent.

Balanced Scorecard Project

A Balanced Scorecard was implemented within the department which included team and individual indicators and targets.



Objective 6

Delivering outstanding client service and high-quality information and advice

We achieve this through our corporate plan objectives:

6.2 Responding to client and stakeholder needs in a timely and professional manner

6.3 Key systems development

Outstanding delivery of services to clients is a key component of Economic Development and Tourism's organisational success.

Business Point

The Business Point (BP) team provides the first point of telephone and online contact with the department. In 2008-09 BP assumed responsibility for the main reception phone number, which received 4 573 calls for the year.

Online contact with BP has grown significantly this financial year with over 24 600 unique visitors to the site, compared with 14 173 for the previous financial year. This increase may in part be due to the use of an improved web-based reporting system for the full financial year which has improved our ability to capture data. The number of contacts to the dedicated BP 1800 phone line and email address in the 2008-09 reporting period was 6 382.

BP also administers the Business Licence Information Service (BLIS). Over 1 660 BLIS reports were produced in 2008-09, of which 1 000 were online customers.

Regional offices

Our regional offices deliver economic development services across the north-west, northern and southern regions of Tasmania. Regional offices maintain a broad network with key regional stakeholders, Australian Government agencies and service providers in addition to State Government networks.

The key objective of the regional offices is to stimulate investment and growth in the traded sector throughout Tasmania.

Promotion and positioning

It is essential to provide easy-to-follow information about Economic Development and Tourism's services and the opportunities offered by Tasmania as a place to live and work, visit, study, trade and invest.

The department carries out a wide range of promotional activities including:

- participation in expos, trade shows and Tasmanian agricultural shows
- speaking engagements at industry events
- strategic advertising
- targeted media initiatives
- media stories and editorial in a range of publications
- sponsorship activities
- production of brochures, flyers, DVDs and other collateral
- internet-based information about the services and opportunities offered by Tasmania.

Major publications developed in 2008-09

Innovation, Science and Technology

- promotional materials and collateral relating to Tasmania's innovation, science and technology capabilities
- EXPOnent newsletter
- TasBioSpace newsletter
- brochure for Health Informatics Conference (HIC 08) and Health-e-Nation exhibition
- flyers promoting the *i*-cubed seminar series
- flyer case studies of Market Access and Partnerships Program recipients

Sport and Recreation Tasmania

promotional materials and collateral for the 2008 Medibank Active Tasmania Awards

Actively in Touch newsletter

Get Moving Tasmania newsletter

promotional materials for the Tasmanian Sporting Hall of Fame

posters for the Find Thirty® campaign and the Giant Walk

brochure promoting the Aboriginal Outdoor Recreation Program and the Indigenous Sport Program

booklets promoting sport and recreation opportunities in the northern and north-west regions of Tasmania

promotional materials for the 2008 Tasmanian Sports Awards

Tasmanian Institute of Sport quarterly bulletin

Business development

promotional materials and collateral for the 2008 Employer of Choice program, the Workforce Participation Program and the Enterprise Growth Program

booklet template for Business Survival Disaster Plans

brochure promoting the online business directory www.biztas.com

brochure and collateral promoting Business Point

booklet promoting the Tasmanian Leaders Program

Export development

promotional materials and collateral for the Tasmania Unbottled event

flyers and poster promoting the Exporter Education workshop series

ExportActive, Skilled Migration and Moving South newsletters

promotional materials and collateral relating Tasmania's export and investment marketing capabilities

flyer promoting state-sponsored migration for TAFE Tasmania graduates

booklet guide for employers sponsoring overseas workers

Food, Manufacturing and ICT

promotional materials and collateral for the Tasmanian Broadband Development Network

booklet promoting the Tasmanian Food and Beverage Strategy 2008-2011

flyers promoting Manufacturing Industry Council events

booklet promoting Tasmania's defence industry capabilities

booklet promoting the work of the Industry Councils throughout 2008

promotional materials for the 2009 Manufacturing Conference

booklet promoting improving manufacturing competitiveness

Resource and Infrastructure

flyer promoting the Premier's Fuel Summit

flyer promoting the Tasmanian Technopark

Investment Attraction

map promoting regional economic development and investment in Tasmania during 2008

Antarctic Tasmania

promotional materials and collateral for the 2009 Antarctic Midwinter Festival

brochure promoting the 2009 second International Forum on the Sub-Antarctic

Whole-of-department

Department of Economic Development and Tourism Disability Action Plan

Knowledge management

A knowledge management strategy for the department was launched in April 2009. The goal of the strategy is to develop 'an organisation that understands the value of knowledge and encourages its sharing by providing easy access to knowledge, empowering its people in problem solving, improvement and innovation, and sharing knowledge across all levels'.

The strategy contains initiatives in the four areas of: people, technology, process and content. One of the most significant initiatives has been the development of 'communities of practice'. So far, communities have been established in the areas of knowledge management, project management, event management, grant management, client services, information technology, and people development.

Work continued on integrating Tourism Tasmania and Events Tasmania into the department's information management systems.

About us

As at 30 June 2009 the Department of Economic Development and Tourism reported to the Minister for Economic Development, Minister for Tourism and the Minister for Sport and Recreation.

Several boards and statutory authorities have governance responsibilities for specific functions administered by our department.

Tasmania Development and Resources is established under the provisions of the *Tasmanian Development Act 1983* to encourage and promote the balanced economic development of Tasmania.

Department structure

During 2008-09 the department implemented its strategies through six divisions:

Industry Development – responsible for investment attraction, key industry sector support and export and market development.

Enterprise Development – responsible for enterprise support for small and medium businesses, regional economic development, innovation and employment.

Corporate Support – responsible for key organisational support activities including finance, human resources, communications, secretariat, compliance, information technology, organisational development and information management.

Strategic Policy and Research – responsible for comprehensive policy advice and research that informs and supports departmental decision-making and initiatives targeted at strengthening and growing the Tasmanian economy.

Tourism Tasmania – leads the tourism industry to jointly deliver marketing and development programs that drive benefits for Tasmania from domestic and international tourism. Tourism Tasmania links government and the private sector in marketing the assets which make Tasmania unique.

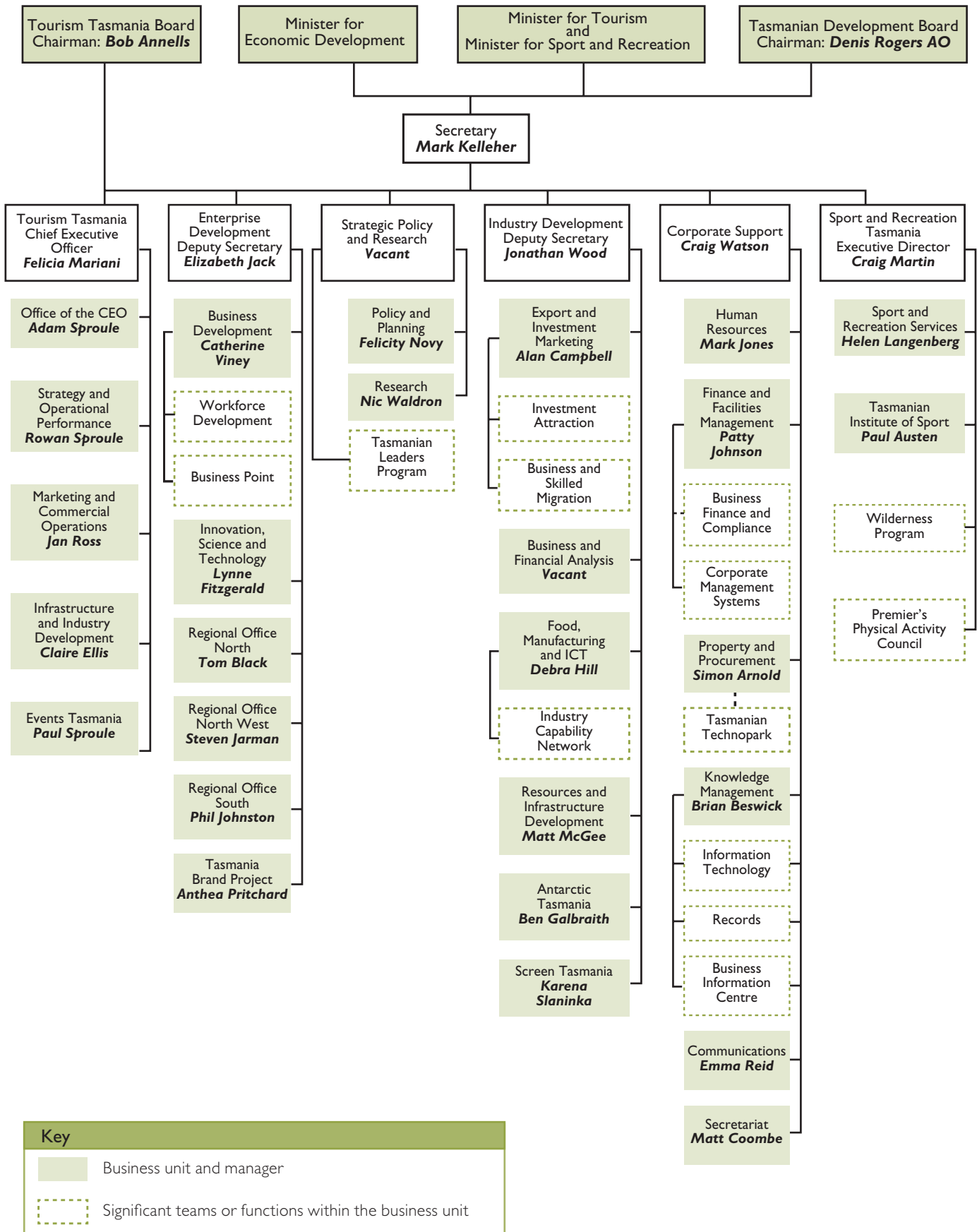
Sport and Recreation Tasmania (SRT) – provides a range of consultancy services, high-quality information and advice to the sport and recreation sector. SRT includes the Tasmanian Institute of Sport, the Wilderness Program, Sport and Recreation Services and the Premier's Physical Activity Council.

Economic Development and Tourism also provided administrative support to a number of independent entities.

These are Brand Tasmania, Interim Secretariat for the Agreement on the Conservation of Albatrosses and Petrels (ACAP), the Council of Managers of National Antarctic Programs (COMNAP) and the Tasmanian Leaders Program.



Organisation chart as at 30 June 2009



The Tasmanian Development Board

The Tasmanian Development Board is responsible for the industry-related activities of the Department of Economic Development and Tourism. The board's primary focus is on the creation of investment and associated employment through the implementation of the State Government's economic and social strategies. It has specific areas of responsibility under the *Tasmanian Development Act 1983* and governs the legal entity Tasmania Development and Resources.

From the beginning of the financial year until 9 September 2008, Norm McIlfratrick was Secretary of the Department of Economic Development and Tourism and CEO of Tasmania Development Resources (TDR). Norm resigned from these positions to assume the role of Secretary of the Department of Infrastructure, Energy and Resources.

Mark Kelleher was appointed Secretary of the Department of Economic Development and Tourism and CEO of the TDR in May 2009. Executive Director Corporate Support Craig Watson acted in these positions in September and October 2008. Deputy Secretary Industry Development Jonathan Wood acted in these positions for the remainder of the financial year until Mark Kelleher's appointment in May 2009.

Tasmanian Development Board Members

Members of the Tasmanian Development Board are appointed pursuant to Section 5(3) of the *Tasmanian Development Act 1983*.

Members serving during 2008-09 were:

Denis Rogers, AO

Denis Rogers has been Chairman of the Board since November 1998. Prior to his appointment to the Tasmanian Development Board, he was Regional Director of the Australian Bureau of Statistics in Tasmania and the State Government Statistician for Tasmania. He has extensive experience in financial management, statistics,

employee relations, marketing, product development, media and communications and international relations.

He was Chairman of Cricket Australia (Australian Cricket Board) for six years and was Chairman of the Tasmanian Cricket Association – a position he held for 18 years. Denis was appointed Chairman of the TT-Line Company Pty Ltd in March 2005 and also held the position of Chairman of the Tasmanian Institute of Sport for nine years. In recognition of his services to the community, his appointment as an officer in the Order of Australia was announced in the Australia Day Honours List for 2002.

Mark Kelleher

Mark Kelleher assumed the position of Secretary of the Department of Economic Development and Tourism and Chief Executive of the TDR in May 2009.

Preceding this appointment Mark Kelleher was Managing Director of Roaring 40s, a leading Australian based renewable energy company developing and operating wind farms in Australia, China and India, from September 2005 until May 2009. Previously, Mark was with Hydro Tasmania for approximately 12 years during which time he held a number of senior positions including General Manager Business Development and General Manager Corporate, and had lead roles in major projects such as industry restructure, Basslink and entry into the National Electricity Market. Mark has a Bachelor of Commerce (University of Tasmania), is a Certified Practising Accountant and a Fellow of the Australian Institute of Company Directors. He is also a graduate of the senior executive program at London Business School.

Bob Annells

Bob Annells was appointed to the board in 2008. He is the current Chairman of the Tourism Tasmania Board of Directors. He has held a number of senior positions in Tasmania including Director General of the Lands Department and Secretary of the Department of Tourism, Sport and

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

Peter Gillooly

Peter Gillooly was appointed to the board in June 2003. Peter has extensive business experience and most recently held the position of Chief General Manager at Tattersall's Holdings Pty Ltd. He has held a number of directorships with companies including Burswood Ltd, Sino Strategic International Ltd, Acrux Ltd, the Landscape Pastoral Company Pty Ltd and the Rural Finance Corporation of Victoria.

Michael Grainger

Michael Grainger was appointed to the board in November 2004. Michael is Managing Director of Liferaft Systems Australia (LSA), a manufacturer of marine evacuation systems and large-capacity liferafts for the international ferry and defence market. He has more than 25 years of experience in the manufacturing industry and is a member of the Manufacturing Industry Council. He is also a founding member of the Tasmania Maritime Network, a Director of the board of TT-Line Company, a Director of the board of the international shipping organisation Interferry and member of the Det Norske Veritas International Ferry Committee.

Jennifer Jarvis

Jennifer Jarvis was appointed to the board in June 2004. Jennifer is Specialist Adviser Energy and External Relations with Rio Tinto Alcan. Her career in the corporate, political and media sectors has focused heavily on policy development, strategic planning, corporate relations and issues management. She is a member of the Major Employers Group and has served as Chairman of the Tasmanian State Training Authority, Director of Business North and the Tasmanian Minerals Council and was an inaugural member of the Tasmania Together Community Leaders Group.

Norm McIlfatrick

Norm McIlfatrick was Secretary of the Department of Economic Development and Tourism and Chief Executive Officer of the Tasmanian Development Board from April 2004 to September 2008. Before taking up these appointments, Norm was Managing Director of Aurora Energy from June 1999. He was previously a management consultant with PA consulting, where he carried out major national and international assignments. Norm has broad experience in senior management including customer service, sales, marketing, engineering services and strategic planning including roles with electricity utility Powercor Australia and the Hydro-Electric Commission in Tasmania. Norm took up the position of Secretary of the Department of Infrastructure, Energy and Resources in September 2008.

Keryn Nylander, BA

Keryn Nylander was appointed to the board in March 2000. Keryn was formerly Head of News for WIN Television Tasmania and a senior consultant with public relations consultancy Corporate Communications. She now runs her own strategic public relations consultancy, Nylander Consulting specialising in media and communications advice to business. Keryn is also a part of the management team and a shareholder in award-winning

specialist contract winemaking business Winemaking Tasmania Pty Ltd. She is Chairman of Tasmanian financial institution B&E Personal Banking and a Director of Tasmania's peak wine body Wine Industry Tasmania Ltd. Keryn is a former director of Business North and member of the Premier's Physical Activity Council.

Brett Torossi

Brett Torossi was appointed to the board in January 2006. Brett is a property developer with significant experience in urban and residential developments. Her current major project is 'The Green', an innovative and sustainable development that will be home to around 500 families in the northern suburbs of Launceston. The Green has been planned to create a cohesive, safe, vibrant and inclusive community. Brett's passion for urban design excellence provides the components that enable individuals and families to find joy in their lives. Other current projects involve a dynamic commercial development in Hobart and a successful and well known tourism development on Tasmania's east coast. The results are award winning, community focused, leading edge and ecologically sustainable developments. Brett also finds time to contribute to Tasmanian society as a Board Member on the Tasmanian Early Years Foundation and the Festival of Voices. Brett is currently completing her masters in Sustainability Studies.

Robert Wilson

Robert Wilson was appointed to the board in January 2006. Robert has been involved in the dairy industry all his life and was formerly Managing Director of Classic Foods at Edith Creek, a company that processes around 40 million litres of milk annually or about eight per cent of the total current Tasmanian production. Robert is a member of the Premier's Food Advisory Council, Chairman of TIAR Dairy Centre Advisory Group and Director of Tasmanian Pure Foods.

* Served as Director by virtue of their position as Acting Secretary and Chief Executive Officer.



Denis Rogers, AO



Jennifer Jarvis



Mark Kelleher



Norm McIlfatrick



Bob Annells



Keryn Nylander, BA



Peter Gillooly



Brett Torossi



Michael Grainger



Robert Wilson

Tasmanian Development Board meeting attendance

Member	Number of meetings attended
Chairman Denis Rogers AO	11
Craig Watson *	1
Jonathan Wood *	7
Mark Kelleher	1
Bob Annells	6
Peter Gillooly	10
Michael Grainger	10
Jennifer Jarvis	10
Norm McIlfatrick	2
Keryn Nylander	10
Brett Torossi	11
Robert Wilson	11

Required reporting

Freedom of information

Economic Development and Tourism has a legal duty to respond to requests for information in accordance with the *Freedom of Information Act 1991* (the Act), which commenced on 1 January 1993.

The Act provides members of the public with the right to access information held by the State Government and its agencies, with the exception of information the Act specifies as exempt from release. The Act also gives people the right to seek amendment to personal information held by agencies that is considered to be incorrect.

During 2008-09 the department received 23 requests for information under the Act. During this period, 18 requests were finalised.

Statistics providing greater detail are available from the Department of Justice by phone on 6233 4729 or by emailing legislation.development@justice.tas.gov.au

Legislation

Under the Administrative Arrangements Order (No. 2) 2008, the department was responsible for administration of the following Acts as at 30 June 2009:

Closer Settlement Act 1957

Copper Mines of Tasmania Pty Ltd (Agreement) Act 1999

Employment Incentive Assistance Act 1984

Farm Water Development Act 1985

Fire Damage Relief Act 1967. Except in so far as it relates to the erection of dwellings for renting to eligible persons under the *Homes Act 1935* (see Department of Health and Human Services under the Minister for Health and Human Services)

Goldamere Pty Ltd (Agreement) Act 1996

Iron Ore (Savage River) Arrangements Act 1996

Pulp Mill Assessment Act 2007

Rural Adjustment Act 1995

Tourism Tasmania Act 1996

Tasmanian Development Act 1983

War Service Land Settlement Act 1950

Public Interest Disclosures Act

Under the requirements pursuant to *Section 86 of the Public Interest Disclosures Act 2002*

s.86 (a):

A copy of the Department of Economic Development and Tourism procedures established under Part 7 may be obtained from the Protected Disclosures Coordinator, Matt Coombe, Director Corporate Policy.

s.86 (b) through (i):

The department has not received any disclosures, nor has it had any disclosures referred to it from the Ombudsman to investigate in the year to 30 June 2009.

Risk management

Our risk management practices involve identifying factors that may affect our ability to meet our objectives and putting in place strategies to address the identified factors.

During 2008-09 we continued to align our internal audit practices with those areas with highest risk.

During the previous year, Tourism Tasmania was amalgamated into the department, and brought with it an already established risk management framework.

Currently the department continues to operate with two risk management frameworks but going forward, it is anticipated that these risk management frameworks will be consolidated. Work is also being conducted to implement the department's business continuity plan.

A grants process review was conducted during 2007-08 and concluded in 2009. This review included the investigation of all grant processes throughout the department. Findings from this review are in the process of being implemented and will continue in 2009-10 to incorporate Tourism Tasmania.

This review will allow us to focus on continuing to improve and deliver high-quality information and advice.

Employee numbers

Full-time equivalent (FTE) employees	396
Total number of employees (excludes employees on maternity leave and Leave Without Pay > 20 days, all transfers and secondments, casual employees and board members)	448
Employee analysis – by employment type	
Permanent	376
Fixed-term	46
Senior Executive	26
Total	448
Employee analysis – by gender	
Males	191
Females	257
Total	448
Employee analysis – by work pattern	
Full-time	356
Part-time	92
Total	448
Commencements	71
Terminations	87
Conversion of casual employees to permanent part time status	28
Headcount increase	12
Total department turnover (terminations divided by headcount at 30 June 2009)	19%
Number of employees who accessed the State Service Accumulated Leave Scheme (SSALS)	24
Number of employees who accessed paid maternity leave 2008-09	11
Number of employees who accessed unpaid maternity leave 2008-09	15
Number of employees who accessed leave without pay > 20 days	17
Number of employees who accessed phased-in retirement	1
Youth recruitment (employees under 25 years recruited during 2008-09 year)	
Permanent appointments	11
Fixed-term appointments greater than six months	9
Total youth recruitment appointments	20
Youth recruitment (employees under 25 years and currently employed)	
Number of trainees	3
Number of graduates	4
Number of general stream employees	13
Number of professional officer	0
Number of technical officers	0
Total	20

Asset management

The financial statements for 2008-09 are reported on an accrual basis. They contain details of our asset management policies, as noted in the statements.

Our assets have been valued in accordance with our accounting policies and procedures, and these values are disclosed in the statements, together with appropriate notes on valuation methods.

Major capital projects

No major capital projects were undertaken during the 2008-09 financial year.

Climate change

The department is committed to whole-of-government initiatives to reduce greenhouse gas emissions. These include internal measures to reduce our carbon footprint, and providing information to stakeholders through workshops and publications.

This year work has commenced on an Emissions Reduction Plan in line with the Framework for Action on Reducing the Tasmanian Government's Greenhouse Gas Emissions.

Data was also collated and entered into the Tasmanian Climate Change Office's Tasmanian Government Greenhouse Inventory for ongoing monitoring and reporting.

Activities in the 2008-09 financial year included:

- auditing buildings and operations to determine future emission reduction targets

- reducing the number of vehicles in the department fleet and procuring low emission vehicles where necessary

- reducing air travel and offsetting all travel through the Tasmanian Climate Change Office, whereby the department is invoiced for the financial equivalent of the emissions generated

- participating in Earth Hour on 28 March 2009 and the Global Corporate Challenge to raise staff awareness and encourage climate-friendly action

- reducing the number of light globes in the department's office in the ANZ Centre, Hobart.

Department of Economic Development and Tourism's 2008-09 carbon emissions

Source	Tonnes of CO ₂
Electricity	339.66
Air travel	322.40
Vehicles	446.50
Total	1108.56

Consultants and contractors

Economic Development and Tourism ensures that Tasmanian businesses are given every opportunity to compete for department business. It is the department's policy to support Tasmanian businesses whenever they offer best value for money for the State Government. Table 1 provides a summary of the level of participation by local businesses for contracts, tenders or quotations with a value of \$50 000 or over (excluding GST). Tables 2 and 3 provide detailed information on consultancy and other contracts with a value of \$50 000 or over (excluding GST).

TABLE 1: Summary of participation by local businesses

Contracts, tenders or quotations of \$50 000 or over (excluding GST).

Total number of contracts awarded	21
Total number of contracts awarded to Tasmanian suppliers	5
Total value of contracts awarded	\$10 699 675
Total value of contracts awarded to Tasmanian suppliers	\$1 562 702
Total number of tenders called and written quotation processes run	19
Total number of bids or written quotations received	154
Total number of bids or written quotations received from Tasmanian businesses	34

TABLE 2: Contracts with a value of \$50 000 or over (excluding GST) and excluding consultancy contracts

Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract
Whybin TBWA Pty Ltd	Victoria	Advertising account services for Tourism Tasmania	01/07/2009 to 30/06/2012	\$4 500 000
Roy Morgan Research Pty Ltd	Victoria	Australian Holiday Travel Survey	01/01/2008 to 31/12/2010 Plus optional extension provision 01/01/2011 to 31/12/2013	\$952 445 \$1 000 000
Southern Cross Television (TNT9) Pty Limited	Tasmania	Production and broadcast of an intrastate television series	24/07/2008 to 01/07/2009 Plus optional extension provision 01/07/2009 to 01/07/2011	\$495 000 \$500 000
Eyes2market UK Ltd	United Kingdom	International marketing representation in the United Kingdom	01/09/2008 to 31/08/2010 Plus optional extension provision 01/09/2010 to 31/08/2012	\$381 008 \$381 008
Eyes2market GmbH	Germany	International marketing representation in Europe	01/09/2008 to 31/08/2010 Plus optional extension provision 01/09/2010 to 31/08/2012	\$211 016 \$211 016
Media Moguls Communications Pty Ltd	Victoria	National public relations representation for Tourism Tasmania	21/08/2008 to 21/08/2009 Plus optional extension provision 21/08/2009 to 21/08/2010	\$120 000 \$120 000

Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract
Kleber PR Network GmbH	Germany	International public relations representation in Germany	01/01/2007 to 31/12/2009	\$234 513
Construction 3 Pty Ltd	Tasmania	Internal renovations to Level 4 ANZ Centre, Hobart	15/01/2009 to 15/04/2009	\$208 150
Gemba Group Pty Ltd	Victoria	Preparation of a submission to the Australian Football League	20/06/2008 to 01/09/2008	\$181 750
Finsbury Green Pty Ltd	South Australia	Production of zone marketing holiday planners	01/11/2008 to 01/05/2009	\$176 127
De Jong & Sons Constructions Pty Ltd	Tasmania	Internal alterations to offices, Level 2 ANZ Centre, Hobart	07/11/2008 to 21/12/2008	\$170 340
Screencorp Pty Ltd	New South Wales	Supply, installation and commissioning of a scoreboard for the Silverdome	02/01/2009 one-off purchase	\$153 477
Professional Public Relations (NZ) Limited	New Zealand	New Zealand public relations representation for Tourism Tasmania	01/01/2009 to 31/12/2009 Plus optional extension provision 01/01/2010 to 31/12/2010	\$50 004 \$49 950
Austral Tasmania Pty Limited	Tasmania	Preliminary archaeological assessment of Wapping 4 site	16/02/2009 to 29/05/2009	\$99 212
Davidson Trahaire Corpsych Pty Limited	Tasmania	Employee Assistance program (EAP) Services	01/05/2009 to 30/04/2012 Plus optional extension provision 01/05/2012 to 30/04/2014	\$54 000 \$36 000
Risk Logic Pty Ltd	New South Wales	Implementation of the Wilderness Program risk review	20/11/2008 to 16/02/2009	\$86 682
Juicy Communications Ltd	United Kingdom	International public relations representation in the UK	01/10/2008 to 30/06/2009	\$78 000
Hadsel Grace & Associates Pty Ltd	Victoria	Provision of public relations services	30/03/2009 to 30/06/2009 Plus optional extension provision 01/07/2009 to 31/07/2009	\$50 000 \$16 667
MacroPlan Australia Pty Ltd	Victoria	Tourism infrastructure investment project	15/07/2008 to 01/12/2008	\$65 000
Happenings Australia Pty Ltd	Victoria	Event management services	19/01/2009 to 30/06/2009	\$65 000
Jaevons and Jeavons Pty Ltd trading as @leisure	Victoria	Cradle Coast regional open space planning project	01/07/2008 to 31/12/2008	\$53 310

TABLE 3: Consultancy contracts with a value of \$50 000 or over (excluding GST)

Nil.

Compliance index

The compliance index has been compiled in response to the Auditor-General's *Special Report No. 4 of May 1993*, Standard of Annual Reporting by Government Departments.

The four columns in the index have the following meaning:

- 1 and 2. Section and compliance – these columns refer to the statutory disclosure requirements in Tasmanian public sector legislation
3. Page number – this states where in this Annual Report the requirement is satisfied. In some instances, the requirement is complied with by the report in its entirety
4. Details – this is a brief statement of the instruction, clause, section or subsection of the corresponding statutory disclosure requirement.

Key	
SSR	State Service Regulations 2001
SS	State Service Act 2000
TI	Treasurer's Instructions
FMAA	Financial Management and Audit Act 1990
FOI	Freedom of Information Act 1991
PSSRA	Public Sector Superannuation Reform Act 1999

Section	Compliance	Page	Details
General			
		Inside front cover	Table of contents
		104	Glossary of abbreviations
Overview			
Strategic plan	SSR s9(a)(i)	6	An overview of the department strategic plan, including its aims, functions and related programs.
Performance	SS s36(1)(a) FMAA s27(1)(a)	Annual Report	A report on the performance of the functions and exercises of the power of the Secretary under any written
Major initiatives	SSR s9(a)(v)	Annual Report	Details of major initiatives taken by the department to develop and give effect to government policy.
Major changes during the year	SSR s9(a)(iv)	Annual Report	Details of, and reasons for, any major changes which have taken place in relation to the programs, aims, functions or organisational structure of the agency.
Operational structure			
Department organisational chart	SSR s9(a)(ii)	31	An organisation chart illustrating the department administrative structure, including regional offices, and showing officers of the agency.
Why we are structured in this way	SSR 9(a)(iii)	30	A description of the relationship between the organisational structure and the program management structure of the agency.

Performance measurement			
Performance summary	TI 701 (1)(a)(e)	2, 4, 7	A narrative summary, together with quantitative measure where relevant, of the objectives and functions of the programs or activities, including significant outcomes, key efficiency measures, targets, proposed plans and any ministerial objectives.
	TI 201 (1)(b)	7	Economic and other factors that have affected the achievement of operational objectives.
Legislation administered and major documents published			
Legislation administered	SSR s9(d)	34	A list of legislation administered by the department.
Legislation enacted	SSR 9(d)	n/a	A list of legislation enacted during the year for which the department is responsible, including details of significant changes to legislation previously administered by the department.
Public access and awareness of services provided			
Key contact	SSR s9(c)(ii)	31, inside back cover	List of contact officers and points of public access in relation to services provided by the department.
Community awareness report	SSR s9(c)(i)	34	Details of activities undertaken to develop community awareness of the department and the services it provides.
Agency publications	SSR s9(c)(i)	28, 29	List of major documents published by any internal or external body of the department during the year.
Freedom of information	FOI s56	34	Freedom of information details for 2008-09.
Human resources management			
Recruitment and selection	SSR s9(b)(i)	35	Details of recruitment policies and programs, including statistical information.
Staff development	SSR s9(b)(ii)	26, 27, 35	Information relating to employee training and development activities, including statistical information for 2008-09.
Equal employment opportunities	SSR s9(b)(iii)	26, 35	A description of the department's workplace diversity program, including statistical information for 2008-09.
Industrial democracy	SSR s9(b)(iv)	26	Details of the processes established to ensure employee participation in industrial relations matters within the department.
Internal grievance procedures	SSR s9(b)(v)	26	Summary of internal grievance procedures.
Occupational health and safety	SSR s9(b)(vi)	26	Outline of occupational health and safety strategies.
Appeals process	SSR s9(c)(iii)	26	An outline of the processes available for appeals against decisions made by the department.
Superannuation contribution	PSSRA s13	n/a	Certification by the relevant department manager relating to contributions to non-RBF superannuation funds, including a report that the department has met its obligations under the <i>Superannuation Guarantee (Administration) Act 1992</i> .

Asset management and risk management policies			
Major capital projects	TI 201 (1)(d)	36	Information on major capital projects or undertakings.
Asset management	TI 201 (1)(g)	36	Statement of asset management policies and an outline of asset management strategies and initiatives.
Risk management	TI 201 (1)(f)	34	Statement of risk management policies and an outline of significant risk management activities and initiatives.
Pricing policies	TI 201 (1)(c)	n/a	Pricing policies of goods and services provided, the last review date, and reference to documents that contain the pricing information, with details of cost-recovery policies and their application, as appropriate.
Government procurement			
Support for local businesses	TI 11106 (a)	4	A narrative statement in the introduction by the Secretary regarding the department's support for local business.
	TI 11106 (b)(i)	37	Table summarising the department's support for local business, including the number of procurement contracts awarded, the number of tenders called and the number of bids received and the extent of local participation in procurement activities.
Contracts awarded during the year	TI 11106 (b)(ii)	37, 38	Detailed information on all contracts awarded, including consultancy contracts, including a description of the contract, the total value of the contract and the name and locality of contractors.
Other matters	TI 201 (i)(i)	n/a	Any other matters deemed relevant by the Secretary.
Financial statements			
Financial statements	FMAA s27 (1)(c), FMAA s27 (2),(3) & (4) TI 201 (i)(j)	42, 65	Financial statements of the department for the year including financial statements of any statutory or public body not required to report under any other Act.
Audit opinion	FMAA s27 (1)(c), TI 201 (1)(k)	63, 102	Auditor-General's report on the department's financial statements.

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Income Statement for the year ended 30 June 2009

	Notes	2009 Actual \$'000	2008 Actual \$'000
Revenue and other income			
Attributed appropriation revenue – recurrent	1.6(a), 3.1	39,707	41,781
Revenue from Special Capital Investment Funds	3.2	4,514	6,771
Grants	1.6(b), 3.3	-	-
Interest income	1.6(c)	1,403	2,377
Resources received free-of-charge	1.6(d), 3.4	-	100
Other revenue	1.6(e), 3.5	3,295	4,912
Total revenue and other income		48,919	55,941
Expenses			
Attributed employee benefits	1.7(a), 4.1	16,720	15,712
Depreciation and amortisation	1.7(b), 4.2	532	571
Grants and subsidies	1.7(c), 4.3	14,738	17,760
Loss on sale of non-financial assets	1.7(d), 4.4	23	169
Borrowing costs	1.7(e), 4.5	1,273	1,718
Impairment losses (reversals)	1.7(e)(f), 4.6	(75)	(852)
Advertising and promotion	1.7(h)	902	2,279
Communication	1.7(h)	763	546
Consultants and contracted services	1.7(h)	3,402	3,261
Information technology	1.7(h)	1,008	1,195
Operating lease costs	1.7(h)	1,725	1,602
Property expenses	1.7(h)	642	874
Seminars and conferences	1.7(h)	326	571
Supplies and consumables	1.7(h)	517	583
Travel and transport	1.7(h)	1,542	1,782
Other expenses	1.7(i), 4.7	3,590	4,753
Total expenses		47,628	52,524
Net surplus (deficit) attributable to the State		1,291	3,417

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

Balance Sheet as at 30 June 2009

	Notes	2009 Actual \$'000	2008 Actual \$'000
Assets			
Financial assets			
Cash and deposits	1.8(a), 9.1	14,676	29,538
Receivables	1.8(b), 5.1	249	400
Loan advances	1.8(c), 5.2	21,247	5,655
Equity investments	1.8(d), 5.3	5,695	6,142
Non-financial assets			
Property, plant and equipment	1.8(e), 5.4	6,499	7,098
Investment property	1.8(f), 5.5	11,570	11,100
Intangibles	1.8(g), 5.6	125	200
Other assets	1.8(h), 5.7	2,256	2,945
Total assets		62,317	63,078
Liabilities			
Payables	1.9(a), 6.1	2,095	2,732
Interest bearing liabilities	1.9(b), 6.2	12,021	14,024
Provisions	1.9(c), 6.3	1,158	1,001
Attributed employee benefits	1.9(d), 6.4	3,591	2,708
Other liabilities	1.9(f), 6.5	415	867
Total liabilities		19,280	21,332
Net assets		43,037	41,746
Equity			
Reserves	8.2	647	647
Accumulated funds		42,390	41,099
Total equity	8.1	43,037	41,746

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

Cash Flow Statement for the year ended 30 June 2009

	Notes	2009 Actual \$'000	2008 Actual \$'000
Cash flows from operating activities			
Cash inflows			
		Inflows (Outflows)	Inflows (Outflows)
Attributed appropriation receipts – recurrent		39,271	41,047
Receipts from Special Capital Investment Funds		4,514	6,771
Grants		-	-
GST receipts		290	356
Interest received		1,417	2,433
Other cash receipts		2,583	3,352
Total cash inflows		48,075	53,959
Cash outflows			
Attributed employee benefits		(16,079)	(15,538)
Grants and subsidies		(12,603)	(16,507)
GST payments		(2,856)	(3,642)
Interest payments		(1,447)	(1,767)
Advertising and promotion		(903)	(2,320)
Communication		(763)	(532)
Consultants and contracted services		(3,402)	(3,343)
Information technology		(1,008)	(1,377)
Operating lease costs		(1,725)	(1,635)
Property expenses		(642)	(857)
Seminars and conferences		(326)	(576)
Supplies and consumables		(429)	(587)
Travel and transport		(1,539)	(1,724)
Other cash payments		(2,193)	(3,325)
Total cash outflows		(45,915)	(53,730)
Net cash from (used by) operating activities	9.2	2,160	229
Cash flows from investing activities			
Cash inflows			
Proceeds from the disposal of non-financial assets		636	-
Repayment of loans by other entities		2,249	4,814
Receipts from investments		690	2,609
Total cash inflows		3,575	7,423
Cash outflows			
Loans made to other entities		(17,130)	(2,060)
Payments for acquisition of non-financial assets		(487)	(330)
Payments for investments		(819)	(533)
Net proceeds from trust activities		(158)	(540)
Total cash outflows		(18,594)	(3,463)
Net cash from (used by) investing activities		(15,019)	3,960
Cash flows from financing activities			
Cash inflows			
Proceeds from borrowings		-	25,000
Total cash inflows		-	25,000
Cash outflows			
Repayment of borrowings		(2,003)	(25,003)
Total cash outflows		(2,003)	(25,003)
Net cash from (used by) financing activities		(2,003)	(3)
Net increase (decrease) in cash held		(14,862)	4,186
Cash and cash equivalents at the beginning of the reporting period		29,538	25,352
Cash and cash equivalents at the end of the reporting period	9.1	14,676	29,538

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

Statement of Recognised Income and Expense for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Income and expenses recognised directly in equity		
Increase (decrease) in asset revaluation reserve	-	-
Gains (losses) on revaluation of financial assets available for sale	-	-
Net income recognised directly in equity	-	-
Net surplus (deficit) for the financial year	1,291	3,417
Total recognised income and expense for the financial year	1,291	3,417

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

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Note | Significant Accounting Policies

1.1 Objectives and funding

The Tasmanian Development Authority (TDA) was established under the *Tasmanian Development Act 1983* (TD Act). Under Section 4(1) of the TD Act, the body corporate TDA operates under the corporate name Tasmania Development and Resources (TDR).

TDR has the mission to encourage and promote the balanced economic development of Tasmania by sustaining an effective partnership between business and Government which fully utilises the strategic advantages and human resources of the State to improve the wealth and quality of life in Tasmania whilst retaining its environmental status.

TDR is committed to enhancing the capability of Tasmanian businesses and improving local, national and international opportunities for business in Tasmania.

TDR's key corporate objectives are to:

- » develop a world-class business environment
- » provide ongoing strategic direction and data for industry development within the State
- » provide strategic business support services
- » identify, prioritise and develop relevant industry programs and products
- » assist small businesses to grow
- » provide training, skills enhancement and management support to business
- » provide export support and culture
- » attract new internal and external investment
- » provide effective, efficient and quality administration of the Government's loan and property portfolios.

TDR forms part of the Department of Economic Development and Tourism. The activities of TDR are predominantly funded through Parliamentary appropriations. TDR also provides services on a fee for service basis, as outlined in Note 3.6. The financial report encompasses all funds through which TDR controls resources to carry on its functions.

The financial report encompasses all funds through which TDR controls resources to carry out its functions.

TDR activities are classified as controlled. Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by TDR in its own right.

The financial management and reporting obligations of TDR are governed by the TD Act and the *Financial Management and Audit Act 1990* (FMAA).

1.2 Basis of accounting

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

- » *Tasmanian Development Act 1983*
- » Australian Accounting Standards issued by the Australian Accounting Standards Board and Interpretations
- » The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by the Chief Executive and Chairman of the Board on 13 August 2009.

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

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

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 1.5 below.

1.3 Reporting entity

The Financial Statements include all the controlled activities of TDR. The Financial Statements consolidate material transactions and balances of TDR and entities included in its output groups. Material transactions and balances between TDR and such entities have been eliminated.

1.4 Functional and presentation currency

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

1.5 Changes in accounting policies

(a) Impact of new and revised Accounting Standards

In the current year, TDR has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. These include:

- » *AASB 2008-10 Amendments to Australian Accounting Standards: Reclassification of Financial Instruments* permits the reclassification of certain non-derivative financial assets. TDR does not intend on reclassifying its financial assets in the current period, accordingly there will be no financial impact.
- » *AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* – The primary focus of this standard has been on relocating, where necessary, the requirements in AASs 27, 29 and 31, substantively unamended (with some exceptions), into topic-based standards. The standard will not have a material financial impact on the financial statements.
- » *AASB Interpretation 14 AASB 119 the Limit on a Defined Benefit Asset, Minimum Funding Requirements (MFR) and their interaction* – The interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also gives guidance on when a MFR might give rise to a liability. The interpretation will not have a material financial impact on the financial statements.

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

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

- » *AASB 2007-6 Amendments to Australian Accounting Standards Arising from AASB 123* – revised standard to be applied in reporting periods beginning on or after 1 January 2009. Eliminates the option of expensing borrowing costs directly attributable to the construction or production of qualifying assets, instead requiring capitalisation. The transitional provisions apply for prospective application as a result there will be no retrospective financial impact on the 2009 financial statements.
- » *AASB 2007-8 Amendments to Australian Accounting Standards Arising from AASB 101* – revised standard to be applied in reporting periods beginning on or after 1 January 2009. The standard will not have a financial impact on the financial statements but will require a number of changes in disclosures.

- » AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* revised standard to be applied from reporting periods beginning on or after 1 January 2009. This standard changes the term "general purpose financial report" to "general purpose financial statements" and the term "financial report" to "financial statements", where appropriate, in Australian Accounting Standards (including Interpretations) and the Framework to better align with IFRS terminology. The standard will not have a financial impact on the financial statements.
- » AASB 2008-3 *Amendments to Accounting Standards arising from AASB 3 and AASB 127* – revised standard to be applied to annual reporting periods beginning on or after 1 July 2009. The focus of the standard is to reduce alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of a parent. The standard will not have a material financial impact on the financial statements.
- » AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* – revised standard to be applied from reporting periods beginning on or after 1 January 2009. The amendments to some standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The standard will not have a material financial impact on TDR's financial statements.
- » AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* – revised standard to be applied from annual reporting periods beginning on or after 1 July 2009. This standard amends AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation. The standard will not have a financial impact on the financial statements.
- » AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* – revised standard to be applied from reporting periods beginning on or after 1 January 2009. The standard removes the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate and to include recognising a dividend from a subsidiary, jointly controlled entity or associate, together with other evidence, as an indication that the investment in the subsidiary, jointly controlled entity or associate may be impaired. The standard will not have a financial impact on the financial statements.
- » AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners* – revised standard to be applied from annual reporting periods beginning on or after 1 July 2009. The amendments are in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners and the disclosure requirements for dividends that are declared after the reporting period but before the financial statements are authorised for issue, respectively. The standard will not have a material financial impact on the TDR's financial statements.

1.6 Income

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

(a) Attributed Appropriation Revenue

Attributed Appropriations, whether recurrent or capital, are recognised as revenues in the period in which TDR gains control of the appropriated funds.

(b) Grants

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

(c) Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method.

(d) Resources received free-of-charge

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when TDR obtains control of the asset, it is probable that future economic benefits comprising the contribution will flow to TDR and the amount can be measured reliably. However, where the contribution received is from another government agency as a consequence of restructuring of administrative arrangements, where they are recognised as contributions by owners directly within equity. In these circumstances, book values from the transferor agency have been used.

(e) Other revenue

Revenue includes Australian Government program funding, sundry fee revenues, rent received relating to rural and investment properties and is recognised as revenue in the period in which TDR gains control of the funds.

1.7 Expenses

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

(a) Employee benefits

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

(b) Depreciation and amortisation

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements, once the asset is held ready for use.

Depreciation is provided for on a straight-line basis, using rates which are reviewed annually.

Major depreciation periods are:

Buildings	80 years
Plant and equipment	2-20 years
Leasehold Improvements	5-12 years

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

Major amortisation rates are:

Software	5 years
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(c) Grants and subsidies

Grant and subsidies expenditure is recognised to the extent that:

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

Grants and subsidies do not take into account other expenditure that relates directly to industry assistance, including rent and interest subsidies.

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

(d) Loss from the sale of Non-financial assets

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

(e) Borrowing costs

All borrowing costs are expensed as incurred using the effective interest method.

Borrowing costs include:

- » interest on bank overdrafts and short term and long term borrowings
- » unwinding of discounting of provisions
- » amortisation of discounts or premiums related to borrowings
- » amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(f) Impairment – Financial assets

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

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

All impairment losses are recognised in the Income Statement.

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

TDR reviews all loans, investments and guarantees and makes specific impairment provisions where there exists a reasonable doubt as to whether TDR's investment will be recovered. TDR also follows a policy of ensuring that the general provision is consistent with current industry practices.

(g) Impairment – Non financial assets

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

All impairment losses are recognised in the Income Statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Write down of assets

A revaluation decrement is recognised as an expense in the Income Statement except to the extent that the decrement reverses a revaluation increment previously credited to, and still included in the balance of, an Asset Revaluation Reserve in respect of the same class of asset. In this case, it is debited direct to that Revaluation Reserve.

Where an increment reverses a revaluation decrement previously recognised as an expense in the Income Statement, in respect of that same class of Non-current assets, the revaluation increment is recognised as revenue.

For Investment Properties all increments and decrements are taken through the Income Statement and disclosed as a gain or loss accordingly.

(i) Other expenses

Other expenses including Advertising and promotion, Communication, Consultants and contracted services, Information technology, Operating lease costs, Property expenses, Seminars and conferences, Supplies and consumables and travel and transport, are recognised when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Other expenses include expenditure made from the Government's Special Capital Investment Fund.

1.8 Assets

Assets are recognised in the Balance Sheet when it is probable that the future economic benefits will flow to TDR and the asset has a cost or value that can be measured reliably.

(a) Cash and deposits

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

(b) Receivables

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

(c) Loan advances

Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of loan advances is reviewed on an ongoing basis. Impairment losses are recognised when there is an indication that there is a measurable decrease in the collectability of loan advances. Loan advances that are known to be uncollectable are written off. Loan advances include financial assistance provided by the Government to the private sector in the form of loans.

(d) Equity investments

Equity investments are initially recorded at the net recoverable value determined as follows:

- » Listed companies – the share's current market value for listed public companies
- » Unlisted companies – based on estimated recoverable amount.

Changes in the value of equity investments are accounted for as net increases or reversals of impairment losses.

The equity method of accounting has not been used to bring to account the financial operations of equity investments within the financial statements. TDR's investment in these equity investments was made for the purpose of achieving industry development outcomes consistent with the goals and objectives of TDR, not for the purpose of achieving a commercial investment return or other standard commercial objectives.

As such, TDR considers that it would be inappropriate to apply the equity method of accounting. The incorporation into TDR's financial statements of financial information relating to these equity investments, could provide users of TDR's financial statements with a misleading indication of its performance over the past financial year.

(e) Property, plant and equipment

(i) Valuation basis

Land, buildings and long lived plant and equipment and heritage and cultural assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses. TDR does not have any long lived plant and equipment assets.

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to TDR and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by TDR is \$5,000. Assets with an historical cost greater than or equal to \$5,000 are to be recognised as assets and depreciated. Assets valued at less than \$5,000 are charged to the Income Statement in the year of purchase.

iv) Revaluations

Assets are revalued by class of asset annually on the basis of fair value. Assets classes are determined on the basis of having a similar nature or function in the operations of TDR.

(f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both.

Investment property is recorded at fair value with any changes in the fair value being recorded as income or expenses in the Income Statement.

Property interests held under operating leases are not classified and accounted for as investment property.

Investment property is not depreciated.

(g) Intangibles

An intangible asset is recognised where:

- » it is probable that an expected future benefit attributable to the asset will flow to TDR
- » the cost of the asset can be reliably measured.

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

(h) Other assets

Other assets are recognised in the Balance Sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

1.9 Liabilities

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

(a) Payables

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

(b) Interest bearing liabilities

Bank loans and other loans are initially measured at fair value, net of transaction costs. Bank loans and other loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(c) Provisions

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

(d) Attributed employee benefits

That share of the employee benefits liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those attributed employee benefit liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other attributed employee benefits are measured as the present value of the benefit at 30 June 2009, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

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

(e) Superannuation

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

(f) Other liabilities

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

1.10 Leases

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

TDR is prohibited by Treasurer's Instruction 502 Leases from holding finance leases.

1.11 Judgements and assumptions

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

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

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

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

1.12 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

1.13 Comparative figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. If there are any changes details of their impact in accounting policy on comparative figures will be disclosed at Note 1.5.

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

1.14 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated.

1.15 Taxation

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

1.16 Goods and Services Tax

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

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

Note 2 Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect of the TDR's financial statements as at 30 June 2009.

Note 3 Income

3.1 Attributed appropriation revenue

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

	2009 Actual \$'000	2008 Actual \$'000
Attributed Recurrent Appropriation	39,131	40,472
Attributed Appropriation carried forward under section 8A2 of the <i>Public Account Act 1986</i> taken up as revenue in the current year	576	1,309
Total revenue from Government	39,707	41,781

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

3.2 Revenue from special capital investment funds

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

	2009 Actual \$'000	2008 Actual \$'000
Economic and Social Infrastructure Fund	4,514	6,771
Total	4,514	6,771

3.3 Grants

	2009 \$'000	2008 \$'000
Grants from the Australian Government		
Specific grants	-	-
Total	-	-

3.4 Resources received free-of-charge

	2009 \$'000	2008 \$'000
Fair Value of assets assumed at no cost or for nominal consideration	-	100
Total	-	100

3.5 Other revenues

	2009 \$'000	2008 \$'000
Investment property rental	872	962
Investment property other revenue	54	-
Gain on fair value revaluations		
– Investment property	437	1,350
Other	1,932	2,600
Total	3,295	4,912

Note 4 Expenses

4.1 Attributed employee benefits

	2009 \$'000	2008 \$'000
Wages and salaries	12,673	12,467
Annual leave	1,084	961
Long service leave	730	81
Sick leave	365	391
Superannuation – contribution scheme	1,292	1,142
Superannuation – defined benefit scheme	266	235
Other employee expenses	310	435
Total	16,720	15,712

Superannuation expenses relating to defined benefits schemes relate to payments into the Superannuation Provision Account (SPA) held centrally and recognised within the Finance-General Division of the Department of Treasury and Finance. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 11 per cent of salary.

Superannuation expenses relating to the contribution scheme are paid directly to the superannuation fund at a rate of 9 per cent of salary. In addition, departments are also required to pay into the SPA a "gap" payment equivalent to 2 per cent of salary in respect of employees who are members of the contribution scheme.

4.2 Depreciation and amortisation

(a) Depreciation

	2009 \$'000	2008 \$'000
Plant, equipment and vehicles	198	257
Leasehold improvements	259	240
Total	457	497

(b) Amortisation

	2009 \$'000	2008 \$'000
Intangibles	75	74
Total	75	74
Total depreciation and amortisation	532	571

4.3 Grants and subsidies

	2009 \$'000	2008 \$'000
Grants and subsidies	14,738	17,760
Total	14,738	17,760

TDR provides grants to assist Tasmanian enterprises for industry development and employment assistance. These include assistance in the areas of exporting, innovation, contact centres, skill development, screen and film and general industry assistance. TDR also disburses designated specific purpose grants allocated from the Government's Special Capital Investment Funds.

4.4 Loss on sale of non-financial assets

	2009 \$'000	2008 \$'000
Plant and equipment		
Proceeds from sales	-	(1)
Written down value of disposed assets	-	3
Total	-	2
Leasehold improvements		
Proceeds from sales	-	-
Written down value of disposed assets	23	-
Total	23	-
Land and Buildings		
Proceeds from sale	-	(1,633)
Written down value of disposed assets	-	1,800
Total	-	167
Total	23	169

4.5 Borrowing costs

	2009 \$'000	2008 \$'000
Interest expense		
Interest on bank overdrafts and loans	1,207	1,692
Total	1,207	1,692
Other borrowing costs		
Unwinding of make good provisions	66	26
Total	66	26
Total	1,273	1,718

4.6 Impairment losses (reversals)

	2009 \$'000	2008 \$'000
Financial assets – impairment losses		
Loan advances and bad debts not previously provided for	(651)	23
Equity investments	576	288
Total	(75)	311
Financial assets – reversal of impairment losses		
Loan advances	-	(1,135)
Receivables (bad and doubtful debts)	-	(28)
Total	-	(1,163)
Total	(75)	(852)

4.7 Other expenses

	2009 \$'000	2008 \$'000
Audit fees – financial audit	100	40
Audit fees – internal audit	69	89
Building and infrastructure maintenance	201	210
Other maintenance	-	9
Employee on-costs	1,141	943
International student fees	819	908
Legal expenses	115	113
Other	1,145	2,441
Total	3,590	4,753

Note 5 Assets

5.1 Receivables

	2009 \$'000	2008 \$'000
Receivables	249	400
Less: Provision for impairment	-	-
Total	249	400
Settled within 12 months	249	400
Total	249	400

5.2 Loan advances

	2009 \$'000	2008 \$'000
Convertible note	200	200
Rural Adjustment Scheme Account Section 35 Loans Administered by TDR	140	270
<i>Tasmania Development Act 1983</i>	20,356	4,534
<i>Fire Damage Relief Act 1967</i>	543	1,294
Screen Tasmania loans	24	24
	329	329
Less: Provision for impairments	(345)	(996)
Total	21,247	5,655
Settled within 12 months	2,062	884
Settled in more than 12 months	19,185	4,771
Total	21,247	5,655

Under the provisions of the *Tasmanian Development Act 1983*, TDR has the power to provide loans to clients that assist in the development and expansion of the Tasmanian economy. Generally, these loans are provided on the basis of commercial terms, conditions, interest rates and security.

5.3 Equity investments

	2009 \$'000	2008 \$'000
Listed shares – at cost	2,412	2,412
Listed shares – converted	944	944
Unlisted equity instruments	9,927	9,798
Less: Provision for impairment	(7,588)	(7,012)
Total	5,695	6,142
Settled within 12 months	5,695	6,142
Settled in more than 12 months	-	-
Total	5,695	6,142

Listed shares

TASSAL Ltd

TDR holds 1,583,341 ordinary shares of \$1.00 each fully paid in TASSAL Limited, representing 4.43 per cent of issued capital. The company operated principally in the salmon farming industry. Korda Mentha & Colleagues (KMC) partners Mark Ryan and Mark Mentha were appointed as receivers and managers of the company on 26 June 2002. As a result, the company's shares were suspended from trading on the Australian Stock Exchange until the receivership is finalised. In view of this, it is appropriate to record the value of this investment as \$Nil.

Unlisted equity instruments

First Tasmania Investments Ltd

TDR holds 2,402,105 ordinary shares in First Tasmania Investments Ltd. The shares are recorded at Directors' Valuation as at June 2009.

North West Bay Ships Pty Ltd

TDR acquired 800,000 preference shares (7 per cent) of \$1.00 each in June 2000. The shares are recorded at Directors' Valuation as at June 2009.

SDT Australia Pty Ltd

TDR acquired 200,000 preference shares (9 per cent) of \$1.00 each in June 2000. The company has not operated for the last two and a half years due to a lack of capital for further research and development. The shares have been valued at \$Nil as at 30 June 2009.

Screen Tasmania Investments

TDR has a number of equity investments in productions through Screen Tasmania. These investments assist companies working in the film, television and multimedia area, to undertake a variety of productions and projects that contribute to economic or cultural objectives for Tasmania.

Reconciliation of movement in provision for impairment of equity investments

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	7,012	6,725
Increase/(decrease) in provision recognised in profit or loss	576	287
Carrying amount at 30 June	7,588	7,012

5.4 Property, plant and equipment

(a) Carrying amount

	2009 \$'000	2008 \$'000
Land		
Rural properties at fair value (30 June)	4,416	5,022
Total	4,416	5,022
Leasehold improvements		
At cost	4,975	4,729
Less: Accumulated depreciation	(3,417)	(3,169)
Total	1,558	1,560
Plant, equipment and vehicles		
At cost	1,349	1,307
Less: Accumulated depreciation	(973)	(791)
	376	516
Work in progress (at cost)	149	-
Total	525	516
Total property, plant and equipment	6,499	7,098

Rural properties are valued as at 30 June 2009 to fair value. Fair value of these properties equates to the option prices deemed on the individual properties. These option prices are the amounts receivable should the tenants exercise the option to purchase the freehold title.

(b) Reconciliation of movements

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

2009	Land \$'000	Leasehold improvements \$'000	Plant equipment \$'000	Total \$'000
Carrying value at 1 July	5,022	1,560	516	7,098
Additions	-	280	207	487
Disposals	(606)	(23)	-	(629)
Depreciation	-	(259)	(198)	(457)
Carrying value at 30 June	4,416	1,558	525	6,499

2008	Land \$'000	Leasehold improvements \$'000	Plant equipment \$'000	Total \$'000
Carrying value at 1 July	5,355	1,516	729	7,600
Additions	-	284	46	330
Disposals	(333)	-	(2)	(335)
Depreciation	-	(240)	(257)	(497)
Carrying value at 30 June	5,022	1,560	516	7,098

5.5 Investment property

(a) Carrying amount

	2009 \$'000	2008 \$'000
Land at fair value	5,320	5,000
Buildings at fair value	6,250	6,100
Total	11,570	11,100

The latest revaluations as at 30 June 2009 (other than rural properties) were based on valuations undertaken by independent valuers Brothers and Newton Pty Ltd.

The fair value valuations of land and buildings were undertaken in accordance with API Professional Practice Guidelines and International Valuation Standards.

In doing so, various methods of valuation including direct comparison, capitalisation of net income, summation, and hypothetical development have been utilised.

Estimates of total economic life assume regular and ongoing maintenance in order to prolong the useful life of the buildings. The total economic life for each asset has been amended for the age of the existing buildings to arrive at the remaining economic life. In cases where buildings have been developed in stages the age of the buildings have been calculated based on the averaged year of construction.

(b) Reconciliation of movements

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	11,100	11,450
New purchases	33	100
Disposals and assets classified as held for sale	-	(1,800)
Net gains (losses) from fair value adjustments	437	1,350
Carrying amount at 30 June	11,570	11,100

5.6 Intangibles

(a) Carrying amount

	2009 \$'000	2008 \$'000
Intangibles with a finite useful life		
Software at cost	372	372
Less: Accumulated amortisation	(247)	(172)
Total intangibles	125	200

(b) Reconciliation of movements

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	200	274
Amortisation expense	(75)	(74)
Carrying amount at 30 June	125	200

5.7 Other assets

(a) Carrying amount

	2009 \$'000	2008 \$'000
Other current assets		
Tax assets	1,023	2,292
Prepayments	1,092	648
Other	141	5
Total	2,256	2,945

Settled within 12 months	2,256	2,945
Settled in more than 12 months	-	-
Total	2,256	2,945

(b) Reconciliation of movements

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	2,945	1,552
Additions	2,256	2,945
Disposals	(2,945)	(1,552)
Carrying amount at 30 June	2,256	2,945

Note 6 Liabilities

6.1 Payables

	2009 \$'000	2008 \$'000
Creditors	-	14
Funds held in trust	1,394	1,552
Accrued expenses	701	1,166
Total	2,095	2,732
Due within 12 months	2,095	2,732
Due in more than 12 months	-	-
Total	2,095	2,732

Settlement is usually made within thirty days.

6.2 Interest bearing liabilities

(a) Carrying amount

	2009 \$'000	2008 \$'000
Loans from the State Government	21	24
Loans from Tascorp	12,000	14,000
Total	12,021	14,024

(b) Maturity schedule

One year or less	12,021	14,024
From one to five years	-	-
More than five years	-	-
Total	12,021	14,024

The balance of Interest Bearing Liabilities does not include a non-repayable loan of \$7.9 million provided by the Department of Treasury and Finance to the Tasmanian Development Authority. Interest expense for the 2009 financial year totalled \$426,701 (2008 \$561,275).

6.3 Provisions

(a) Carrying amount

	2009 \$'000	2008 \$'000
Operating lease rentals	260	168
Operating lease make good provisions	898	833
Total	1,158	1,001
Due in less than 12 months	260	-
Due in more than 12 months	898	1,001
Total	1,158	1,001

(b) Reconciliation of movements in provisions

	Operating lease make good provisions		Operating lease rentals		Total provisions	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	833	807	168	99	1,001	906
Movements	55	49	92	69	147	118
Reversals	-	-	-	-	-	-
Changes in discounting	10	(23)	-	-	10	(23)
Balance at 30 June	898	833	260	168	1,158	1,001

6.4 Attributed employee benefits

	2009 \$'000	2008 \$'000
Accrued salaries	258	171
Annual leave	1,075	967
Long service leave	2,112	1,493
SSALS	146	77
Total	3,591	2,708

Due within 12 months	1,765	1,420
Due in more than 12 months	1,826	1,288
Total	3,591	2,708

6.5 Other liabilities

	2009 \$'000	2008 \$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	140	576
Other liabilities		
Employee benefits – on-costs	221	173
Other liabilities	54	118
Total	415	867

Due within 12 months	297	782
Due in more than 12 months	118	85
Total	415	867

Note 7 Commitments and Contingencies

7.1 Schedule of commitments

	2009 \$'000	2008 \$'000
By Type		
Capital commitments		
Investment property	57	140
Leasehold improvements	-	-
Total capital commitments	57	140
Lease Commitments		
Operating leases	4,890	6,291
Total lease commitments	4,890	6,291
Other commitments		
Loan commitments		
- Loans approved but not drawn down by clients as at 30 June	6,550	15,890
Assistance to Industry commitments	6,395	9,067
Total other commitments	12,945	24,958
Total	17,892	31,388
By Maturity		
Capital commitments		
One year or less	29	96
From one to five years	28	44
Total capital commitments	57	140
Operating lease commitments		
One year or less	1,744	1,667
From one to five years	3,146	4,624
More than five years	-	-
Total operating lease commitments	4,890	6,291
Other commitments		
One year or less	12,945	24,228
From one to five years	-	730
Total other commitments	12,945	24,958
Total	17,892	31,388

Capital commitments are associated with maintenance and redevelopment expenditure on TDR's investment properties.

Operating leases are associated with rental costs for leased premises occupied by TDR, office equipment and motor vehicles leased through the Government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. These range from 2 to 5 years.

The Assistance to Industry commitment shows amounts approved to clients payable over a period greater than one year on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases.

7.2 Contingent assets and liabilities

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

(a) Quantifiable contingencies

A quantifiable contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

	2009 \$'000	2008 \$'000
Quantifiable contingent liabilities		
Contingencies for guarantees		
Liability in respect of guarantees given under section 36 and 37 of the <i>Tasmanian Development Act 1983</i>	-	206
Total quantifiable contingent liabilities	-	206

(b) Unquantifiable contingencies

At 30 June 2009, TDR had a number of outstanding legal actions as detailed below. It is not possible at the reporting date to accurately estimate the amounts of any eventual receipts or payments, if any, that may be required in relation to these actions.

i) Jill Mure v Tasmania Development and Resources and the Recorder of Titles. The landowner is disputing the ownership of a strip of foreshore land at Tinderbox currently valued by TDR at \$100,000. The matter has been adjourned to a date to be fixed by the Court.

ii) Janet Lisa Lehner v The State of Tasmania and Tasmanian Development and Resources. The landowner is disputing right of way access through a small rectangular parcel of land adjoining the Launceston Technopark. The matter has been adjourned to a date to be fixed by the Court. An in-principle agreement to settle the matter has been reached by the Parties subject to formal approval from the Tasmanian Development Board and the Minister for Economic Development.

Note 8 Equity and Movements in Equity

8.1 Reconciliation of equity

	Accumulated funds		Asset revaluation reserve		Total equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	41,099	37,682	647	647	41,746	38,329
Net surplus (deficit)	1,291	3,417	-	-	1,291	3,417
Balance at 30 June	42,390	41,099	647	647	43,037	41,746

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

(a) Nature and purpose of reserves

Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Non-financial assets, as described in Note 1.8(e).

8.2 Asset revaluation reserve by class of asset

The balance within the Asset Revaluation Reserve for the following classes of assets is:

	2009 \$'000	2008 \$'000
Leasehold improvements	646	646
Artwork	1	1
Total asset revaluation reserve	647	647

Note 9 Cash Flow Reconciliation

9.1 Cash and cash equivalents

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

	2009 \$'000	2008 \$'000
Special Deposits and Trust Fund balance		
T522 DEDT Operating Account	14,377	16,585
T790 Government Guarantees	296	296
T941 Fire Relief	2	1
Total	14,675	16,882
Other cash held		
Cash on hand and at bank	1	2
Cash at call – Tascorp	-	12,654
Total	1	12,656
Total cash and cash equivalents	14,676	29,538

9.2 Reconciliation of operating surplus (deficit) to net cash from operating activities

	2009 \$'000	2008 \$'000
Net operating surplus (deficit)	1,291	3,417
Increase (decrease) in s8A (2) carry forwards	(436)	(733)
Depreciation and amortisation	532	573
Interest	(60)	-
(Gain) loss from sale of non-financial assets	(7)	167
Gain on fair value revaluations	(470)	(1,350)
Impairment adjustments	(75)	(876)
Resources received free-of-charge	-	(100)
Decrease (increase) in Receivables	151	276
Decrease (increase) in GST transactions	-	-
Increase (decrease) in Attributed employee entitlements	883	174
Increase (decrease) in Payables	(479)	321
Decrease (increase) in Other assets	689	(1,467)
Increase (decrease) in Provisions	157	95
Increase (decrease) in Other liabilities	(16)	(268)
Net cash from (used by) operating activities	2,160	229

Note 10 Financial Instruments

10.1 Risk exposures

(a) Risk management policies

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

- » credit risk
- » liquidity risk
- » market risk.

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

(b) Credit risk exposures

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

The credit risk on financial assets of the department which have been recognised in the Balance Sheet, other than equity investments, is the carrying amount, net of any provision for impairment.

TDR extends 30 day credit terms for sundry receivables, and receives standard commercial credit terms for sundry creditors. TDR manages credit risk on loan advances by obtaining security over assets in accordance with the provisions of the TD Act and by including appropriate risk margins in TDR's interest rate pricing, based on an assessment of the inherent risk of individual clients.

TDR is not materially exposed to any individual overseas country or individual customer. Concentrations of credit risk by industry on loan advances are: Paper product manufacturing (47.7%) and Tourism Infrastructure (14.4%).

	2009 \$'000	2008 \$'000
Guarantee provided	-	206
Total	-	206

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

Analysis of financial assets that are past due at 30 June 2009 but not impaired

	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	14	14	105	133
Other Financial Assets – Loan Advances	72	-	-	72

Analysis of financial assets that are past due at 30 June 2008 but not impaired

	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	43	6	124	173
Other Financial Assets – Loan Advances	1	1	17	19

(c) Liquidity risk

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

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

2009

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities								
Payables	2,095	-	-	-	-	-	2,095	2,095
Interest bearing liabilities	12,021	-	-	-	-	-	12,021	12,021
Total	14,116	-	-	-	-	-	14,116	14,116

2008

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities								
Payables	2,732	-	-	-	-	-	2,732	2,732
Interest bearing liabilities	14,024	-	-	-	-	-	14,024	14,024
Total	16,756	-	-	-	-	-	16,756	16,756

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that TDR is exposed to is interest rate risk.

TDR seeks to manage exposure to movements in interest rates by matching the repricing profile of financial assets and financial liabilities. TDR enters into interest rate options on floating rate debt to match capped rate loan advances. The costs of such options are recovered in the interest rate applied to loan advances.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the department intends to hold fixed rate assets and liabilities to maturity.

At the reporting date the interest rate profile of TDR's interest bearing financial instruments was:

	2009 \$'000	2008 \$'000
Fixed rate instruments		
Financial assets	5,944	6,542
Financial liabilities	2,095	2,732
Total	8,039	9,274
Variable rate instruments		
Financial assets	35,923	35,193
Financial liabilities	12,021	14,024
Total	47,944	49,217

Changes in variable rates of 100 basis points at reporting date would have the following effect on TDR's profit or loss and equity:

Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates

	100 basis points increase	Profit or Loss 100 basis points decrease	Equity 100 basis points increase	100 basis points decrease
30 June 2009				
Cash and deposits	59,743	(59,743)	59,743	(59,743)
Loan advances	212,470	(212,470)	212,470	(212,470)
Interest bearing liabilities	(120,000)	120,000	(120,000)	120,000
Net sensitivity	152,213	(152,213)	152,213	(152,213)
30 June 2008				
Cash and deposits	211,975	(211,975)	211,975	(211,975)
Loan advances	48,600	(48,600)	48,600	(48,600)
Interest bearing liabilities	(30,000)	30,000	(30,000)	30,000
Net sensitivity	230,575	(230,575)	230,575	(230,575)

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2008.

10.2 Categories of financial assets and liabilities

	2009 \$'000	2008 \$'000
Financial assets		
Cash and deposits	14,676	29,538
Loans and receivables	21,496	6,055
Available-for-sale financial assets	5,695	6,142
Total	41,867	41,735
Financial Liabilities		
Financial liabilities measured at amortised cost	14,116	16,756
Total	14,116	16,756

10.3 Net fair values of financial assets and liabilities

	2009 Total Carrying Amount \$'000	Net Fair Value \$'000	2008 Total Carrying Amount \$'000	Net Fair Value \$'000
Financial assets				
Cash at bank	1	1	12,656	12,656
Cash in Special Deposits and Trust Fund	14,675	14,675	16,882	16,882
Receivables	249	249	400	400
Loan advances	21,247	19,744	5,655	5,642
Equity investments	5,695	5,695	6,142	6,142
Total financial assets	41,867	40,364	41,735	41,722
Financial liabilities (Recognised)				
Payables	2,095	2,095	2,732	2,732
Interest bearing liabilities	12,021	12,313	14,024	14,491
Total financial liabilities (Recognised)	14,116	14,408	16,756	17,223

Financial assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair value of loan advances is based on the differential between the actual interest rates of loans advanced and the equivalent TDR market interest rates at the time of reporting.

Equity investments are revalued from time to time as considered appropriate by the directors and are not stated at values in excess of their recoverable amounts.

All financial assets are not readily traded on organised markets in a standardised form.

Financial liabilities

The net fair values of payables approximate their carrying amounts.

The net fair value of interest bearing liabilities is based on the differential between the actual interest rates of borrowings held and the equivalent market interest rates accessible by TDR at the time of reporting.

All financial assets are not readily traded on organised markets in a standardised form.

Director's Statement

1. The financial statements have been prepared under Section 29B of the *Tasmanian Development Act 1983*. In accordance with Ministerial direction under S29B(4), the financial statements have been prepared in accordance with Australian Accounting Standards.

2. In complying with Australian Accounting Standards expenditure incurred by the Agency is accounted for on an accrual basis and reported with accrued operating revenue and annual cash appropriations from Government. Under this reporting format, timing differences will occur between the accrual of expenditure and the receipt of appropriations from Government for accrued expenses. As at the date of this statement, there are reasonable grounds to believe that TDR will be able to fulfil its financial obligations as and when they fall due, subject to Parliamentary appropriation.

Certification of Financial Statements

The accompanying Financial Statements of TDR have been prepared in compliance with the provision of the *Tasmanian Development Act 1983* and the *Financial Management Audit Act 1990* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2009 and the financial position as at 30 June 2009.

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



Denis W Rogers AO

Chairman

30 September 2009

Hobart



Mark Kelleher

Chief Executive



INDEPENDENT AUDIT REPORT

To Members of the Parliament of Tasmania

TASMANIA DEVELOPMENT AND RESOURCES

Financial Statements for the Year Ended 30 June 2009

Report on the Financial Statements

I have audited the accompanying financial statements of Tasmania Resources and Development (the Authority), which comprise the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the directors of the Authority.

The Responsibility of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and Section 29B of the *Tasmanian Development Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

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

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accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

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

Auditor's Opinion

In my opinion the financial statements of Tasmanian Development and Resources:

- (a) present fairly, in all material respects, the financial position of Tasmania Development and Resources as at 30 June 2009, and of its financial performance, cash flows and changes in equity for the year then ended; and
- (b) are in accordance with the *Tasmanian Development Act 1993* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



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

HOBART
30 September 2009

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Income Statement for the year ended 30 June 2009

	Notes	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Revenue and other income				
Appropriation revenue – recurrent	2.9(a), 6.1	79,348	78,114	60,301
Appropriation revenue – section 8A of the <i>Public Account Act 1986</i>	6.1	-	940	1,309
Revenue from Special Capital Investment Funds	6.2	-	14,554	17,281
Grants	2.9(b), 6.3	12,882	20	262
Sales of goods and services	2.9(c), 6.4	7,782	3,684	5,697
Interest income	2.9(e), 6.5	924	2,426	4,023
Resources received free-of-charge	2.9(f), 6.7	-	-	175
Gain on fair value revaluations	6.6	-	437	1,399
Other revenue	2.9(g), 6.8	-	6,859	7,288
Total revenue and other income		100,936	107,034	97,735
Expenses				
Employee benefits	2.10(a), 7.1	29,034	32,388	23,033
Depreciation and amortisation	2.10(b), 7.2	1,192	1,321	1,122
Loss on sale of non-financial assets	2.9(d), 7.5	-	39	173
Supplies and consumables		32,790	-	-
Grants and subsidies	2.10(c), 7.3	45,601	44,413	37,379
Borrowing costs	2.10(d), 7.4	1,473	1,302	1,690
Impairment losses (reversals)	2.10(e)(f), 7.6	-	(75)	(1,135)
Write down of assets measured at fair value	2.10(g), 7.7	-	-	287
Advertising and promotion	2.10(h)	-	8,068	9,094
Communication	2.10(h)	-	1,517	861
Consultants and contracted services	2.10(h)	-	7,615	6,520
Information technology	2.10(h)	-	2,217	1,946
Operating lease costs	2.10(h)	-	2,737	2,049
Property expenses	2.10(h)	-	1,089	1,292
Purchase of goods and services	2.10(h)	-	-	3,895
Travel and transport	2.10(h)	-	2,838	2,630
Other expenses	2.10(h), 7.8	1,942	7,473	8,316
Total expenses		112,032	112,942	99,152
Net surplus (deficit) attributable to the State		(11,096)	(5,908)	(1,417)

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

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

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

Balance Sheet as at 30 June 2009

	Notes	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Assets				
Financial assets				
Cash and deposits	2.11(a), 12.1	29,799	31,964	55,246
Receivables	2.11(b), 8.1	1,169	444	763
Loan advances	2.11(c), 8.3	21,485	21,587	5,995
Equity investments	2.11(e), 8.2	4,096	5,695	6,142
Other financial assets	2.11(d), 8.3	2,497	-	-
Non-financial assets				
Property, plant and equipment	2.11(f), 8.4	30,153	38,069	37,740
Investment property	2.11(g), 8.5	9,650	11,570	11,100
Intangibles	2.11(h), 8.6	122	655	550
Other assets	2.11(i), 8.7	765	3,336	3,596
Total assets		99,736	113,320	121,132
Liabilities				
Payables	2.12(a), 9.1	2,500	3,491	4,399
Interest bearing liabilities	2.12(b), 9.2	20,027	12,021	14,024
Provisions	2.12(c), 9.3	-	1,768	1,541
Employee benefits	2.12(d), 9.4	5,231	6,415	5,106
Other liabilities	2.12(g), 9.6	4,366	1,109	2,443
Total liabilities		32,124	24,804	27,513
Net assets		67,612	88,516	93,619
Equity				
Reserves	11.2	1,127	4,304	3,499
Accumulated funds		66,485	84,212	90,120
Total equity	11.1	67,612	88,516	93,619

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

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

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

Cash Flow Statement for the year ended 30 June 2009

	Notes	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Cash flows from operating activities				
Cash inflows				
Appropriation receipts – recurrent		(Outflows) 79,348	(Outflows) 78,255	(Outflows) 61,240
Receipts from Special Capital Investment Funds		-	14,554	17,281
Grants		12,882	20	262
GST receipts		6,500	700	5,013
Interest received		924	2,529	4,094
Sales of goods and services		7,782	3,378	6,571
Other cash receipts		-	6,296	2,306
Total cash inflows		107,436	105,732	96,767
Cash outflows				
Employee benefits		(28,856)	(31,457)	(23,040)
Interest payments		(1,473)	(1,477)	(1,747)
Grants and subsidies		(45,501)	(39,295)	(37,999)
GST payments		(6,500)	(7,793)	(6,023)
Advertising and promotion		-	(7,444)	(9,067)
Communication		-	(1,362)	(835)
Consultants and contracted services		-	(6,837)	(6,405)
Information technology		-	(2,191)	(2,390)
Operating lease costs		-	(2,230)	(2,062)
Property expenses		-	(978)	(1,250)
Purchase of goods and services		(32,822)	-	(2,407)
Travel and transport		-	(2,548)	(2,524)
Other cash payments		(1,742)	(7,254)	(2,521)
Total cash outflows		(116,894)	(110,866)	(98,270)
Net cash from (used by) operating activities	12.2	(9,458)	(5,134)	(1,503)
Cash flows from investing activities				
Cash inflows				
Proceeds from the disposal of non-financial assets		-	651	2,050
Repayment of loans by other entities		450	2,249	4,814
Receipts from investments		2,700	690	569
Total cash inflows		3,150	3,590	7,433
Cash outflows				
Loans made to other entities		-	(17,130)	(2,060)
Payments for acquisition of non-financial assets		(150)	(1,628)	(2,516)
Payments for investments		-	(819)	(533)
Net proceeds from trust activities		-	(158)	(540)
Total cash outflows		(150)	(19,735)	(5,649)
Net cash from (used by) investing activities		3,000	(16,145)	1,784
Cash flows from financing activities				
Cash inflows				
Proceeds from borrowings		-	-	25,000
Total cash inflows		-	-	25,000
Cash outflows				
Repayment of borrowings		(1,000)	(2,003)	(25,003)
Total cash outflows		(1,000)	(2,003)	(25,003)
Net cash from (used by) financing activities		(1,000)	(2,003)	(3)
Net increase (decrease) in cash held		(7,458)	(23,282)	278
Cash and cash equivalents at the beginning of the reporting period		37,257	55,246	55,209
Cash outflow on administrative restructure		-	-	(241)
Cash and cash equivalents at the end of the reporting period	12.1	29,799	31,964	55,246

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

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

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

Statement of Recognised Income and Expense

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Income and expenses recognised directly in equity			
Increase (decrease) in asset revaluation reserve		805	2,852
Gains (losses) on revaluation of financial assets available for sale		-	-
Increase (decrease) in net assets due to administrative restructuring		-	(1,621)
Net income recognised directly in equity	11.1	805	1,231
Net surplus (deficit) for the financial year		(5,908)	(1,417)
Total recognised income and expense for the financial year		(5,103)	(186)

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2009

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Note I Administered Financial Statements

I.1 Schedule of administered income and expenses

	Notes	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Revenue and other income				
Appropriation revenue – recurrent	2.10(a), 15.2	1,000	1,000	2,005
Total revenue and other income		1,000	1,000	2,005
Expenses				
Grants and subsidies	2.10(c), 15.3	1,000	1,000	2,005
Total expenses		1,000	1,000	2,005
Net surplus (deficit) attributable to the State		-	-	-

This Schedule of Administered Income and Expenses should be read in conjunction with the accompanying notes.

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

Explanations of material variances between budget and actual outcomes are provided in Note 15.1 of the accompanying notes.

The Department does not have any Administered Assets or Liabilities.

I.2 Schedule of administered cash flows

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Cash flows from operating activities			
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash inflows			
Appropriation receipts – recurrent	1,000	1,000	2,005
Total cash inflows	1,000	1,000	2,005
Cash outflows			
Grants and subsidies	(1,000)	(1,000)	(2,005)
Total cash outflows	(1,000)	(1,000)	(2,005)
Net cash from (used by) operating activities	-	-	-
Net increase (decrease) in cash held	-	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-	-
Cash and cash equivalents at the end of the reporting period	-	-	-

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

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

Explanations of material variances between budget and actual outcomes are provided in Note 15.1 of the accompanying notes.

Note 2 Significant Accounting Policies

2.1 Objectives and funding

The Department of Economic Development and Tourism (The Department) facilitates economic and industry development and provides opportunities for Tasmanians to participate in sport, recreation and physical activity and promotes Tasmanian tourism activity.

The Department works with business and other organisations in Tasmania across a broad range of industry sectors, particularly those focused on exports, import replacement and employment generation. It manages projects, develops policies, undertakes planning and delivers programs and services in partnership with government and industry stakeholders to contribute to the vision articulated in *Tasmania Together* for the sustainable development of the State.

The Department aims to show leadership for Tasmania and Tasmanians by:

- » attracting and promoting investment
- » strengthening growth in exports and maximising import replacement opportunities
- » stimulating innovation and business development
- » increasing participation in sport, recreation and physical activity
- » recognising and developing Tasmania's attractiveness to visitors.

The Department achieves these objectives through its focus on outstanding client and stakeholder relationships, advice and high quality information, and its focus on leadership and employee engagement.

Departmental activities are classified as either controlled or administered.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The Department is predominantly funded through Parliamentary appropriations. The financial report encompasses all funds through which the Department controls resources to carry on its functions.

2.2 Basis of accounting

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

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

The financial statements were signed by the Secretary on 14 August 2009.

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

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

2.3 Reporting entity

The financial statements include all the controlled activities of the Department. The financial statements consolidate material transactions and balances of the Department and entities included in its output groups, including Tasmania Development and Resources (TDR) and Tourism Tasmania. Material transactions and balances between the Department and such entities have been eliminated.

2.4 Functional and presentation currency

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

2.5 Changes in accounting policies

(a) Impact of new and revised accounting standards

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

- » AASB 2008-10 *Amendments to Australian Accounting Standards: Reclassification of Financial Instruments* permits the reclassification of certain non-derivative financial assets. The Department does not intend on reclassifying its financial assets in the current period, accordingly there will be no financial impact.
- » AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* – The primary focus of this standard has been on relocating, where necessary, the requirements in AASs 27, 29 and 31, substantively unamended (with some exceptions), into topic-based standards. The standard will not have a material financial impact on the financial statements.
- » AASB Interpretation 14 *AASB 119 the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction* – The interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also gives guidance on when a MFR might give rise to a liability. The Interpretation will not have a material financial impact on the financial statements.

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

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

- » AASB 2007-6 *Amendments to Australian Accounting Standards Arising from AASB 123* – revised standard to be applied in reporting periods beginning on or after 1 January 2009. Eliminates the option of expensing borrowing costs directly attributable to the construction or production of qualifying assets, instead requiring capitalisation. The transitional provisions apply for prospective application, as a result there will be no retrospective financial impact on the 2009 financial statements.
- » AASB 2007-8 *Amendments to Australian Accounting Standards Arising from AASB 101* – revised standard to be applied in reporting periods beginning on or after 1 January 2009. The standard will not have a financial impact on the financial statements but will require a number of changes in disclosures.

- » AASB2007- 10 *Further Amendments to Australian Accounting Standards arising from AASB 101 – revised standard* to be applied from reporting periods beginning on or after 1 January 2009. This standard changes the term “general purpose financial report” to “general purpose financial statements” and the term “financial report” to “financial statements”, where appropriate, in Australian Accounting Standards (including Interpretations) and the Framework to better align with IFRS terminology. The standard will not have a financial impact on the financial statements.
- » AASB2008- 3 *Amendments to Accounting Standards arising from AASB 3 and AASB 127 – revised standard* to be applied to annual reporting periods beginning on or after 1 July 2009. The focus of the standard is to reduce alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of a parent. The standard will not have a material financial impact on the financial statements.
- » AASB2008- 5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project – revised standard* to be applied from reporting periods beginning on or after 1 January 2009. The amendments to some standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The standard will not have a material financial impact on the Department’s financial statements.
- » AASB2008- 6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – revised standard* to be applied from annual reporting periods beginning on or after 1 July 2009. This standard amends AASB 1 and AASB 5 to include requirements relating to a sale plan involving the loss of control of a subsidiary. The amendments require all the assets and liabilities of such a subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation. The standard will not have a financial impact on the financial statements.
- » AASB2008- 7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – revised standard* to be applied from reporting periods beginning on or after 1 January 2009. The standard removes the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate and to include recognising a dividend from a subsidiary, jointly controlled entity or associate, together with other evidence, as an indication that the investment in the subsidiary, jointly controlled entity or associate may be impaired. The standard will not have a financial impact on the financial statements.
- » AASB2008- 13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners – revised standard* to be applied from annual reporting periods beginning on or after 1 July 2009. The amendments are in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners and the disclosure requirements for dividends that are declared after the reporting period but before the financial statements are authorised for issue, respectively. The standard will not have a material financial impact on the Department’s financial statements.

2.6 Administered transactions and balances

The Department administers, but does not control, certain resources on behalf of the Government as a whole. It is accountable for the transactions involving such administered resources, but does not have the discretion to deploy resources for the achievement of the Department’s objectives.

Administered expenses and revenues are disclosed in Note 1 to the Financial Statements.

2.7 Activities undertaken under a trustee or agency relationship

Transactions relating to activities undertaken by the Department in a trust or fiduciary (agency) capacity do not form part of the Department’s activities. Trustee and agency arrangements, and transactions/balances relating to those activities, are neither controlled nor administered.

Fees, commissions earned and expenses incurred in the course of rendering services as a trustee or through an agency arrangement are recognised as controlled transactions.

2.8 Transactions by the Government as owner – Restructuring of administrative arrangements

Transactions and balances relating to a trustee or an agency arrangement are not recognised as departmental revenues, expenses, assets or liabilities in these Financial Statements. Details of these transactions are provided in Note 14.

Net assets received under a restructuring of administrative arrangements are designated as contributions by owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners. Net assets transferred are initially recognised at the amounts at which they were recognised by the transferring agency immediately prior to the transfer. Details of these transactions are provided in Note 11.3.

2.9 Income

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

(a) Appropriation revenue

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Department gains control of the appropriated funds. Except for any amounts identified as carried forward in Note 6.1, control arises in the period of appropriation.

(b) Grants

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

(c) Sales of goods and services

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

(d) Gain (loss) from the sale of non-financial assets

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

(e) Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method.

(f) Resources received free-of-charge

Services received free-of-charge by the Department, are recognised as income when a fair value can be reliably determined and at the time the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the Department obtains control of the asset, it is probable that future economic benefits comprising the contribution will flow to the Department and the amount can be measured reliably. However, where the contribution received is from another government agency as a consequence of restructuring of administrative arrangements, they are recognised as contributions by owners directly within equity. In these circumstances, book values from the transferor agency have been used.

(g) Other revenue

Other revenue includes sundry fee revenues and rent and other income received relating to War Service Land Settlement Act 1950, rural properties and investment properties.

2.10 Expenses

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

(a) Employee entitlements

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

(b) Depreciation and amortisation

All Non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated.

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

Plant and equipment	2-20 years
Buildings	80 years
Leasehold improvements	5-12 years

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

Software	5 years
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(c) Grants and subsidies

Grant and subsidies expenditure is recognised to the extent that:

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

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

(d) Borrowing costs

All borrowing costs are expensed as incurred using the effective interest method.

Borrowing costs include:

- » interest on bank overdrafts and short term and long term borrowings
- » unwinding of discounting of provisions
- » amortisation of discounts or premiums related to borrowings
- » amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(e) Impairment – Financial assets

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

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

All impairment losses are recognised in the Income Statement.

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

(f) Impairment – Non financial assets

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

All impairment losses are recognised in the Income Statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Write down of assets

A revaluation decrement is recognised as an expense in the Income Statement except to the extent that the decrement reverses a revaluation increment previously credited to, and still included in the balance of, an Asset Revaluation Reserve in respect of the same class of asset. In this case, it is debited direct to that Revaluation Reserve.

Where an increment reverses a revaluation decrement previously recognised as an expense in the Income Statement, in respect of that same class of Non-current assets, the revaluation increment is recognised as revenue.

All bad debts are written off in the year that they are recognised.

(h) Other expenses

Other expenses, including Advertising and promotion, Communication, Consultants and contracted services, Information technology, Operating lease costs, Property expenses, Purchase of goods and services and Travel and transport, are recognised when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

2.11 Assets

Assets are recognised in the Balance Sheet when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

(a) Cash and deposits

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

(b) Receivables

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

(c) Loan advances

Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of loan advances are reviewed on an ongoing basis. Impairment losses are recognised when there is an indication that there is a measurable decrease in the collectability of loan advances. Loan advances that are known to be uncollectable are written off. Loan advances include financial assistance provided by the Government to the private sector in the form of loans.

(d) Other financial assets

Investments are initially recorded at fair value.

All investments are held to maturity and are measured at amortised cost using the effective interest method less any impairment losses subsequent to initial recognition.

(e) Equity investments

Equity investments are initially recorded at the net recoverable value determined as follows:

- » Listed companies – the share's current market value for listed public companies
- » Unlisted companies – based on estimated recoverable amount.

Changes in the value of equity investments are accounted for as net increases or reversals of impairment losses.

The equity method of accounting has not been used to bring to account the financial operations of equity investments within the financial statements. The Department's investment in these equity investments was made for the purpose of achieving industry development outcomes consistent with the goals and objectives of the Department, not for the purpose of achieving a commercial investment return or other standard commercial objectives.

As such, the Department considers that it would be inappropriate to apply the equity method of accounting. The incorporation into the department's financial statements of financial information relating to these equity investments, could provide users of the department's financial statements with a misleading indication of its performance over the past financial year.

(f) Property, plant, equipment and infrastructure

(i) Valuation basis

Land, buildings, infrastructure, long lived plant and equipment and heritage and cultural assets are recorded at fair value. All other Non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Department and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Department is \$5,000. Assets valued at less than \$5,000 are charged to the Income Statement in the year of purchase (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

Assets are revalued by class of asset annually on the basis of fair value. Asset classes are determined on the basis of having a similar nature or function in the operations of the Department.

(g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both.

Investment property is recorded at fair value with any changes in the fair value being recorded as income or expenses in the Income Statement.

Investment property is not depreciated.

(h) Intangibles

An intangible asset is recognised where:

- » it is probable that an expected future benefit attributable to the asset will flow to the Department
- » the cost of the asset can be reliably measured.

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

(i) Other assets

Other assets are recognised in the Balance Sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

2.12 Liabilities

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

(a) Payables

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

(b) Interest bearing liabilities

Bank loans and other loans are initially measured at fair value, net of transaction costs. Bank loans and other loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(c) Provisions

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

(d) Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June 2009, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

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

(e) Superannuation

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions in to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

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

(f) Other liabilities

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

2.13 Leases

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

The Department is prohibited by Treasurer's Instruction 502 Leases from holding finance leases.

2.14 Judgements and assumptions

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

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

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

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

2.15 Foreign currency

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

2.16 Comparative figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. If there are any changes details of their impact in accounting policy on comparative figures will be disclosed at Note 2.5.

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

The comparatives for external administrative restructures are not reflected in the financial statements.

2.17 Budget information

Budget information refers to original estimates as disclosed in the 2008-09 Budget Papers and is not subject to audit.

2.18 Rounding

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

2.19 Departmental taxation

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

2.20 Goods and Services Tax

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

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

Note 3 Departmental Output Schedules

3.1 Output Group information

Comparative information has not been restated for external administrative restructures.

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

Output Group 1: Economic Development

This Output Group provides strategically focused services that are responsive to industry needs. These services are focused on enhancing and encouraging acceleration in the sustainable development of Tasmania's economy in line with the Government's Industry Development Plan.

Economic benefits for Tasmania are realised through increased productive capacity, investment, employment and earnings. Furthermore, if these objectives are achieved, potential investors will gain confidence in Tasmania's market strengths.

Outputs

1.1 Export and Trade Facilitation

This Output provides services to assist Tasmanian businesses with the identification and development of new domestic and overseas markets and export opportunities. Assistance is provided through training and management support to targeted businesses, industry bodies and government departments, as well as targeted trade missions and trade fairs.

1.2 Investment Attraction and Industry Development

This Output assists projects of strategic importance to the state with the provision of financial advice and project support services. It delivers finance facilitation services to help local businesses to expand or to fund new ventures. This Output also assists with the provision of project support services to potential investors considering major strategic economic development opportunities. In addition, this Output includes the Tasmanian Brand Project that will focus on encouraging and promoting Tasmania as a great place to Live, Work, Play, Learn, Invest, and Trade.

1.3 Innovation Support

This Output delivers the Tasmanian Innovations Program Support services for the development of innovative ideas, and assists organisations involved in science and technology-based activities. This Output also facilitates the grant disbursement arrangements associated with the Intelligent Island Program.

1.4 Labour and Employment

This Output provides assistance to businesses, industry sectors and regional communities to respond appropriately to labour and skills shortages, as well as providing assistance for long-term and disadvantaged unemployed people to enter the labour force.

1.5 Antarctic Industry Development

This Output promotes Tasmania's international profile as a centre for Antarctic and Sub-Antarctic activity, with the intention of increasing the amount of expenditure in Tasmania from Antarctic-related enterprises.

1.6 Film, TV and Multimedia Industry Development

This Output fosters, develops and supports Tasmania's film, television and multimedia industries in creating world-class work.

1.7 Industry Research and Strategy

This Output provides support for the development of economic and industry strategy, and research-based projects linked to generating increased investment in Tasmania. The research-based projects focus on three themes:

- » creating an increasingly competitive business environment
- » maximising opportunities arising from Tasmania's infrastructure projects
- » identifying investment and reinvestment opportunities for the state, particularly those that will support Tasmania's key future industries.

This Output also provides executive support to industry councils.

1.8 Small Business Development

This Output provides state-wide support for the expansion of existing small businesses, as well as promoting the establishment of new businesses that are forward-looking, internationally competitive, and capable of long term growth. Services are provided through Regional Offices and Enterprise Centres located throughout the State.

Output Group 2: Sport and Recreation

This Output Group contributes to a range of State Government economic and social policies through the development of opportunities for all Tasmanians to participate in sport and recreation activities. This includes a focus on both social and economic outcomes by optimising the State's sport and recreation assets and developing the sport and recreation sector.

Output Group 3: Tourism

3.1 Tourism Marketing

This Output uses a variety of marketing techniques to stimulate awareness and demand for travel to Tasmania by building a strong and distinctive brand, delivering highly differentiated marketing programs, and developing significant cooperative partnerships. The Output focus is on the intrastate, interstate and international markets, with the development of a global digital platform to position Tasmania as a preferred destination.

Significant national and international partnerships increase the value of the marketing investment and the return from Tasmania's signature events. This Output facilitates public relations activities that continue to attract intrastate, interstate and international editorial coverage.

3.2 Tourism Destination Development

This Output strategically supports the development of experiential tourism products and services that help to build competitive advantage, attract visitors to the State and exceed visitor expectations. The Output targets industry development, business and product development, and destination development. The Output also provides advice and information on tourism investment opportunities, assists and encourages the development of new tourism infrastructure, and works with industry and government partners to ensure that Tasmania continues to develop new and engaging experiences that connect visitors with the destination.

3.3 Tourism Distribution Services

This Output provides conversion opportunities for Tasmanian tourism operators both through the retail travel trade and direct to consumers. The Launceston-based Tasmanian Travel Service Centre provides the travel trade and consumers with comprehensive, easy to access booking and information services.

3.4 Major Events Support

This Output plays a leadership role in stimulating events growth in Tasmania. This is achieved through the attraction and retention of a diverse range of events, and through building on the development opportunities of the existing 'event' portfolio. Events Tasmania works with key events that deliver on a range of social, cultural, economic and environmental benefits to the Tasmanian community.

Output Group I – Economic Development

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Revenue			
Revenue from appropriation	40,949	39,271	39,292
Other revenue from Government ¹	-	435	734
Grants	-	-	3
Interest revenue ²	924	2,426	4,023
Gain (loss) on fair value revaluations ³	-	437	1,350
Sales of goods and services ⁴	773	-	1
Resources received free-of-charge	-	-	100
Other revenue ^{4,5}	-	2,858	3,547
Total	42,646	45,427	49,050
Expenses			
Employee Entitlements			
Salaries and Wages	12,395	12,792	13,096
Other employee related expenses ⁶	30	2,704	703
Superannuation	1,311	1,564	1,327
Depreciation and Amortisation ⁷	786	532	597
Borrowing Costs	1,473	1,273	1,692
Grants and subsidies ⁸	24,894	19,568	17,450
Impairment losses (reversals) ⁹	-	(75)	(1,135)
Loss on fair value revaluations	-	-	169
Write down of assets ¹⁰	-	23	287
Other expenses from ordinary activities			
Consultants ¹¹	578	273	643
Property services ¹²	1,538	647	843
Maintenance	296	222	-
Communications ¹³	477	764	495
Information technology	1,178	1,007	1,040
Travel and transport ¹⁴	1,272	1,520	1,721
Advertising and promotion ¹⁵	2,921	910	2,271
Other supplies and consumables ¹⁶	3,605	8,816	10,066
Other expenses ¹³	-	-	-
Total	52,754	52,540	51,265
Net result	(10,108)	(7,113)	(2,215)
Expense by output			
I.1 Export and Trade Facilitation ¹⁷	4,140	5,431	5,126
I.2 Investment Attraction and Industry Development	17,942	15,821	16,750
I.3 Innovation Support	16,689	17,468	17,387
I.4 Labour and Employment ¹⁸	4,278	2,973	2,831
I.5 Antarctic Industry Development ¹⁹	1,189	2,101	1,005
I.6 Film, TV and Multimedia Industry development ²⁰	1,214	1,442	1,364
I.7 Industry Research and Strategy	1,802	1,612	1,996
I.8 Small Business Development	5,500	5,692	4,806
Total	52,754	52,540	51,265
Net Assets			
Total assets deployed for Output Group I		75,774	84,967
Total liabilities incurred for Output Group I		(19,289)	(21,343)
Net assets deployed for Output I		56,485	63,624

Notes:

1. Other revenue from Government relates to recognition of Section 8(A)2 Consolidated Fund Carried Forward balances not originally budgeted for in 2008-09.
2. Interest revenue is above budget mainly due to lower than expected disbursements for the Intelligent Island program, leading to higher balances in the investment account thus more interest is earned.
3. The increase of Gain (loss) on fair value revaluations from budget to actual is due the revaluation on the TDR Property Portfolio to fair value as at 30 June 2009.
4. Sale of goods and services are below budget due to a reclassification from sales to other revenue.
5. Other revenue is above budget due to greater than anticipated revenue being collected from departmental investment properties and other sources.
6. Other employee related expenses is over budget mainly due to staff training and recruitment costs being higher than anticipated.
7. Depreciation and amortisation is under budget mainly due to the ongoing depreciation of property, plant and equipment with subsequent disposals.
8. Grants and subsidies are below budget mainly as a result of Intelligent Island grants not being disbursed as anticipated as well as reductions in a number of grant programs as part of the 2008-09 Government budget management strategies.
9. The movement in Impairment losses (reversals) is due to the unanticipated diminution of equity investments. This diminution was not budgeted for in the 2008-09 financial year.
10. Write down of assets relates to the write-off of some leasehold improvements. This write-off was not budgeted for in the 2008-09 financial year.
11. Consultants are under budget due to reductions in a number of projects as part of the 2008-09 Government budget management strategies.
12. Property services are below budget mainly due to the completion of refurbishment of departmental properties, which has reduced associated operational expenditure.
13. Communications is above budget due to unanticipated increases in telecommunication expenditure.
14. Travel and transport is above budget mainly due to the loss on sale of departmental vehicles and rising fuel prices.
15. Advertising and promotion is below budget primarily due to reductions in relation to Project Tasmania activities.
16. Other supplies and consumables are above budget mainly due to the allocation of budgeted expenditure recorded across other expenditure categories. In addition, there is a reclassification of other expenses to other supplies and consumables.
17. The movement in Export and Trade Facilitation is due to increased activities in relation to the International Education Unit.
18. Labour and Employment is below budget mainly due to the reduction in the Workforce Participation Program.
19. Antarctic Industry Development is above budget due to increased activities in this sector.
20. Film, TV and Multimedia Industry Development is above budget due to higher than anticipated grant payments.

Output Group 2 – Sport and Recreation

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Revenue			
Revenue from appropriation	9,518	9,580	7,906
Grants ¹	1,897	20	266
Gain (loss) on fair value revaluations	-	-	49
Resources received free-of-charge	-	-	75
Other revenue ²	-	3,804	3,476
Total	11,415	13,404	11,772
Expenses			
Employee Entitlements			
Salaries and Wages	2,894	2,722	3,728
Other employee related expenses ³	152	548	301
Superannuation	295	345	374
Depreciation and Amortisation ⁴	324	587	482
Grants and subsidies	6,628	7,288	5,731
Loss on fair value revaluations	-	-	4
Write down of assets	-	16	-
Other expenses from ordinary activities			
Consultants	5	1	85
Property services ⁵	194	637	365
Maintenance ⁵	40	73	22
Communications	90	100	152
Information technology ⁶	108	51	167
Travel and transport ⁷	138	415	570
Advertising and promotion ⁸	322	77	129
Other supplies and consumables	737	794	1,624
Other expenses	-	-	-
Total	11,927	13,654	13,734
Net result	(512)	(250)	(1,962)
Expense by output			
2.1 Sport and Recreation ⁹	11,927	13,654	13,734
Total	11,927	13,654	13,734
Net Assets			
Total assets deployed for Output Group 2		31,828	31,480
Total liabilities incurred for Output Group 2		(783)	(850)
Net assets deployed for Output Group 2		31,045	30,630

Notes:

1. Grants revenue is below budget mainly due to a decrease in Australian Government grants received.
2. Other revenue is above budget due to increased revenue received as a result of Silverdome activities.
3. Other employee related expenses is above budget mainly due to staff training and recruitment costs being higher than anticipated.
4. Depreciation and amortisation is above budget in line with asset acquisitions at the Silverdome.
5. Property Services and maintenance are above budget primarily due to works conducted at the Silverdome.
6. Information Technology is below budget mainly due to lower than expected costs across sport and recreation.
7. Travel and transport is above budget mainly due to the loss on sale of vehicles and increased fuel costs.
8. Advertising and Promotion is below budget mainly due to lower than expected costs associated with sport and recreation programs and the Silverdome facility.
9. Sport and Recreation is above budget mainly due to the Ulverstone Showground Redevelopment and expenditures associated with Silverdome activities.

Output Group 3 – Tourism

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Revenue			
Revenue from appropriation	28,881	28,404	14,042
Other revenue from Government ¹	-	364	(364)
Sales of goods and services ²	7,009	3,684	5,695
Other revenue ³	-	197	257
Total	35,890	32,649	19,630
Expenses			
Employee Entitlements			
Salaries and Wages	10,835	11,142	2,942
Superannuation	1,122	988	498
Depreciation and Amortisation ⁴	82	202	41
Grants and subsidies	3,424	3,110	1,890
Other expenses from ordinary activities			
Consultants ⁵	231	136	-
Property services ⁵	1,307	168	84
Maintenance	-	45	6
Communications ⁵	1,279	641	215
Information technology ⁵	1,846	1,153	708
Travel and transport ⁵	1,055	866	328
Advertising and promotion ⁵	11,590	7,081	4,353
Other supplies and consumables ⁶	3,395	6,134	7,510
Total	36,166	31,666	18,575
Net result	(276)	983	1,055
Expense by output			
3.1 Tourism Marketing	15,219	15,085	8,357
3.2 Tourism Destination Development	5,626	5,514	2,645
3.3 Tourism Distribution Services ⁶	11,928	7,788	6,120
3.4 Major Events Support	3,393	3,279	1,453
Total	36,166	31,666	18,575
Net Assets			
Total assets deployed for Output Group 3		5,717	4,686
Total liabilities incurred for Output Group 3		(4,731)	(5,321)
Net assets deployed for Output Group 3		986	(635)

Notes:

1. Other revenue from Government relates to recognition of Section 8(A)2 Consolidated Fund Carried Forward balances not originally budgeted for in 2008-09.
2. Sales of Goods and Services are below budget due to the continued run off of Tasmania's Temptations operations.
3. Other Revenue is above budget due to increased industry contributions.
4. Depreciation and amortisation is above budget due to increase in intangible asset acquisitions.
5. These expense items are below budget due to lower than expected costs associated with the continued run off of Tasmania's Temptation activities and the implementation of 2008-09 Government budget management strategies.
6. Other supplies and consumables are above budget mainly due to the allocation of budgeted expenditure recorded across other expenditure categories. In addition, there is a reclassification of other expenses to other supplies and consumables.

Special Capital Investment Funds

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Revenue			
Revenue from appropriation – S8A(2) Carry Forward	-	-	-
Revenue from Special Capital Investment Funds	10,985	14,554	17,281
Total	10,985	14,554	17,281
Expenses			
Employee Entitlements			
Salaries and Wages	-	118	45
Other employee related expenses	-	16	14
Superannuation	-	16	6
Grants and subsidies	10,655	13,787	12,309
Other expenses from ordinary activities			
Consultants	-	15	10
Property Services	-	-	-
Maintenance	-	-	-
Travel and transport	-	37	10
Advertising and promotion	-	3	3,095
Other supplies and consumables	330	90	86
Total	10,985	14,082	15,575
Net result	-	472	1,706
Expense by output			
University Redevelopment Menzies Centre ¹	4,000	3,000	6,000
Industry Assistance Program ²	1,730	1,526	108
Partnerships to Jobs Program	-	15	662
Tourism Promotion Plan ³	-	2,583	4,766
AFL – Hawthorn Football Club	3,475	3,387	787
Silverdome	-	-	1
Tasmanian Hockey Centre	-	-	2,250
Northern Tennis Centre	480	480	-
State Gymnastics Training Centre	-	-	1,000
Launceston Aquatic Centre	1,300	1,300	-
Domain Tennis Centre ⁴	-	1,200	-
Axeman's Hall of Fame ⁵	-	100	-
Bushy Park Show Ground Upgrade ⁵	-	143	-
Don River Railway ⁵	-	184	-
King George V Grandstand ⁵	-	164	-
Total	10,985	14,082	15,575

Notes:

1. University Redevelopment Menzies Centre is below budget due to identified savings.
2. Industry Assistance Program is below budget mainly due to delays in expenditure on grants and other industry assistance agreements.
3. The budget for the Tourism Promotion Plan resides within the Department of Treasury and Finance.
4. The Domain Tennis Centre contribution was announced by the Government during 2008-09 and was not originally budgeted for.
5. These grant contributions were announced by the Government during 2008-09 and funded from the Urban Renewal and Heritage Fund and were not originally budgeted for.

3.2 Reconciliation of total output groups net result to Income Statement

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Total net result of Output Groups	(10,896)	(5,908)	(1,417)
Reconciliation to net surplus (deficit)			
Loss on Investments	(200)	-	-
Net surplus (deficit) from Income Statement	(11,096)	(5,908)	(1,417)

3.3 Reconciliation of total output groups net assets to Balance Sheet

	2009 Actual \$'000	2008 Actual \$'000
Total net assets deployed for Output Groups	88,516	93,619
Reconciliation to net assets		
Assets unallocated to Output Groups	-	-
Liabilities unallocated to Output Groups	-	-
Net assets from Balance Sheet	88,516	93,619

3.4 Administered Output Schedule

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

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Revenue			
Revenue from appropriation	1,000	1,000	2,005
Total	1,000	1,000	2,005
Expense by output			
Grants and subsidies	1,000	1,000	2,005
Total	1,000	1,000	2,005
Net result	-	-	-
Total net result of output groups	-	-	-
Net surplus (deficit)	-	-	-

Note 4 Explanations of Material Variances between Budget and Actual Outcomes

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

4.1 Income Statement

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue					
– section 8A of the <i>Public Account Act 1986</i>	(a)	-	940	940	100
Revenue from Special Capital Investment Funds (SCIF)	(b)	-	14,554	14,554	100
Grants	(b)	12,882	20	(12,862)	(100)
Sales of goods and services	(c)	7,782	3,684	(4,098)	(53)
Interest income	(d)	924	2,426	1,502	163
Gain (Loss) on fair value revaluations	(e)	-	437	437	100
Other revenue	(f)	-	6,859	6,859	100
Employee benefits	(g)	29,034	32,388	3,354	12
Depreciation	(h)	1,192	1,321	129	11
Loss on sale of non-financial assets	(i)	-	39	39	100
Supplies and consumables	(j)	32,790	-	(32,790)	(100)
Borrowing costs	(k)	1,473	1,302	(171)	(12)
Impairment losses (reversals)	(l)	-	(75)	(75)	100
Other expenses	(j)	1,942	31,612	29,670	1528

Notes to Income Statement variances

- a) The variance to budget in Appropriation Revenue is primarily due to the recognition of Section 8(A)2 Consolidated Fund Carried Forward balances not originally budgeted for in 2008-09.
- b) The variance to budget is primarily due to a different allocation between Revenue from SCIF and Grants.
- c) The variance to budget in Sales of goods and services is primarily due to the continued run-off of the Tasmania's Temptations activities.
- d) Interest revenue is over budget mainly due to lower than expected funding being disbursed for the Intelligent Island program, leading to higher balances in the investment account and increased interest income.
- e) The increase of Gain (loss) on fair value revaluations from budget to actual is primarily due the revaluation on the TDR Property Portfolio to fair value as at 30 June 2009.
- f) Other revenue is over budget due to greater than anticipated revenue being collected from departmental investment properties and other sources including Silverdome activities.
- g) The increase in Employee benefits is mainly due to salary increases and unbudgeted separation payments.
- h) The variance to budget in Depreciation is mainly due to increases in intangible asset acquisitions.
- i) The variance to budget occurred as a result of the write-off of leasehold improvements.
- j) The variance to budget is primarily due to a difference in the classification of expenditure between Supplies and consumables and Other expenditure as well as several election commitments being recorded during the Budget process as grants, where actual expenditure associated with the election commitments was recorded across other expenditure categories.
- k) The variance to budget in Borrowing costs due to lower than expected interest rates.
- l) The net decrease in impairment losses (reversals) reflects the diminution in equity investments and reversals on loan advances.

4.2 Balance Sheet

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Receivables	(a)	1,169	444	(725)	(62)
Equity Investments	(b)	4,096	5,695	1,599	39
Other financial assets	(c)	2,497	-	(2,497)	(100)
Property, plant and equipment	(d)	30,153	38,069	7,916	26
Investment property	(e)	9,650	11,570	1,920	20
Intangibles	(d)	122	655	533	437
Other assets	(c)	765	3,336	2,571	336
Payables	(f)	2,500	3,491	991	40
Interest bearing liabilities	(g)	20,027	12,021	(8,006)	(40)
Provisions	(h)	-	1,768	1,768	100
Employee benefits	(i)	5,231	6,415	1,184	23
Other liabilities	(j)	4,366	1,109	(3,257)	(75)
Reserves	(k)	1,127	4,304	3,177	282

Notes to Balance Sheet variances

- a) The decrease in receivables is mainly due to improved debtor collection procedures during the year and the continued run-off of the Tasmania's Temptations activities.
- b) The increase in Equity Investments is mainly due to the investments in Screen Tasmania projects.
- c) The movement in Other financial assets is mainly due to the reclassification of Other financial assets to Other assets and better capturing techniques for prepayments.
- d) The increase in Property, plant and equipment and Intangibles is mainly due to revaluations on Sport properties and increased investments of intangibles and leasehold improvements.
- e) The increase in Investment property assets is due to property revaluations.
- f) The increase in Payables is due to the budget amount not reflecting trust account balances owed by other entities.
- g) The decrease in Interest bearing liabilities is due to the repayment of client loan repayments subsequently resulting in a reduction of the related debt.
- h) The increase in provisions includes the recognition of make good provisions for the department's buildings. This make good provision was not budgeted for.
- i) The increase in Employee benefits to budget is due to increased salary costs and the calculation of employee entitlements for the 2008-09 financial year.
- j) The decrease in Other liabilities to budget is mainly due to the continued run-off of the Tasmania's Temptations activities.
- k) The increase in Reserves is mainly due to recognition of Revaluation reserves for the department's assets. This equity item was not budgeted for in the 2008-09 Budget statements.

4.3 Cash Flow Statement

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Receipts from Special Capital Investment Funds (SCIF)	(a)	-	14,554	14,554	100
Grants	(a)	12,882	20	(12,862)	(100)
GST receipts	(b)	6,500	700	(5,800)	(89)
Interest received	(c)	924	2,529	1,605	174
Sales of goods and services	(d)	7,782	3,378	(4,404)	(57)
Other cash receipts	(e)	-	6,296	6,296	100
Employee benefits	(f)	(28,856)	(31,457)	(2,601)	9
Grants and subsidies	(g)	(45,501)	(39,295)	6,206	(14)
GST payments	(h)	(6,500)	(7,793)	(1,293)	20
Other cash payments	(h)	(34,564)	(30,844)	3,720	(11)
Proceeds from the disposal of non-financial assets	(i)	-	651	651	100
Repayment of loans by other entities	(j)	450	2,249	1,799	400
Receipts from investments	(k)	2,700	690	(2,010)	(74)
Loans made to other entities	(l)	-	(17,130)	(17,130)	100
Payments for acquisition of non-financial assets	(m)	(150)	(1,628)	(1,478)	(985)
Payments for investments	(n)	-	(819)	(819)	(100)
Net proceeds from trust activities	(o)	-	(158)	(158)	100
Repayment of borrowings	(p)	(1,000)	(2,003)	1,003	100

Notes to Cash Flow Statement variances

- The variance to budget is primarily due to a different allocation between Revenue from SCIF and Grants.
- The movement in GST receipts is mainly due to the reduction in GST remitted as a result of the continued run-off of Tasmania's Temptations activities and a reduction in other income received from other sources.
- Interest revenue is over budget mainly due to lower than expected funding being disbursed for the Intelligent Island program, leading to higher balances in the investment account and increased interest income.
- The variance to budget in Sales of goods and services is primarily due to the run-off of the Tasmania's Temptations activities.
- Other receipts is over budget due to greater than anticipated revenue being collected from departmental investment properties and increased revenue from Silverdome activities.
- The variance to budget in Employee benefits is primarily due to increased salary costs along with an increase in separation payments.
- The variance to budget is the result of decreased Intelligent Island grants and the Workforce Participation Program along with the implementation of the Government's budget management strategy.
- The movement in GST payments reflects the underestimated budget for GST payments during the 2008-09 financial year.
- The variance to budget is the result of the implementation of the Government's budget management strategy.
- The repayments of loans by other entities reflect unanticipated client repayments.
- Receipts from investments include the return on capital from First Tasmania Investments Limited.
- The Loans made to other entities reflects the Tasmanian Industry Support Scheme launched during the 2008-09 financial year. This scheme was not originally budgeted for.
- Payments for acquisition of non-financial assets represent assets purchased such as intangibles and leasehold improvements. These were originally unbudgeted for.
- Payments for investments represent further investments in Screen Tasmania projects.
- Net proceeds from trust activities represent funds held in trust for external entities for which the Department provides administrative support.
- Repayments of borrowings reflect the repayment of borrowings as a result of funds received from client repayments.

Note 5 Events Occurring After Balance Date

The following events occurring after balance date have no impact on these financial statements:

- » The Department of Environment, Parks, Heritage and the Arts ceased to exist from 1 July 2009. As a result of the Government's administrative restructure the Tasmanian Museum and Art Gallery and Arts Tasmania have joined the Department of Economic Development and Tourism.
- » Thirty years ago, when the Government established Tasmania's Temptations Holidays as a wholesale business, there were limited opportunities for Tasmanian travel and tourism products to be seen and bought in the travel marketplace. The world today is very different, and consumers are now connecting with holiday information in a range of ways and through a variety of distribution channels. Tourism Tasmania has significantly realigned the organisation in order to remain competitive in the global tourism market. Despite the best endeavours, the rate of decline in sales through Tasmania's Temptations Holidays has been much more dramatic than projected, with losses to the business over the current and subsequent two financial years likely to aggregate to \$10 million if the business were to continue. These losses are despite bookings and visitation to the state continuing to grow to record levels over the past three years, further testament to the decline in domestic travel being accessed through traditional wholesale channels. Consequently, the Government has made the decision to cease operating Tasmania's Temptations Holidays as a commercial business from 30 September 2009.

Note 6 Income

6.1 Appropriation revenue

Revenue from Appropriations includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law.

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Recurrent Appropriation	79,348	78,114	60,301
Appropriation carried forward under section 8A2 of the <i>Public Account Act 1986</i> taken up as revenue in the current year	-	940	1,309
Total revenue from Government	79,348	79,054	61,610

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

6.2 Revenue from special capital investment funds

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

	2009 Actual \$'000	2008 Actual \$'000
Economic and Social Infrastructure Fund	14,554	17,281
Total	14,554	17,281

Details of total Special Capital Investment Funds revenues and expenses are provided as part of Note 3 Departmental Output Schedules. Details of total cash flows for each project are at Note 12.3.

6.3 Grants

	2009 \$'000	2008 \$'000
Grants from the Australian Government		
Specific purpose recurrent grants	-	222
Total	-	222
Other grants		
Other grants	20	40
Total	20	40
Total	20	262

6.4 Sales of goods and services

	2009 \$'000	2008 \$'000
Tasmania's Temptations sales (net)	3,684	5,691
Other goods and services	-	6
Total	3,684	5,697

6.5 Interest revenue

	2009 \$'000	2008 \$'000
Interest	2,426	4,023
Total	2,426	4,023

6.6 Gain on fair value revaluations

	2009 \$'000	2008 \$'000
Land and buildings	-	25
Investment property	437	1,374
Total	437	1,399

6.7 Resources received free-of-charge

	2009 \$'000	2008 \$'000
Land and buildings	-	175
Plant and equipment	-	-
Associated liabilities	-	-
Total	-	175

6.8 Other revenues

	2009 \$'000	2008 \$'000
Investment property rental	874	970
Gains on assets sold	6	10
Fees and recoveries	4,521	4,797
Other	1,458	1,511
Total	6,859	7,288

Note 7 Expenses

7.1 Employee benefits

	2009 \$'000	2008 \$'000
Wages and salaries	24,266	18,302
Annual leave	1,901	1,323
Long service leave	1,082	(406)
Sick leave	787	574
Superannuation	2,908	2,205
Other employee expense	1,444	1,035
Total	32,388	23,033

Superannuation expenses relating to defined benefits schemes relate to payments into the Superannuation Provision Account (SPA) held centrally and recognised within the Finance-General Division of the Department of Treasury and Finance. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 11 per cent of salary.

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

7.2 Depreciation and amortisation

(a) Depreciation

	2009 \$'000	2008 \$'000
Plant, equipment and vehicles	489	494
Buildings	346	265
Leasehold improvements	302	254
Total	1,137	1,013

(b) Amortisation

Intangibles	184	109
Total	184	109
Total depreciation and amortisation	1,321	1,122

7.3 Grants and subsidies

	2009 \$'000	2008 \$'000
Grants	44,309	36,989
Subsidies	104	390
Total	44,413	37,379

The Department of Economic Development and Tourism provides grants to assist Tasmanian enterprises for industry development and employment assistance. These include assistance in the areas of exporting, innovation, contact centres, skill development, screen and film, sport and recreation and general industry assistance. The Department also disburses designated specific purpose grants allocated from the Government's Special Capital Investment Funds.

7.4 Borrowing costs

	2009 \$'000	2008 \$'000
Other borrowing costs		
Loans	1,207	1,640
Unwinding of discounting of provisions	95	50
Total	1,302	1,690

7.5 Loss on sale of non-financial assets

	2009 \$'000	2008 \$'000
Leasehold improvements		
Proceeds from sale	-	-
Written down value of disposed assets	23	-
Total	23	-
Land and buildings		
Proceeds from sale	-	(1,633)
Written down value of disposed assets	-	1,800
Total	-	167
Plant and equipment		
Proceeds from sale	(6)	(10)
Written down value of disposed assets	22	16
Total	16	6
Total	39	173

7.6 Impairment losses (reversals)

	2009 \$'000	2008 \$'000
Financial assets – impairment losses		
Loan Advances	(651)	-
Receivables (bad and doubtful debts)	-	23
Equity investments	576	-
Total	(75)	23
Financial assets – reversal of impairment losses		
Loan advances	-	(1,135)
Receivables (bad and doubtful debts)	-	(28)
Total	-	(1,163)
Non financial assets – impairment losses		
Property, plant, and equipment	-	5
Total	-	5
Total	(75)	(1,135)

7.7 Write down of assets

	2009 \$'000	2008 \$'000
Non-financial assets		
Equity investments	-	287
Total	-	287

Write down of assets excludes written down value on disposal of assets, which is recorded under Note 6.6.

7.8 Other expenses

	2009 \$'000	2008 \$'000
Audit fees – financial audit	117	102
Audit fees – internal audit and risk management	162	127
Building and infrastructure maintenance	298	301
Other maintenance	-	37
Employee on-costs	2,102	1,406
International student fees	819	908
Legal expenses	146	129
Other infrastructure fund expenses	-	-
Seminars and conferences	396	719
Sponsorship	405	328
Supplies and consumables	1,001	896
Expenses associated with investment property	-	154
Other	2,027	3,209
Total	7,473	8,316

Note 8 Assets

8.1 Receivables

	2009 \$'000	2008 \$'000
Receivables	444	763
Total	444	763
Settled within 12 months	444	763
Settled in more than 12 months	-	-
Total	444	763

8.2 Equity investments

	2009 \$'000	2008 \$'000
Listed shares – at cost	2,412	2,412
Listed shares – converted	944	944
Unlisted equity instruments	9,927	9,798
Less: Provision for impairment	(7,588)	(7,012)
Total	5,695	6,142
Settled within 12 months	-	-
Settled in more than 12 months	5,695	6,142
Total	5,695	6,142

Listed shares

TASSAL Ltd

Economic Development and Tourism holds 1,583,341 ordinary shares of \$1.00 each fully paid in TASSAL Limited, representing 4.43 per cent of issued capital. The company operated principally in the salmon farming industry. Korda Mentha & Colleagues (KMC) partners Mark Ryan and Mark Mentha were appointed as receivers and managers of the company on 26 June 2002. As a result, the company's shares were suspended from trading on the Australian Stock Exchange until the receivership is finalised. In view of this, it is appropriate to record the value of this investment as \$Nil.

Unlisted equity instruments

First Tasmania Investments Ltd

Economic Development and Tourism holds 2,402,105 ordinary shares in First Tasmania Investments Ltd. The shares are recorded at Directors' Valuation as at June 2009.

North West Bay Ships Pty Ltd

Economic Development and Tourism acquired 800,000 preference shares (7 per cent) of \$1.00 each in June 2000. The shares are recorded at Directors' Valuation as at June 2009.

SDT Australia Pty Ltd

Economic Development and Tourism acquired 200,000 preference shares (9 per cent) of \$1.00 each in June 2000. The company has not operated for the last two and a half years due to a lack of capital for further research and development. The shares have been valued at \$Nil as at 30 June 2009.

Screen Tasmania Investments

Economic Development and Tourism has a number of equity investments in productions through Screen Tasmania. These investments assist companies working in the film, television and multimedia area, to undertake a variety of productions and projects that contribute to economic or cultural objectives for Tasmania.

Reconciliation of movement in provision for impairment of equity investments

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	7,012	6,725
Amounts written off during the year	576	287
Carrying amount at 30 June	7,588	7,012

8.3 Other financial assets

	2009 \$'000	2008 \$'000
Loan advances		
Convertible note	200	200
Rural Adjustment Scheme Account	140	270
Section 35 Loans Administered by TDR	20,356	4,534
Tasmania Development Act 1983	543	1,294
Fire Damage Relief Act 1967	24	24
Intelligent Island Loans	340	340
Screen Tasmania Loans	329	329
Less: Provision for impairment	(345)	(996)
Total	21,587	5,995
Settled within 12 months	2,062	884
Settled in more than 12 months	19,525	5,111
Total	21,587	5,995

Loan advances include financial assistance provided by the Government to the private sector in the form of loans.

Under the provisions of the Tasmanian Development Act 1983, Economic Development and Tourism (through TDR) has the power to provide loans to clients that assist in the development and expansion of the Tasmanian economy. Generally, these loans are provided on the basis of commercial terms, conditions, interest rates and security.

Reconciliation of movement in provision for impairment of other financial assets

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	996	2,159
Increase (decrease) in provision recognised in profit or loss	(651)	(1,163)
Carrying amount at 30 June	345	996

8.4 Property, plant and equipment

(a) Carrying amount

	2009 \$'000	2008 \$'000
Land		
Recreation properties at fair value (30 June)	2,659	2,600
Rural properties at fair value (30 June)	4,416	5,022
Total	7,075	7,622
Buildings		
Recreational properties at fair value (30 June)	27,511	26,775
Work in progress (at cost)	-	-
Total	27,511	26,775
Leasehold improvements		
At cost	5,609	5,115
Less: Accumulated depreciation	(3,696)	(3,405)
Total	1,913	1,710
Plant, equipment and vehicles		
At cost	3,151	3,160
Less: Accumulated depreciation	(1,906)	(1,615)
	1,245	1,545
Work in progress (at cost)	325	88
Total	1,570	1,633
Total property, plant and equipment	38,069	37,740

The latest revaluations as at 30 June 2009 (other than rural properties) were based on valuations undertaken by independent valuers Brothers and Newton Pty Ltd.

The fair value valuations of land and buildings were undertaken in accordance with API Professional Practice Guidelines and International Valuation Standards.

In doing so, various methods of valuation including direct comparison, capitalisation of net income, summation, and hypothetical development have been utilised.

Estimates of total economic life assume regular and ongoing maintenance in order to prolong the useful life of the buildings. The total economic life for each asset has been amended for the age of the existing buildings to arrive at the remaining economic life. In cases where buildings have been developed in stages the age of the buildings have been calculated based on the averaged year of construction.

Rural properties are valued as at 30 June 2009 to fair value. Fair value of these properties equates to the option prices deemed on the individual properties. These option prices are the amounts receivable should the tenants exercise the option to purchase the freehold title.

(b) Reconciliation of movements

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

2009	Land	Buildings	Leasehold improvements	Plant equipment and vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying value at 1 July	7,622	26,775	1,710	1,633	37,740
Additions	-	337	527	205	1,069
Disposals	(606)	-	(23)	(16)	(645)
Revaluation increments (decrements)	59	746	-	-	805
Work in progress at cost	-	-	-	237	237
Depreciation	-	(346)	(302)	(489)	(1,137)
Carrying value at 30 June	7,075	27,511	1,913	1,570	38,069

2008	Land	Buildings	Leasehold improvements	Plant equipment and vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying value at 1 July	7,805	22,331	1,516	1,605	33,257
Additions	75	3,038	285	456	3,854
Disposals	(333)	-	-	(16)	(349)
Net additions through restructuring	-	-	163	189	352
Revaluation increments (decrements)	75	2,827	-	-	2,902
Work in progress at cost	-	(1,156)	-	(107)	(1,263)
Depreciation	-	(265)	(254)	(494)	(1,013)
Carrying value at 30 June	7,622	26,775	1,710	1,633	37,740

8.5 Investment property

(a) Carrying amount	2009 \$'000	2008 \$'000
Land at fair value	5,320	5,000
Buildings at fair value	6,250	6,100
Total	11,570	11,100

(b) Reconciliation of movements

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	11,100	11,450
Resources received free-of-charge	-	100
Disposals	-	(1,800)
Net gains (losses) from fair value adjustments	470	1,350
Carrying amount at 30 June	11,570	11,100

8.6 Intangibles

(a) Carrying amount	2009 \$'000	2008 \$'000
Intangibles with a finite useful life		
Software at cost	1,185	896
Less: Accumulated amortisation	(530)	(346)
Total intangibles	655	550

(b) Reconciliation of movements

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	550	274
Net additions	289	385
Amortisation expense	(184)	(109)
Carrying amount at 30 June	655	550

8.7 Other assets

(a) Carrying amount	2009 \$'000	2008 \$'000
Other current assets		
Tax asset	1,198	2,356
Prepayments	2,104	1,203
Other	34	37
Total	3,336	3,596
Settled within 12 months	3,336	3,596
Settled in more than 12 months	-	-
Total	3,336	3,596

(b) Reconciliation of movements

	2009 \$'000	2008 \$'000
Carrying amount at 1 July	3,596	1,560
Additions	3,336	3,596
Disposals	(3,596)	(1,560)
Carrying amount at 30 June	3,336	3,596

Note 9 Liabilities

9.1 Payables

	2009 \$'000	2008 \$'000
Creditors	1,167	982
Funds held in trust	1,393	1,552
Accrued expenses	931	1,865
Total	3,491	4,399
Due within 12 months	3,491	4,399
Due in more than 12 months	-	-
Total	3,491	4,399

Settlement is usually made within 30 days.

9.2 Interest bearing liabilities

(a) Carrying amount

	2009 \$'000	2008 \$'000
Loans from the State Government	21	24
Loans from Tascorp	12,000	14,000
Total	12,021	14,024

(b) Maturity schedule

One year or less	12,021	14,024
Total	12,021	14,024

The balance of Interest Bearing Liabilities does not include a non-repayable loan of \$7.9 million provided by the Department of Treasury and Finance to the Tasmanian Development Authority. Interest expense for the 2009 financial year totalled \$426,701 (2008 \$561,275).

9.3 Provisions

(a) Carrying amount

	2009 \$'000	2008 \$'000
Operating lease rentals	379	247
Operating lease make good provisions	1,389	1,294
Total	1,768	1,541
Due within 12 months	379	247
Due in more than 12 months	1,389	1,294
Total	1,768	1,541

(b) Reconciliation of movements in provisions

	Operating lease make good provision		Operating lease rentals		Total Provisions	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	1,294	807	247	93	1,541	900
Increases (decreases)	96	124	132	154	228	278
Provision assumed on restructure	-	386	-	-	-	386
Charges against provision	-	-	-	-	-	-
Changes in discounting	(1)	(23)	-	-	(1)	(23)
Balance at 30 June	1,389	1,294	379	247	1,768	1,541

9.4 Employee benefits

	2009 \$'000	2008 \$'000
Accrued salaries	789	323
Annual leave	1,857	1,775
Long service leave	3,623	2,931
SSALS provision	146	77
Total	6,415	5,106
Due within 12 months	3,282	2,578
Due in more than 12 months	3,133	2,528
Total	6,415	5,106

9.5 Superannuation

(a) Type of plan

Retirement Benefits Fund (RBF) Scheme

The RBF contributory scheme is an unfunded defined benefits scheme for which the Department has a liability in respect of Tasmanian Public Sector employees under the age of 65 and appointed prior to 15 May 1999. The scheme provides eligible employees with a lump sum or pension benefits on attainment of retirement age. The benefits are calculated based on the number of years of service and the employee's average salary for the previous three years.

The scheme was closed to new members on 15 May 1999.

An independent actuarial assessment is undertaken into the RBF Scheme as at 30 June each financial year.

9.6 Other liabilities

	2009 \$'000	2008 \$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	140	940
Other revenue received in advance	524	1,038
Other liabilities		
Employee benefits – on costs	388	332
Other liabilities	57	133
Total	1,109	2,443
Due within 12 months	906	2,275
Due in more than 12 months	203	168
Total	1,109	2,443

Note 10 Commitments and Contingencies

10.1 Schedule of commitments

	2009 \$'000	2008 \$'000
By type		
Capital commitments		
Property, plant and equipment	-	2,900
Investment property	57	140
Leasehold improvements	-	-
Total capital commitments	57	3,040
Lease Commitments		
Operating leases	7,864	9,954
Total lease commitments	7,864	9,954
Other commitments		
Loan commitments: Loans approved but not drawn down by clients as at 30 June	6,550	15,890
Assistance to Industry commitments	20,300	10,847
Total other commitments	26,850	26,737
Total	34,771	39,731
By maturity		
Capital commitments		
One year or less	28	2,983
From one to five years	29	57
More than five years	-	-
Total capital commitments	57	3,040
Operating lease commitments		
One year or less	2,820	2,671
From one to five years	5,044	7,283
More than five years	-	-
Total operating lease commitments	7,864	9,954
Other commitments		
One year or less	22,235	26,008
From one to five years	3,625	729
More than five years	990	-
Total other commitments	26,850	26,737
Total	34,771	39,731

10.2 Contingent assets and liabilities

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

(a) Quantifiable contingencies

A quantifiable contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

	2009 \$'000	2008 \$'000
Quantifiable contingent liabilities		
Contingencies for guarantees		
Liability in respect of guarantees given under section 36 and 37 of the <i>Tasmanian Development Act 1983</i>	-	206
Total quantifiable contingent liabilities	-	206

(b) Unquantifiable contingencies

At 30 June 2008, the Department had a number of outstanding legal actions as detailed below. It is not possible at the reporting date to accurately estimate the amounts of any eventual receipts or payments, if any, that may be required in relation to these actions.

a) *Jill Mure v Tasmania Development and Resources and the Recorder of Titles*. The landowner is disputing the ownership of a strip of foreshore land at Tinderbox currently valued by TDR at \$100,000. The matter has been adjourned to a date to be fixed by the Court.

b) *Janet Lisa Lehner v The State of Tasmania and Tasmanian Development and Resources*. The landowner is disputing right of way access through a small rectangular parcel of land adjoining the Launceston Technopark. The matter has been adjourned to a date to be fixed by the Court. An in-principle agreement to settle the matter has been reached by the Parties subject to formal approval from the Tasmanian Development Board and the Minister for Economic Development.

Note 11 Equity and Movements in Equity

11.1 Reconciliation of equity

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	90,120	93,158	3,499	647	93,619	93,805
Net surplus/deficit	(5,908)	(1,417)	-	-	(5,908)	(1,417)
Administrative Restructuring (see note 11.3)	-	(1,621)	-	-	-	(1,621)
Revaluation Increments – Land and Buildings	-	-	805	2,852	805	2,852
Balance at 30 June	84,212	90,120	4,304	3,499	88,516	93,619

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

(a) Nature and purpose of reserves

Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Non-financial assets, as described in Note 2.11(f).

11.2 Asset revaluation reserve by class of asset

The balance within the Asset Revaluation Reserve for the following classes of assets is:

	2009 \$'000	2008 \$'000
Leasehold improvements	646	646
Land and Buildings	3,657	2,852
Art work		
Total asset revaluation reserve	4,304	3,499

11.3 Administrative restructuring

As a result of a restructuring of administrative arrangements, the Department assumed responsibility for Tourism Tasmania and Events Tasmania activities on 1 March 2008.

In respect of activities assumed, the net book values of assets and liabilities transferred to the Department from the Department of Environment, Parks, Heritage and the Arts for no consideration and recognised as at the date of transfer were:

	2009 \$'000	2008 \$'000
Net assets assumed on restructure		
Cash and deposits	-	4,467
Receivables	-	1,029
Other financial assets	-	199
Plant and equipment	-	189
Intangible assets	-	386
Make good assets	-	163
Total assets recognised	-	6,433
Employee benefits	-	2,117
Payables	-	2,451
Provisions	-	386
Other liabilities	-	3,100
Total liabilities recognised	-	8,054
Net assets (liabilities) assumed on restructure	-	(1,621)

Activity (Tourism Tasmania and Events Tasmania)

	2009 \$'000	2008 \$'000
Revenues		
Recognised by the Department of Environment Parks Heritage and the Arts	-	23,781
Recognised by the Department of Economic Development and Tourism	-	19,630
Total revenues	-	43,411
Expenses		
Recognised by the Department of Environment Parks Heritage and the Arts	-	25,616
Recognised by the Department of Economic Development and Tourism	-	18,575
Total expenses	-	44,191

Note 12 Cash Flow Reconciliation

12.1 Cash and cash equivalents

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

	2009 \$'000	2008 \$'000
Special Deposits and Trust Fund balance		
T522 Economic Development Operating Account	14,833	17,201
T659 Tourism Temptations	3,185	3,121
T773 Sports Development Account	546	497
T790 Government Guarantees Reserve Account	296	296
T941 Fire Relief Account	2	1
T797 Intelligent Island Project Account	13,079	21,423
Total	31,941	42,539
Other cash held		
Cash on hand and at bank	7	9
Cash at Westpac – Tasmania Temptations	16	44
Cash at call – Tascorp	-	12,654
Total	23	12,707
Total cash and cash equivalents	31,964	55,246

12.2 Reconciliation of operating surplus (deficit) to net cash from operating activities

	2009 \$'000	2008 \$'000
Net operating surplus (deficit)	(5,908)	(1,417)
Increase (decrease) S8A(2) carry forwards	(799)	(370)
Depreciation and amortisation	1,321	1,122
(Gain) loss from sale of non-financial assets	(6)	173
Borrowing costs	(60)	(131)
Write down assets measured at fair value	-	287
Gain on fair value revaluations	(437)	(1,399)
Impairment adjustments	(75)	(1,135)
Resources received free-of-charge	-	(175)
Decrease (increase) in Receivables	319	(1,874)
Decrease (increase) in other assets	260	-
Increase (decrease) in Employee entitlements	1,309	(7)
Increase (decrease) in Payables	(750)	1,902
Increase (decrease) in Provisions	227	738
Increase (decrease) in Other Liabilities	(535)	783
Net cash from (used by) operating activities	(5,134)	(1,503)

12.3 Acquittal of capital investment and special capital investment funds

The Department received Works and Services Appropriation funding and revenues from the Economic and Social Infrastructure Fund to fund specific projects.

Cash outflows relating to these projects are listed below by category.

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

(a) Project expenditure

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Special Capital Investment Funds			
Economic and Social Infrastructure Fund			
University Redevelopment Menzies Centre	4,000	3,000	6,000
Industry Assistance Program	1,730	1,499	108
Partnerships to Jobs Program	-	15	662
Tourism Promotion Plan	-	2,590	4,759
AFL – Hawthorn Football Club	3,475	3,387	787
Silverdome	-	44	1,776
Tasmanian Hockey Centre	-	-	2,250
Northern Tennis Centre	480	480	-
State Gymnastics Training Centre	-	-	1,000
Launceston Aquatic Centre	1,300	1,300	-
Domain Tennis Centre	-	1,200	-
Total	10,985	13,515	17,342
Urban Renewal and Heritage Fund			
Axeman's Hall of Fame	-	100	-
Bushy Park Show Ground Upgrade	-	143	-
Don River Railway	-	184	-
King George V Grandstand	-	164	-
Total	-	591	-
Total	10,985	14,106	17,342

(b) Classification of cash flows

The project expenditure above is reflected in the Cash Flow Statement as follows.

	2009 \$'000	2008 \$'000
Cash outflows		
Employee benefits	157	59
Advertising and promotion	3	3,095
Grants and transfer payments	13,768	12,309
Contracted services	74	-
Payments for the acquisition of non-financial assets	44	1,775
Other cash payments	60	104
Total cash outflows	14,106	17,342

12.4 Financing facilities

	2009 \$'000	2008 \$'000
Westpac Bank Corporate Card Facility		
Amount used	1,657	1,121
Amount unused	843	1,379
Total	2,500	2,500

Note 13 Financial Instruments

13.1 Risk exposures

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- » credit risk
- » liquidity risk
- » market risk

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

(b) Credit risk exposures

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

The credit risk on financial assets of the Department which have been recognised in the Balance Sheet, other than equity investments, is the carrying amount, net of any provision for impairment.

The Department extends 30 day credit terms for sundry receivables, and receives standard commercial credit terms for sundry creditors. The Department manages credit risk on loan advances by obtaining security over assets in accordance with the provisions of the TD Act and by including appropriate risk margins in Economic Development's interest rate pricing, based on an assessment of the inherent risk of individual clients.

The Department is not materially exposed to any individual overseas country or individual customer. Concentrations of credit risk by industry on loan advances are: Manufacturing (21%) and Biotechnology (19%).

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

	2009 \$'000	2008 \$'000
Guarantee provided	-	206
Total	-	206

The following tables analyse financial assets that are past due but not impaired
Analysis of financial assets that are past due at 30 June 2009 but not impaired

	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	26	26	201	253
Other Financial Assets – Loan Advances	72	-	-	72

Analysis of financial assets that are past due at 30 June 2008 but not impaired

	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	76	10	222	308
Other Financial Assets – Loan Advances	1	1	17	19

(c) Liquidity risk

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

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

2009

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities								
Payables	3,491	-	-	-	-	-	3,491	3,491
Interest bearing liabilities	12,021	-	-	-	-	-	12,021	12,021
Total	15,512	-	-	-	-	-	15,512	15,512

2008

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
Financial liabilities								
Payables	4,399	-	-	-	-	-	4,399	4,399
Interest bearing liabilities	14,024	-	-	-	-	-	14,024	14,024
Total	18,423	-	-	-	-	-	18,423	18,423

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Department is exposed to is interest rate risk.

The Department seeks to manage exposure to movements in interest rates by matching the repricing profile of financial assets and financial liabilities. The Department enters into interest rate options on floating rate debt to match capped rate loan advances. The costs of such options are recovered in the interest rate applied to loan advances.

The Department's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Department intends to hold fixed rate assets and liabilities to maturity.

At the reporting date the interest rate profile of the Department's interest bearing financial instruments was:

	2009 \$'000	2008 \$'000
Fixed rate instruments		
Financial assets	6,139	6,905
Financial liabilities	3,491	4,399
Total	9,630	11,304
Variable rate instruments		
Financial assets	53,551	60,106
Financial liabilities	12,021	14,024
Total	65,572	74,130

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Department's profit or loss and equity:
Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates

	Profit or Loss		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
30 June 2009				
Cash and deposits	190,532	(190,532)	190,532	(190,532)
Loan advances	215,871	(215,871)	215,871	(215,871)
Interest bearing liabilities	(120,000)	120,000	(120,000)	120,000
Net sensitivity	286,403	(286,403)	286,403	(286,403)
30 June 2008				
Cash and deposits	426,207	(426,207)	426,207	(426,207)
Loan advances	48,600	(48,600)	48,600	(48,600)
Interest bearing liabilities	(30,000)	30,000	(30,000)	30,000
Net sensitivity	444,807	(444,807)	444,807	(444,807)

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2008.

13.2 Categories of financial assets and liabilities

	2009 \$'000	2008 \$'000
Financial assets		
Cash and deposits	31,964	55,246
Loans and receivables	22,031	6,758
Available-for-sale financial assets	5,695	6,142
Total	59,690	68,146
Financial Liabilities		
Financial liabilities measured at amortised cost	15,512	18,423
Total	15,512	18,423

13.3 Net fair values of financial assets and liabilities

	2009 Total Carrying Amount \$'000	2008 Net Fair Value \$'000	Total Carrying Amount \$'000	Net Fair Value \$'000
Financial assets				
Cash at bank	-	-	12,656	12,656
Cash in Special Deposits and Trust Fund	31,940	31,940	42,539	42,539
Receivables	444	444	763	763
Loan advances	21,587	20,084	5,995	5,982
Equity investments	5,694	5,694	6,142	6,142
Total financial assets	59,665	58,162	68,095	68,082
Financial liabilities (Recognised)				
Payables	3,491	3,491	4,399	4,399
Other financial liabilities				
Borrowings	12,021	12,313	14,024	14,491
Total financial liabilities (Recognised)	15,512	15,804	18,423	18,890

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair value of loan advances is based on the differential between the actual interest rates of loans advanced and the equivalent Economic Development and Tourism market interest rates at the time of reporting.

Equity investments are revalued from time to time as considered appropriate by the directors and are not stated at values in excess of their recoverable amounts.

All financial assets are not readily traded on organised markets in a standardised form.

Financial Liabilities

The net fair values of payables approximate their carrying amounts.

The net fair value of interest bearing liabilities is based on the differential between the actual interest rates of borrowings held and the equivalent market interest rates accessible by Economic Development and Tourism at the time of reporting.

All financial assets are not readily traded on organised markets in a standardised form.

Note 14 Transactions and Balances Relating to a Trustee or Agency Arrangement

Account/Activity	Opening balance	Net transactions during 2008-09	Closing balance
	\$'000	\$'000	\$'000
Council of Managers of National Antarctic Programs (COMNAP)	473	(157)	316
Brand Tasmania Incorporated	235	163	398
Tasmanian Leaders Incorporated	207	37	244
Agreement for the Conservation of Albatrosses and Petrels (ACAP)	635	(199)	436

Note 15 Notes to Administered Statements

15.1 Explanations of material variances between budget and actual outcomes

The following are brief explanations of material variances between budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of budget estimate and \$200,000.

(a) Income statement

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue – recurrent	(a)	1,000	1,000	-	
Grants and subsidies	(a)	1,000	1,000	-	

Notes to Income Statement variances

(a) There were no variances from actual to budget relating to Tourism Tasmania's Icon Program.

(b) Cash Flow Statement

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts – recurrent	(a)	1,000	1,000	-	
Grants and subsidies	(a)	1,000	1,000	-	

Notes to Cash Flow Statement variances

(a) There were no variances from actual to budget relating to Tourism Tasmania's Icon Program.

15.2 Administered appropriation revenue

Revenue from Appropriations includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law.

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

	2009 Budget \$'000	2009 Actual \$'000	2008 Actual \$'000
Recurrent Appropriation	1,000	1,000	2,005
Total administered revenue from Government	1,000	1,000	2,005

15.3 Administered grants and subsidies

	2009 \$'000	2008 \$'000
Grants – Tasmanian Icons Program	1,000	250
Grants – Sullivan's Cove Waterfront Authority	-	1,755
Total	1,000	2,005

Certification of Financial Statements

The accompanying financial statements of the Department of Economic Development and Tourism are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2009 and the financial position as at end of the year.

At the date of signing, I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Mark Kelleher

SECRETARY

29 September 2009

Hobart



INDEPENDENT AUDIT REPORT

To Members of the Parliament of Tasmania

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

Financial Statements for the Year Ended 30 June 2009

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Economic Development and Tourism (the Department), which comprise the balance sheet as at 30 June 2009, the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Secretary of the Department.

The Responsibility of the Secretary for the Financial Statements

The Secretary of the Department is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and Section 27 (1) of the *Financial Management and Audit Act 1990*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of

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accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial statements.

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

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

Independence

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

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

Auditor's Opinion

In my opinion the financial statements of the Department of Economic Development and Tourism:

- (a) present fairly, in all material respects, the financial position of the Department of Economic Development and Tourism as at 30 June 2009, and of its financial performance, cash flows and changes in equity for the year then ended; and
- (b) are in accordance with the *Financial Management and Audit Act 1990* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



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

HOBART
30 September 2009

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Glossary of abbreviations and acronyms

AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards
ACE CRC	Antarctic Climate and Ecosystems Cooperative Research
ACROSS	Australian Centre for Research on Separation Science
BLIS	Business Licence Information Service
BP	Business Point
CEO	Chief Executive Officer
CNG	Compressed Natural Gas
CSIRO	Commonwealth Scientific and Industrial Research Organisation
FMAA	Financial Management and Audit Act 1990
FTE	Full-time equivalent
GFC	Global Financial Crisis
ICN TAS	Tasmania Industry Capability Network
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
KPI	Key performance indicator
LNG	Liquefied Natural Gas
MAPP	Market Access and Partnership Program
NET Micro	North East Tasmania Micro Program
NILS	No Interest Loans Scheme
REDI	Regional Economic Development and Investment
RPDC	Resource Planning and Development Commission
SME	Small and medium enterprises
SRT	Sport and Recreation Tasmania
SSALS	State Service Accumulated Leave Scheme
TCFA	Tasmania Community Forest Agreement
TD Act	Tasmanian Development Act
TDR	Tasmania Development and Resources
TIAB	Tasmania Innovations Advisory Board
TIP	Tasmania Innovations Program
TIS	Tasmanian Institute of Sport
TPN	Tasmania Polar Network
YTD	Year to date

Contact us

On 1 July 2009 Arts Tasmania and the Tasmanian Museum and Art Gallery joined the department when it was renamed the Department of Economic Development, Tourism and the Arts.

Department of Economic Development, Tourism and the Arts

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