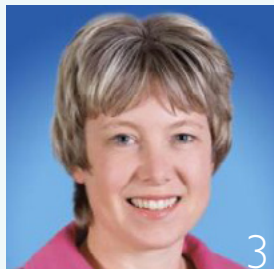




Annual Report 2013-14

Submission to Ministers



1 Will Hodgman

Premier
Minister for Tourism, Hospitality and Events
Minister for Sport and Recreation

2 Michael Ferguson

Minister for Information Technology
and Innovation

3 Dr Vanessa Goodwin

Minister for the Arts

4 Matthew Groom

Minister for State Growth

Dear Ministers

In accordance with the requirements of Section 36 of the *State Services Act 2000* and Section 27 of the *Financial Management and Audit Act 1990*, I submit to you, for presentation to Parliament, this report on the affairs and activities of the Department of Economic Development, Tourism and the Arts for the financial year ended 30 June 2014.

Separate reports will be presented to you by Tasmania Development and Resources, the Board of Tourism Tasmania and the Board of Trustees of the Tasmanian Museum and Art Gallery in accordance with state legislation.

Yours sincerely

Kim Evans

Secretary
Department of State Growth¹
October 2014

Department of Economic Development, Tourism and the Arts

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An electronic version of this report is available at www.stategrowth.tas.gov.au

¹ The Department of State Growth was established on July 1 2014 replacing the Departments of Economic Development, Tourism and the Arts, and Infrastructure, Energy and Resources.

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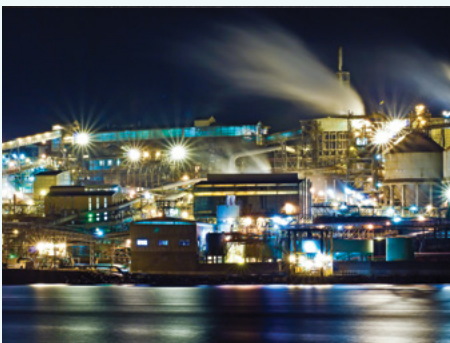


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About this publication

Each year the Department of Economic Development, Tourism and the Arts (department) is required by legislation to produce an annual report.

This report provides information for all stakeholders with an interest in economic development, culture, recreation, sport and tourism in Tasmania. It includes an overview of the operations, major initiatives and achievements, and performance of the department during the 2013-14 year.

This publication is presented in several sections.

Section	Purpose	Page
About us	This introductory section provides an overall picture of the department — our purpose, values, role, organisational structure, management boards, stakeholders, and strategic and policy context.	6
Performance summary	This section details how the department performed during the year against budget output targets, goals and benchmarks. It captures progress in developing a Disability Framework for Action and a Carbon Emissions Reduction Plan.	10
Our highlights	This section provides a description of the major achievements of each of the department's divisions.	13
People and culture	This section provides information on the human resources of the department.	21
Supporting information	This section provides information on the administrative aspects of the department, including Right to Information requests, legislation, departmental policies and publications. It also details tenders and consultancies awarded by the department.	24
Glossaries and index	This section provides a guide to acronyms and indexes to assist in accessing specific information within the publication.	37
Financial statements	This section provides the financial statements for the department for the 2013-14 financial year.	42
How to contact us	A listing of departmental points of contact.	103

The following statutory authorities administered by the department prepare independent annual reports:

- » Tasmania Development and Resources – in accordance with the requirements of Section 29E of the *Tasmanian Development Act 1983*
- » Tourism Tasmania – in accordance with the requirements of Section 41 of the *Tourism Tasmania Act 1996*
- » Tasmanian Museum and Art Gallery – in accordance with the requirements of Section 7 of the *Tasmanian Museum Act 1950*.

All annual reports are available for download from the department's [website](#).

Message from the Secretary



This is the final annual report for the Department of Economic Development, Tourism and the Arts (DEDTA).

Since April 2014, I have been the Acting Secretary for both DEDTA and the Department of Infrastructure, Energy and Resources (DIER), charged with delivering the formation of a new department that builds on the strengths of these two organisations.

DEDTA housed a collaborative group of specialised teams, coordinating a wide range of activities which facilitated the sustainable growth of Tasmania's economic, cultural and regional development. From 1 July 2014, most of these have become part of the new Department of State Growth.

By combining the strengths of the former DEDTA and DIER, the Department of State Growth brings Tasmania's key economic drivers together, to benefit from new synergies and efficiencies. The strengths that DEDTA is bringing to this new department are evident within this annual report.

I must sincerely thank our employees for their efforts and particularly for the work that's been done to transition to our new department.

I also acknowledge the work of DEDTA's former Secretary Mark Kelleher, and the work of the Chairpersons and members of the Tasmanian Development Board, the Tourism Tasmania Board, the Tasmanian Arts Advisory Board, the Board of Trustees of the Tasmanian Museum and Art Gallery, the Screen Tasmania Advisory Board and the Theatre Royal Management Board, all of whom I thank for their time and dedication throughout the year.

A handwritten signature in black ink, appearing to read 'Kim Evans', with a stylized flourish at the end.

Kim Evans

Secretary
Department of State Growth

- Our purpose and role
- Our stakeholders
- Our collaborative work, including State Government Partnership Agreements

Our purpose and role

The Department of Economic Development, Tourism and the Arts held responsibility for the strategic development of the economic and lifestyle advantages that provide opportunities for sustainable economic and cultural growth for the benefit all Tasmanians.

Throughout the year, staff were guided in their work by the department's three core values:

- » we act with integrity
- » our people matter
- » we make a real difference.

The department implemented economic and cultural policies, with projects and services delivered by a set of collaborative and specialised teams.

Investment, Trade and Sectors operated in unison with Strategy, Enterprise and Regions to deliver the Tasmanian Government's support for economic, industry and regional development.

Investment, Trade and Sectors worked with businesses from a broad range of industry sectors, particularly those focused on exports and imports, to promote investment and job creation.

Strategy, Enterprise and Regions supported Tasmania's key economic sectors and regional communities, improving their social and environmental sustainability.

Culture, Recreation and Sport comprised business units that contribute to Tasmania's cultural and economic prosperity through the activities of creative and events industries, and health and wellbeing initiatives.

Tourism Tasmania worked to maximise the contribution of domestic and international tourism to Tasmania's economic growth, drive demand for Tasmania as a destination, and enhance the industry's competitive position with market-leading research and sound policy advice.

Corporate Support aided the achievement of the department's purpose through ensuring good governance and decision-making, effective collaboration and communication.

Following the 2014 state election, the department worked with the Department of Infrastructure, Energy and Resources to commence the work of establishing the new Department of State Growth which came into effect on 1 July 2014.

Our stakeholders

Our stakeholders include the following ministers within the Tasmanian Government:

- » Minister for the Arts
- » Minister for Information Technology and Innovation
- » Minister for Sport and Recreation
- » Minister for State Growth
- » Minister for Tourism, Hospitality and Events.

Other key stakeholders, many of whom we work with collaboratively to help meet our objectives, include:

- » businesses and industry
- » the community sector
- » the arts sector
- » the science and technology sector
- » the tourism sector
- » the hospitality sector
- » the sport and recreation sector
- » Parliament, Cabinet, ministerial advisers and other government agencies
- » our staff
- » unions.

Our collaborative work, including State Government Partnership Agreements

The Tasmanian Government's Partnership Agreement approach aims to foster a closer working relationship between government and stakeholders to progress agreed priority issues.

Under this approach, the department continues to work in partnership with local government on a number of Tasmanian Government/Local Government Partnership Agreements.

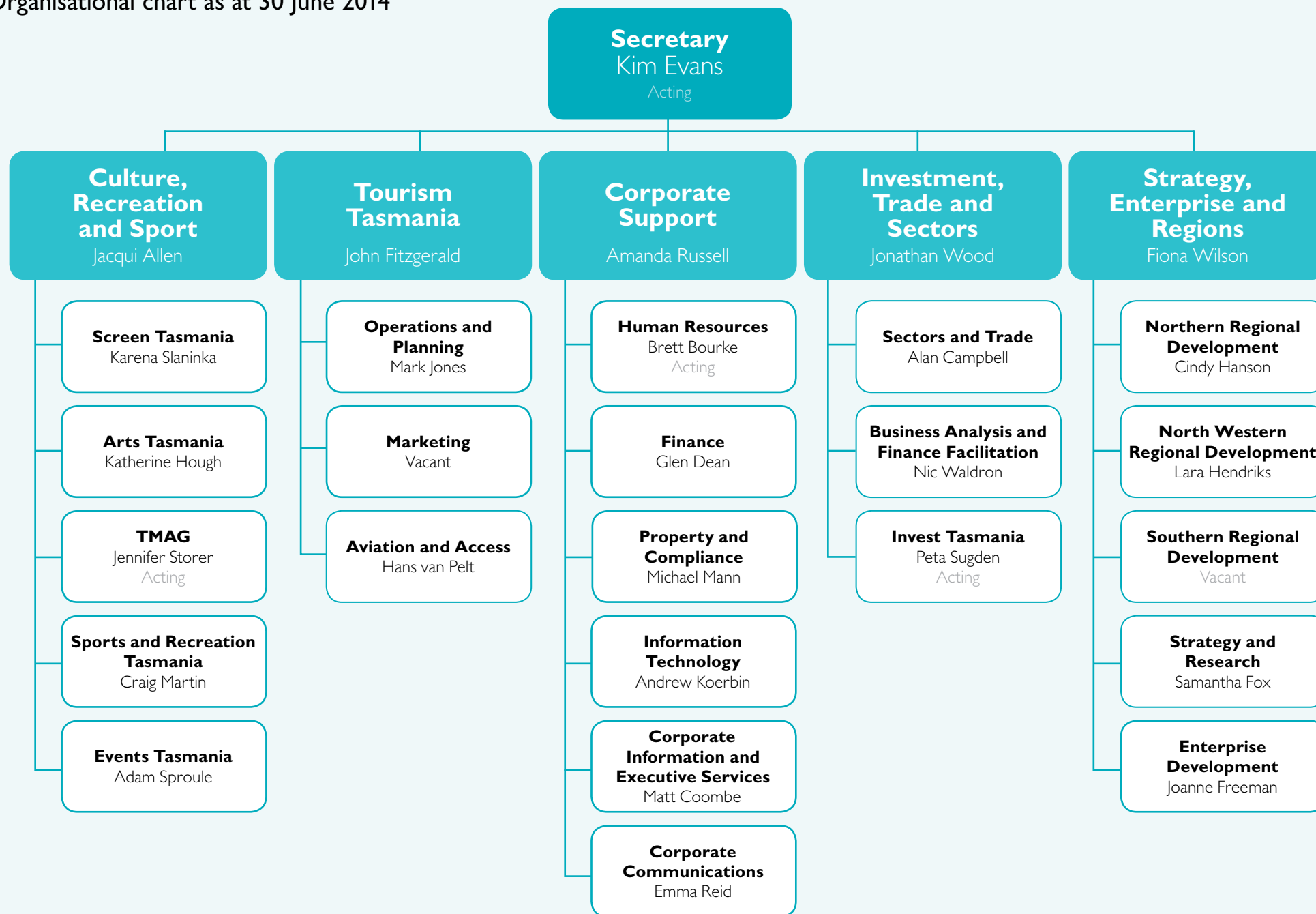
These offer an effective way for the department to define its contribution to local government areas across Tasmania, primarily focusing on economic development, including tourism, sport and recreation, and cultural outcomes.

The department collaborates with many industry peak bodies, including:

- » Australian Institute of Architects – Tasmania
- » Bell Bay Industry Group
- » Central Coast Chamber of Commerce and Industry
- » Civil Contractors Federation – Tasmanian Branch
- » Consult Australia
- » DairyTas
- » Environment Tasmania
- » Forest Industries Association of Tasmania
- » Fruit Growers Tasmania
- » Hobart Chamber of Commerce
- » Launceston Chamber of Commerce
- » Local Government Association of Tasmania
- » Major Employers' Group

- » Master Builders Tasmania
- » Property Council of Australia – Tasmanian Division
- » TASICT
- » Tasmanian Antarctic Gateway Group
- » Tasmanian Chamber of Commerce and Industry
- » Tasmanian Creative Industries Council
- » Tasmanian Farmers and Graziers Association
- » Tasmanian Forest Contractors Association
- » Tasmanian Hospitality Association
- » Tasmanian Independent Screen Industry
- » Tasmanian Minerals Council Limited
- » Tasmanian Polar Network
- » Tasmanian Poppy Growers Association Inc
- » Tasmanian Salmonid Growers Association
- » Tasmanian Sawmillers Association
- » Tasmanian Seafood Industry Council
- » Tasmanian Small Business Council
- » Tourism Industry Council of Tasmania
- » Wine Tasmania.

Organisational chart as at 30 June 2014



Management boards

The department worked in conjunction with the following boards in 2013-14.

Screen Tasmania Board

The Screen Tasmania Board makes funding recommendations and provides industry expertise on matters of policy and strategy in contributing to the growth of Tasmania's screen industry. The board is appointed by the Minister for the Arts and comprises representatives across various sectors of the industry, including film, television and new media.

Tasmanian Arts Advisory Board

The Tasmanian Arts Advisory Board was established under the *Tasmania Arts Advisory Board Act 1975* to provide arts policy and funding advice to the State Government. The board comprises members appointed by the Minister for the Arts from various sectors of the arts and wider community.

Tasmanian Development Board

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

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

Tourism Tasmania Board

The Tourism Tasmania Board was established under the *Tourism Tasmania Act 1996* to lead the industry in delivering marketing and development programs that drive benefits for Tasmania from domestic and international tourism. The board comprises members, appointed by the Governor of Tasmania on the recommendation of the Minister for Tourism, with the industry expertise and skills necessary to enable Tourism Tasmania to achieve its objective. One board member is appointed on the nomination of the Tourism Industry Council of Tasmania.

Tasmanian Museum and Art Gallery Board of Trustees

In accordance with the *Tasmanian Museums Act 1950*, the Tasmanian Museum and Art Gallery is controlled by a Board of Trustees comprised of seven members. In 1885 the museum became a government authority under the control of a Board of Trustees that also controlled the Royal Tasmanian Botanical Gardens. In 1950 two new boards were established; one to administer the Tasmanian Museum and Art Gallery and the other the Royal Tasmanian Botanical Gardens.

Budget outputs and performance

The following tables provide a snapshot of the department's performance against the measures outlined in the 2013-14 State Budget.

Output Group 1: Economic Development

Performance measure	Unit of measure	2012-13 Target	2012-13 Actual	2013-14 Target	2013-14 Actual
Jobs facilitated or retained	number	1,500	2,322	1,500	3,077
Investment, exports and import replacements facilitated	\$ million	300	295	300	376
Economic Development Plan projects meeting timeframes	% of total projects	95	86	95	93.5 ¹

Output Group 2: Sport and Recreation

Performance measure	Unit of measure	2012-13 Target	2012-13 Actual	2013-14 Target	2013-14 Actual
Tasmanian regular participation rate in any physical activity ^{2,3}	% of population	n/a	n/a	26.5	not available until Dec 2014
Performance of Tasmanian athletes at benchmark international sporting events ⁴	number	15	15	15	22

1. As at March 2014.

2. Data for this measure have been derived from the Australian Bureau of Statistics release *Participation in Sport and Physical Recreation, Australia, 2011-12* (Cat.No.4177.0) and is currently collected every two years. This performance measure represents the percentage of the Tasmanian population aged 15 years and over who regularly participated in physical activity for exercise, recreation or sport (at least three times weekly) in 2011-12.

3. The next data release will be for 2013-14 and the data will be released by the Australian Bureau of Statistics in December 2014. The target will be to maintain and/or increase the Tasmanian regular participation rate in any physical activity for exercise, recreation or sport from 2011-12.

4. This performance measure represents the number of top 8 or finals performances by Tasmanian Institute of Sport athletes at benchmark international sporting events during the year. The target for 2013-14 was 15 and 22 were achieved. The benchmark international sporting events are determined by Australia's Winning Edge Strategy, Australia's high-performance sport strategy.

Output Group 3: Tourism

Performance measure	Unit of measure	2012-13 Target	2012-13 Actual	2013-14 Target	2013-14 Actual
Total visitation to Tasmania	'000	840	962	914	1 058
Interstate visitation to Tasmania	'000	720	839	793	910
International visitation to Tasmania	'000	120	122	121	162
Total holiday visitation	'000	350	384	363	478
Intrastate visitation	'000	1,010	1,185	1,555	1,225
DiscoverTasmania.com total visits	'000	2,255	n/a	n/a	n/a
Online searches for price and availability	'000	300	n/a	n/a	n/a
Equivalent advertising value of publicity generated				n/a	n/a
international	\$ million	25.0	16.8	n/a	n/a
domestic	\$ million	25.0	14.0	n/a	n/a
Local tourism strategies negotiated with local government or RTOs in 2013-14	number	4	4	4	4

Output Group 4: Arts

Performance measure	Unit of measure	2012-13 Target	2012-13 Actual	2013-14 Target	2013-14 Actual
Tasmanian Museum and Art Gallery					
Total visitors	number/day	900	1 180	1 250	1 314
Art Industry Development					
Attendance at selected cultural venues	number	220,000 ¹	224,838	230,000	243,308
Contribution to GSP of selected arts industries	\$ million	59.5	64.7	60.5	Not yet available

1. Attendance at selected cultural venues has been revised to include only those organisations receiving assistance under the Museums, Art Galleries and Heritage Organisations funding program of Arts Tasmania.

Disability Framework for Action 2013-17

The Tasmanian Disability Framework for Action 2013–2017 seeks to remove barriers and enable people with disability to enjoy the same rights and opportunities as all other Tasmanians.

The Disability Framework for Action:

- » sets out the State Government's vision for Tasmania as an inclusive and caring community
- » applies to all Tasmanian Government agencies
- » provides a direction for action by the State Government
- » enables people with disability, their families and carers to work in partnership with the State Government
- » promotes leadership across all State Government agencies to institute a whole-of-government approach to policy and planning, service delivery and evaluation
- » includes a performance monitoring framework.

The agency has been participating in programs and initiatives that promote inclusiveness and improve accessibility to the programs and services it provides.

Arts Tasmania

Through its Arts and Disability program, Arts Tasmania continued its commitment to the National Arts and Disability Strategy, particularly in its support for arts and cultural practice and audience development. The program provided \$86 500 to support individual artists and arts organisations working across dance, visual arts, design, and community cultural development projects in Queenstown, Launceston and Hobart.

Sport and Recreation Tasmania

Sport and Recreation Tasmania (SRT) reviewed and updated the Tasmanian Sport and Active Recreation Framework for People with Disability. The framework provides the focus for SRT's work with the sporting and disability sectors to increase the number of sport and active recreation opportunities available for all Tasmanians.

SRT administered the Premier's Disability Advisory Council's Sport and Recreation Committee, to which three new community members were appointed in 2013. The committee provides advice and input on issues relating to the provision of sport and active recreation opportunities for people with disability. SRT also conducted disability network forums, which attract representatives from sport and recreation organisations, disability service providers, people with disability, parents, carers and other community members to explore and share ideas and initiatives.

SRT led a review of Basketball Tasmania's governance, including the constitution and board composition, in conjunction with the Australian Sports Commission and Basketball Australia. In March 2014 after broad consultation throughout the state, a new constitution was adopted, with a new board elected on 31 May 2014. Basketball Tasmania's new governance is aligned with the Australian Sports Commission's Governance Principles and will provide the platform for the sport to grow. SRT will continue to work closely with Basketball Tasmania to embed the new governance measures.

Web accessibility

The web accessibility project ensured that the department was a lead agency in obtaining AA Web Content Accessibility Guidelines 2.0 Compliance. In 12 months 100 per cent compliance was achieved and procurement and training documentation was developed to ensure continued compliance.

Access to information (printed materials, websites, audio and video)

- » The use of web text instead of PDFs is actively encouraged.
- » Advice is provided to business units regarding graphic design, layout of documents and online content to ensure accessible style and format.
- » Disability awareness initiatives have been promoted and recognised through internal communications channels such as the intranet and staff newsletter.
- » Closed captions are included in all DVD material and online YouTube and Vimeo clips in order to make information as accessible as possible to the wider community.

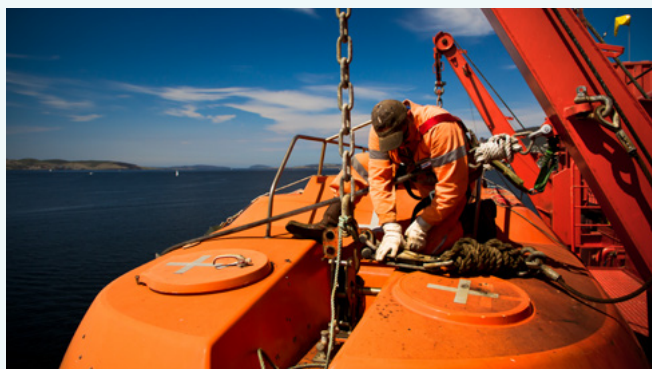
Carbon Emissions Reduction Plan

The department continues to work to reduce its greenhouse gas emissions in line with its Carbon Emission Reduction Plan (CERP). Over the last 12 months electricity usage in the department increased by 5.78 per cent, fuel consumption was reduced by 31.89 per cent and emissions produced from air travel increased by 13.01 per cent.

Source	2010-11	2010-11	2012-13	2013-14	Percentage change from 2012-13
Electricity Kilowatt hours (kW-h)	4,072,507	3,936,601	3,790,281	4,009,841	+5.78%
Air travel tonnes of CO ₂	328.84	144.07	190.56	215.36	+13.01%
Fuel (petrol, diesel) kilolitres (kl)	172	138	116	79	-31.89%

Our highlights

Economic Development



Antarctic sector

The Antarctic sector continues to be a strength for Tasmania, with the department supporting its growth in partnership with industry.

A major highlight was the signing of a memorandum of understanding with the State Oceanic Administration of China on Antarctic and Southern Ocean gateway cooperation. The department continues to work in partnership with the Tasmanian Polar Network to promote and grow the sector.

This has included undertaking a trade mission to China, providing support for visiting Antarctic programs calling into the port of Hobart, and hosting and supporting industry forums to determine and progress growth strategies and encourage collaboration.

As the home port for the Australian and French Antarctic programs, the sector's logistical expertise, centred in Hobart, is largely driven by the science undertaken in the region. However Tasmania's scientific expertise is not limited to Antarctica and the Southern Ocean and is a key driver of broader economic growth.

In implementing the department's *Reaching our Potential* science development plan, our focus has been analysing the scope and worth of the science sector in Tasmania, as well as science engagement in the community. As part of the department's new science engagement program, a number of public forums and events were held, including National Science Week, Science Meets Parliament and the Tasmanian Science Excellence Awards, as well as 'science in society' forums exploring citizen science. Members of the Tasmanian community were also surveyed about their science priorities, and an evidence-based framework for science research investment has been drafted.

Dairy industry

Tasmania's dairy industry produces approximately 800 megalitres annually and directly employs around 2 000 people.

The department continues to work with industry through activities, including providing \$740 000 of support to the Dairy Tas *Into Dairy – Sustainable Dairy Development Program* providing \$1.5 million of support for the expansion of Lion's cheese making facilities in the north west, and supporting Van Diemen's Land Company in its business development activities.

The sector shows promise, with recent and ongoing investments made by processors and farmers alike.

Renewable Energy Loan Scheme

Launched in April 2011, the Renewable Energy Loan Scheme (RELS) promotes investments in commercially viable projects involving renewable energy generation or the manufacture of renewable energy components in Tasmania.

There has been a healthy level of enquiry for assistance under the RELS. However, many projects need to complete the planning and feasibility stage prior to application.

A total of \$4.6 million in loan funds and \$624 000 in grant funds have been approved under RELS since the program commenced, funding 12 projects using wind turbines, solar panels and mini-hydro technology.

The total value of the projects, including applicants' contributions, is \$9.7 million – with a total generation capacity of 4 172 kilowatt-hours.

Resources and energy

The department has maintained an active involvement in emerging mining projects in the state and is continuing to work with proponents of a number of exciting new development opportunities. Several new mining projects are anticipated or being advanced in the state, including projects by Hardrock Coal Mining Pty Ltd, King Island Scheelite Ltd, Venture Minerals Ltd, Australian Bauxite Ltd and the announcement of the sale of the Avebury nickel mine. In addition, the possibility of further downstream processing of Tasmania's mineral resources remains, including tin.

In 2013-14 the department played a key role in the future development of a biomass and bioenergy sector in Tasmania. Community support for this emerging sector was evidenced by a forum and workshop hosted in October 2013 and the international interest sought during the European Wood Pellet Conference in February 2014. Work is continuing in this space as the department continues to develop a biomass and bioenergy strategy for Tasmania.

Norske Skog officially opened the Light Weight Coated Conversion Project at Boyer in June 2014. The department worked with the company to secure a \$13 million loan from the State Government, and \$28 million in financial assistance from the Australian Government. The completion of this \$85 million project will secure the mill's operations into the future, and see the mill manufacturing 140 000 tonnes of lightweight coated-grade paper per year.

The department also played an important role in the commissioning of the new \$15 million plywood mill at Smithton.

The mill will allow for value-adding of the veneer currently produced from Ta Ann's Huon and Smithton rotary veneer mills and produce at least 36 000 cubic metres per year of structural plywood for both the domestic and international markets, boosting Tasmania's exports and benefiting the local economy.

The department has maintained an active involvement in emerging mining projects in the state and is continuing to work with proponents of a number of exciting new development opportunities.

Salmonid industry

The salmonid industry has continued its strong growth this year and looks set for continued expansion. The industry and State Government have worked closely on a number of initiatives to help double production by 2030.

Huon Aquaculture has commenced construction of a value-adding plant at Parramatta Creek. This \$12 million development is supported by \$1.5 million from the State Government and \$3.5 million under the Australian Government's Economic Growth Plan for Tasmania.

The project will see around 100 jobs created during construction and another 100 created once the facility is commissioned later this year.

Industry is progressing development of Macquarie Harbour both on land and at sea. Following the approval of changes to lease arrangements, the three farming companies operating in the harbour have increased production. At the same time, construction of an aquaculture hub, supported by an Australian Government grant of \$7.1 million, is progressing on schedule. This shared facility will enable Tassal and Huon Aquaculture to relocate from Strahan's town centre to Smith Cove, where Petuna has operations.

Petuna has increased its operations, underpinned by the expansion of its hatchery at Cressy.

Supported by a State Government grant of \$250 000, Petuna has invested \$4.6 million on the hatchery and supporting growout and factory infrastructure. This has resulted in the creation of around 26 full-time positions. The State Government also provided \$250 000 towards the construction of a multi-purpose boat to support the company's marine operations.

The Lower Huon bathing scheme is now operational, providing fresh water to Huon Aquaculture and Tassal's marine operations in the southeast. The project was supported by an Australian Government grant of \$3.924 million. Access to fresh water is important for fish health, and the scheme will enable increased productivity and jobs growth in this region.

Our highlights

Tourism



Aviation and access development

The availability of adequate air and sea services connecting Tasmania to the Australian mainland is crucial for the growth and development of our tourism industry. This is also a critical economic issue for our business community and a social issue for all Tasmanians.

To address this constraint on growth, the Tasmanian Government established an access working group, the recommendations of which included the appointment of a Director Aviation and Access Development. This significant leadership role addresses access issues impacting on tourism and many other industries that rely on access, such as agriculture, food production, education and events. Although the role is housed in Tourism Tasmania, it has responsibility for a whole-of-government approach to access issues, including infrastructure, policy, investment attraction and freight.

Having filled the position in March 2014, Tourism Tasmania commenced a planning process to agree on long-term strategic access outcomes. This will identify ways to increase the state's economic growth, visitor numbers, jobs and population.

Tourism Tasmania has also overseen the execution of a cooperative marketing agreement between Tourism Tasmania and Qantas Group (QF), which will see the involvement of senior QF leadership on a range of initiatives; including the implementation of government-wide access strategies and efforts to retain a consolidated QF contact centre in Hobart.

Tourism Tasmania is also seeking closer engagement with senior executives at other aviation partners in order to develop closer working and planning relationships with these key service providers.

Tourism Tasmania holds regular access planning meetings with Bass Strait access operators and stakeholders. These meetings, in conjunction with aviation sector meetings, are the precursor to developing and then implementing a long-term aviation and access development plan for Tasmania.

Marketing

Tourism Tasmania aims to drive demand for Tasmania and increase visitation from our domestic and international markets. This year, Tourism Tasmania undertook two significant domestic marketing campaigns, *Behind the Scenery – Spring 2013* and *Behind the Scenery – Autumn 2014*, to encourage people to book a ticket to Tasmania. The campaigns built on the inaugural *Go Behind the Scenery* campaign, introduced in March 2013.

An additional promotion, *Tassie's Cheeky Half Million Dollar Seat Giveaway*, sought to maintain the strong momentum generated from the *Go Behind the Scenery – Autumn 2014* campaign and ensure that Tasmania was 'in-market' throughout winter.

Tourism Tasmania's travel website, *Discover Tasmania*, also plays a vital role in providing travel information on Tasmania and motivating website visitors to come to the state. This year Tourism Tasmania redeveloped the website to optimise it for use on mobile and tablet devices, the technologies of choice for the modern traveller.

In addition, the new website saw significant changes to its editorial style, an expanded use of motivational imagery and the inclusion of extensive mapping facilities. The new website also features third-party endorsements of the destination, drawn from social media channels like YouTube, Facebook and Instagram.

Tourism Tasmania also works to increase visitation from international visitors. Over the past 12 months, Tourism Tasmania commenced implementation of a new international marketing strategy, laying the foundations for Tourism Tasmania's business operations for the next four years. Major activities for this year included participation in flagship national and international travel trade shows and overseas sales and marketing missions, increased servicing of Australian and overseas travel trade, and providing networking and training opportunities for internationally active tourism businesses.

The new strategy also sees Tourism Tasmania strengthening its partnership with Tourism Australia to capitalise on Tourism Australia's multi-million dollar investment in international marketing.

Planning, operations and development

Tourism Tasmania undertakes research, provides industry support and aims to keep all of its stakeholders informed of its activities and project outcomes.

In August 2013, Tourism Tasmania, in partnership with the Tourism Industry Council Tasmania (TICT), undertook a review of *Tourism 21*, a joint strategic business plan agreed to between the Tasmanian Government and the TICT that aims to improve the competitiveness of Tasmania's tourism industry. Tourism Tasmania research identified current trends in the tourism

sector and used expert forecasting advice to revise the previous *Tourism 21* target. As a result, Tourism Tasmania and the TICT will focus their cooperative efforts over the coming years in the areas of marketing, access, product development and workforce development.

Additional major research projects completed throughout the year included tracking the results of Tourism Tasmania's two major marketing campaigns, a strategic scan of the 2014 tourism environment and an analysis of accommodation availability in the Greater Hobart region.

Throughout the year, Tourism Tasmania also worked closely with Tasmania's regional tourism organisations, providing them with regional research specifically tailored to their individual needs, in order to help them develop Destination Management Plans for each of their regions. These plans have all been approved by their respective boards for implementation in the coming year.

Tourism Tasmania's Grant Support Program helped Tasmanian enterprises prepare strong, quality applications to two grant programs, the Australian Government's Tourism Industry Regional Development Fund and the Tasmanian Government Innovation and Investment Fund. Of the projects supported under Tourism Tasmania's Grant Support Program, 90 per cent were successful in obtaining grant funds.

To ensure its stakeholders are fully informed of its activities, Tourism Tasmania communicates using a range of channels, including a fortnightly newsletter to subscribers, email news notifications to all of Tasmania's tourism businesses and to other interested parties through website publishing, RSS broadcasting and Twitter feeds.

Our highlights

Sport and Recreation



Australian Bureau of Statistics' *Participation in Sport and Physical Recreation, Australia*

Regular participation in sport, recreation and physical activity is Sport and Recreation Tasmania's (SRT) key performance indicator. The latest Australian Bureau of Statistics' report *Participation in Sport and Physical Recreation, Australia* (cat. no. 4177.0) shows the 2011-12 figure for Tasmanian regular participation in physical activity for exercise, recreation or sport (at least three times weekly) is 26.5 per cent. This places Tasmania second among Australia's states and territories and above the national average, which is 25.6 per cent.

Basketball Tasmania Governance

SRT led a review of Basketball Tasmania's governance, including the constitution and board composition, in conjunction with the Australian Sports Commission (ASC) and Basketball Australia. Basketball Tasmania's new governance structure is aligned with the ASC's governance principles and will provide the platform for the sport to grow.

Tasman Council Recreation Plan

SRT worked collaboratively with the Tasman Council to develop a recreation plan to address a range of sport and recreation issues. This recreation plan provides a framework to strategically plan, develop and deliver facilities, programs and services that achieve practical, sustainable and achievable outcomes for the community to occur over the next 10 years.



Tasmanian Institute of Sport athlete performances

In 2013-14, athletes from the Tasmanian Institute of Sport achieved 22 top eight or finals performances at benchmark international sporting events. This is seven more than the target of 15 (top eight or finals performances at benchmark international sporting events is SRT's second key performance indicator).

Tasmanian Sport and Active Recreation Framework for People with Disability

In 2013, SRT reviewed and updated the Tasmanian Sport and Active Recreation Framework for People with Disability. The framework provides the focus for SRT's work with the sporting and disability sectors to increase the number of sport and active recreation opportunities available for all Tasmanians. SRT also administered the Premier's Disability Advisory Council's Sport and Recreation Committee. SRT conducted disability network forums, which attract representatives from the sport and recreation organisations, disability service providers, people with disability, parents, carers and other community members to explore and share ideas and initiatives.

Our highlights

Culture, Recreation and Sport



Arts Tasmania

Financial assistance to the arts totalling \$2 820 830 was distributed through seven programs during the year.

Museums, art galleries and heritage organisations received funding of \$1 770 472 in addition to funds distributed through the Small Museums and Collections program. Arts Tasmania's Roving Curators continued to support collections across the state in addition to curating the *21 Objects – 21 Stories: Celebrating Community Collections* exhibition presented at Launceston's Queen Victoria Museum and Art Gallery as part of the 2014 Museums Australia National Conference.

In February 2014, Crowbar was launched as a trial program and a new form of financial assistance for the arts. Crowbar is a crowdfunding incentive scheme run in partnership with Pozible, a national online crowdfunding platform.

Since 2009 the artists' studios at Arts Tasmania's Hobart premises have helped artists make the transition from a home office/studio to an independent workspace. The 2014 studio program has had a specific focus on digital technology and its iteration into arts practise, through the Connected program. The intent is to encourage artists to experiment with digital technology, to develop new content and new ways of working and to develop new markets and audiences. The six artists sharing the spaces are able to access professional development in the form of mentors, technicians and a workshop program.

arts@work, Art Tasmania's industry development arm, provided a wide range of investment and sector development programs that complimented the financial assistance role of the agency. The COLLECT Art Purchase Scheme provided \$1 374 183 via 451 interest-free loans to approved Australian residents to buy Tasmanian artworks from participating Tasmanian commercial art galleries.

The Tasmanian Government Art Site Scheme allocated \$665 822 for the commissioning of artwork in major State Government capital works projects. The 146 ArtSpace gallery program in Arts Tasmania's Hobart premises showcased the work of artists from around the state through exhibitions in diverse artforms.

Screen Tasmania

Screen Tasmania drives industry growth and sustainability by providing support for quality and innovative screen content through its funding programs and the provision of high-level professional expertise, resulting in increased production activity, enterprise growth and job creation.

Direct support to industry is provided through five funding programs. Funding recommendations are made by the Screen Tasmania Board or the Director of Screen Tasmania to the Minister for the Arts. Six board meetings were held during the 2013-14 financial year.

Development Investment Program

This program includes the Television Development, Documentary Signature, Feature Film and New Writers Funds. A contribution of \$138 130 was invested into the development of 21 productions, including six feature films, 11 factual television shows and four television drama series. Currently five of these projects have been financed into production. This is a success ratio of one-in-four projects advancing into production and compares favourably to the industry standard of one in 12.

Digital Innovation Program

This program includes the Digital Media Fund, from which \$91 040 was invested to support the development of eight innovative projects, from a graphic novel to an interactive smart device app for kids.

Festival and Events Program

This program includes the Festival and Events, and Market Forces Funds. Seven festivals were supported through the fund (total contribution being \$78 281). Screen Tasmania also ran 22 industry events attracting over 900 attendees.

Industry and Enterprise Program

This program includes the silverScreen, Professional Development, GoldPass Attachment Scheme, Business Travel and Training Partnerships Funds. The allocated funds of \$154 960 were provided to 25 practitioners, including four GoldPass attachments. Wide Angle Tasmania received \$60 000 to support the emerging sector of the industry.

Production Finance Program

This program includes the Production Investment and Factual Entertainment Funds. Ten productions were supported with a contribution of \$494 900. This fund was supplemented by \$300 000 for *The Kettering Incident*, with the total State Government investment in this production being \$1 million.

Tasmanian Museum and Art Gallery

The 2013-14 financial year was the Tasmanian Museum and Art Gallery's (TMAG) first full year in operation since reopening in March 2013 after its redevelopment. TMAG continues to receive recognition for its programs and collections through industry awards, donations and loans.

Over 475 702 visitors were treated to exhibitions such as *Illumination: The Art of Philip Wolfhagen* and Pat Brassington's *À Rebours*. The latter was attended by over 5 000 visitors on the opening night of the Dark MOFO festival, at the highly successful event *A Night at the Museum*.

Another highlight was the *Theatre of the World* exhibition (in partnership with MONA), which opened in October 2013 at La Maison Rouge Gallery in Paris to much acclaim. Trade activities conducted alongside this event involved Tasmanian tourism, food and wine promotions.

Throughout the year, over 100 000 people participated in organised group visits, lectures and tours. Monthly family days were a particular favourite and the flagship program Access Art continued to reach the wider Tasmania community with offsite programs.

TMAG worked with many community partners to deliver programs, including the Hobart City Council, National Science Week, NAIDOC, the Festival of Voices and Heritage Tasmania.

Field work and research projects by TMAG staff expanded and enriched the collections. Over 37 papers were published and 17 were peer-reviewed. Over 6 700 items were registered into the collections and more than 1 800 items were moved for exhibitions, displays, loans and conservation work.

It was also a year of celebrating our 150 volunteers, including three Tasmanian Herbarium volunteers with a combined 44 years of service.

Our highlights

Events and Hospitality



Events Tasmania

Events Tasmania promotes investment and support for events, builds and sustains a strong events sector and maximises the value and return-on-investment of those events supported by the state. Three major initiatives in 2013-14 were event funding, management of Princes Wharf No. 1 and the 2015 International Cricket Council Cricket World Cup.

Event funding

This year around \$8 million (including the \$3.8 million Hawthorn Football Club partnership) was provided to approximately 100 events statewide through major event funding contracts and the 2014 Grants Program. Research shows that these events have directly attracted 100 000 visitors, staying on average five nights and spending approximately \$200 per day, which contributes \$100 million of new expenditure to the Tasmanian economy. Events also get people moving around the state, create job opportunities and benefit communities through social inclusion.

Princes Wharf No. 1

Events Tasmania provides strategic oversight for Princes Wharf No. 1 (PWI) on behalf of the State Government and manages the contract with Venue Management Systems, which is responsible for venue operation, sales and marketing. In the 2013-14 financial year, 35 events were booked for PWI, with a projected income of \$365 000.

Key activities to increase usage of PWI include a WiFi project to increase benefits to event organisers and grow event attendees' social media activity, and a forecourt activation plan to maximise the commercial and community usage of the space.

2015 ICC Cricket World Cup

Following a successful bid process, Tasmania will host three of the ICC Cricket World Cup matches in March 2015. Events Tasmania is the lead State Government business unit overseeing the 2015 ICC Cricket World Cup and an Event Coordinator has been appointed to manage the state's involvement in this major international sporting event.

Hospitality

The department's Hospitality unit continues to work closely with the Tasmanian Hospitality Association to deliver initiatives around workforce development and industry benchmarking.

These initiatives include working in partnership with vocational education and training in schools, and with teachers and the University of Tasmania to promote hospitality careers and training pathways to secondary schools, colleges and tertiary-level education.

Emphasis is placed on ensuring training is aligned with industry needs, supports the regional hospitality ambassadors network and supports the hospitality scholarship program, which aims to encourage students to consider a career in the industry.

The industry benchmarking initiative will enable a range of hospitality businesses to compare their performance against key financial and other indicators across the industry.

People and culture



Active Management

The Active Management program was provided for managers, supervisors and values team members in November 2013. The two-day program equipped managers and supervisors with tools and knowledge to manage people successfully and deliver optimal service outcomes.

Pulse Check

Pulse Check, the department's annual survey measuring staff satisfaction levels, conducted in March 2014, with 64 per cent of staff completing the survey.

The overall average staff satisfaction score was 72.1 per cent, representing an increase of 1.2 per cent on 2013.

Areas identified for ongoing focus were leadership and planning, communication, and workplace culture.

Work Health and Safety

In January 2013 the *Work Health and Safety Act 2012* regulations came into effect.

A comprehensive training program was delivered across all areas of the department to raise awareness and understanding of health and safety requirements in the workplace with 96 per cent of staff completing an online induction program.

Safety programs and initiatives

The department upgraded its online hazard and incident report form to improve data capture, workflow and reporting of events.

Formal site inspections were carried out across most departmental sites during the year. These were an important preventative tool to identify and fix hazards, and reduce the risk of injury to workers and visitors to the department.

Consultation

The department's Work Health and Safety Consultative Committee met six times during the year.

The department has seven Health and Safety Representatives nominated and appointed by workers to represent their health and safety concerns to management, and encourage and promote safe work practices.

GLOW (Great Life Options @ Work)

GLOW's program goal is to positively enhance and support the health and wellbeing of staff.

Influenza vaccinations

The department again offered influenza vaccinations for employees as a proven means of preventing the spread of influenza in the workplace. This year 181 vaccinations were administered by Bupa across six departmental worksites.

Online health assessment

The department procured an online health assessment to give employees a snapshot of their current health status based on a series of questions. This included providing the 136 participants with a 'real' health age and suggestions for managing their health risks and making positive changes to help improve their overall health and wellness.

Office ergonomics

The Office Ergonomics Policy was updated in February 2014, placing an emphasis on the formal reporting of hazards and incidents via a new hazard and incident report form.

A new intranet page was created with a range of resources, including a workstation set-up self-assessment checklist and professional opinions. Importantly, employees experiencing any form of pain can access additional expert support via a professional workstation assessment.

Learning and development

In-house training activities continue to be provided to meet the key training needs of the department. Staff also have access to targeted training to meet individual development needs.

The department's study assistance program contributes to employees' professional and career development aspirations by providing support to undertake graduate and postgraduate studies that benefit the department through enhanced performance.

Our volunteers

The department appreciates the willingness and commitment of our volunteers, including those at the Tasmanian Museum and Art Gallery, where they make a valuable contribution.

Right Job, Right Person

The Right Job, Right Person recruitment and selection framework continued to be implemented in the department in 2013. This contemporary and innovative approach to getting the right people in the right job at the right time supports recruiting managers to select candidates in accordance with merit.

Workplace diversity

The department's diversity charter, You, Me and Diversity strives to make a real difference for our clients and the community by working together and sharing our knowledge in line with our organisational values.

Balancing work and personal commitments is strongly encouraged by the department through flexible work and leave arrangements.

Performance management

The department's integrated performance framework includes:

- » People and Performance Plans, which align individual performance deliverables directly to the key outcomes of business units, division goals and the department's overall purpose
- » a performance assessment matrix for salary progression, advanced assessment and accelerated progression of high-performing people
- » guidelines for managing poor and under-performance.

Values

The Values Team, consisting of representatives from across the department, met on a bi-monthly basis and twice yearly with the Executive Team.

Human resources management statistics (Reference/Example for Paragraph Styles and tables)

Employee numbers 30 June 2014

FTE employees	383.23
Total number of employees	431

Employee analysis – by employment type

Permanent	385
Fixed-term	35
Senior Executive Service	11
Total	431

Employee analysis – by gender

Male	160
Female	271
Total	431

Employee analysis – by work pattern

Full-time	297
Part-time	134
Total	431

Commencements	37
Terminations	71
Employees who have commenced maternity leave (ML) and leave without pay (LWOP)>20 days and all transfers and secondments	15
Head count decrease	-49

Total department turnover (terminations/head count as at 30 June 2014)	16%
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Number of employees who accessed State Service Accumulated Leave Scheme (SSALS)	11
Number of employees who accessed paid ML 2012-13	23
Number of employees who accessed unpaid ML 2012-13	19
Number of employees who accessed LWOP > 20 days	17
Number of employees who are accessing phased-in retirement	0

Youth recruitment (employees under 25 years-of-age recruited during 2012-13)

Permanent appointments	0
Fixed-term appointments greater than six months	2
Total	2

Youth recruitment (employees under 25 years-of-age and currently employed)

Number of trainees	1
Number of graduates	0
Number of general stream employees	4
Number of professional officers	0
Number of technical officers	0
Total	5

Supporting information

Right to Information

The department has a legal duty to respond to requests for information in accordance with the *Right to Information Act 2009*, which commenced on 1 July 2010.

The *Right to Information Act 2009*:

- » authorises and encourages greater routine disclosure of information held by public authorities without the need for requests or applications
- » authorises and encourages greater active disclosure of information held by public authorities in response to informal requests without the need for applications
- » gives members of the public an enforceable right to information held by public authorities
- » provides that access to information held by government bodies is restricted only in limited circumstances which are defined in the Act.

The Department of Economic Development, Tourism and the Arts is a public authority.

During 2013-14 the department determined 9 applications for assessed disclosure or information under the *Right to Information Act 2009*.

For further information on the *Right to Information Act 2009*, visit the website of the Office of the Ombudsman.

Public Interest Disclosures Act

The purpose of the *Public Interest Disclosures Act 2002* (the Act) is to encourage and facilitate the making of disclosures about the improper conduct of public officers or public bodies. The Act provides protection to persons who make disclosures in accordance with the Act, and establishes a system by which the matters disclosed can be investigated and action to rectify any deficiencies can be taken.

The department is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees, nor the taking of reprisals against those who come forward to disclose such conduct.

The department recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The department will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

Pursuant to Section 86 of the Act:

- » a copy of the department's procedures established under Part 7 may be obtained from the Protected Disclosures Officer, Matt Coombe, Director Corporate Information and Executive Services
- » the department did not receive any disclosures, nor has it had any disclosures referred to it from the Ombudsman to investigate in the year to 30 June 2014.

Integrity Commission

The Integrity Commission is an independent body established on 1 October 2010 by the *Integrity Commission Act 2009* (the Act). The three primary objectives of the Integrity commission are to:

- » improve the standard of conduct, propriety and ethics in public authorities in Tasmania
- » enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with
- » enhance the quality of and commitment to ethical conduct by adopting a strong, educative, preventative and advisory role.

The department is committed to upholding the aims and objectives of the Act. It strives to ensure that staff meet high standards of conduct and receive ongoing training in relation to ethical conduct in accordance with section 32 of the Act.

Legislation

Under the Administrative Arrangements Order (No.2) 2011, the department was responsible for the administration of the following Acts as at 30 June 2014:

Minister for the Arts

Meteorites Act 1973

Museums (Aboriginal Remains) Act 1984

Plomley Trusts Act 1984

Tasmanian Arts Advisory Board Act 1975

Tasmanian Museum Act 1950

Theatre Royal Management Act 1986

Minister for State Growth

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 Human Services)

Goldamere Pty Ltd (Agreement) Act 1996

Iron Ore (Savage River) Arrangements Act 1996

Pulp Mill Assessment Act 2007

Rural Adjustment Act 1995

Tasmanian Development Act 1983

War Service Land Settlement Act 1950

Minister for Tourism

Tourism Tasmania Act 1996

Policies to help manage our business

Asset management

The department's asset management ranges from land and buildings to collections and equipment.

The property portfolio of assets includes the Tasmania Development and Resources properties, the Tasmanian Museum and Art Gallery and residual Crown properties.

The department manages land and buildings using a strategic asset management plan (SAMP) prepared in accordance with the Government's Strategic Asset Management Framework. Strategic asset management is the planned alignment of assets with service demand, to achieve the best possible match of assets with the service delivery strategies. The SAMP guides the sound and strategic acquisition, use and disposal of assets and the related risks and costs over their useful life. The department is continuing to develop asset management plans for its owned properties, to further support and implement strategies identified in the SAMP.

The department maintains asset registers in accordance with the Treasurer's Instructions. Details of acquisitions, disposals and write-offs were recorded in the respective registers. The financial statements for 2013-14 are reported on an accrual basis and contain details of policies in relation to recognition, valuation and depreciation of assets in notes of the statements. Assets have been valued in accordance with the department's accounting policies and procedures. These values are disclosed in the statements together with appropriate notes on valuation methods.

Risk management

The department's approach to risk management involves identifying risks that may affect its ability to meet its objectives and establishing strategies to treat those risks. Specific focus areas include the Tasmanian Museum and Art Gallery, Arts Tasmania, Screen Tasmania, Sport and Recreation Tasmania, Economic Development and Corporate Support.

Publications

The department produced the following stakeholder publications in 2013-14.

Economic Development

- » Revised and updated sectoral summaries for 21 key Tasmanian industries, including two brand new summaries for the creative industries and international education sectors.
- » Invitations to a seminar on the Premier's 2013 Trade Mission to Asia.
- » Booth decorations for the Australasian Oil and Gas Exhibition and Conference.
- » Ongoing production of collateral for the Taste Tasmania food and beverage campaign.
- » Updated brochures and content for the Business Tasmania and Enterprise Centres Tasmania programs and websites.
- » Update of 60-page *Invest in Tasmania* booklet and tri-fold brochure, presenting a range of investment opportunities across Tasmania's key sectors. These publications were translated into Chinese, Indonesian and Japanese.
- » Comprehensive investor guides *The dairy industry in Tasmania*, *The mining and mineral-processing industry in Tasmania* and *The wine industry in Tasmania*.
- » The *Tasmania Delivers* brochure series that showcases the state's offerings to potential investors in our key and emerging economic sectors.

- » The Phillip Law Lectures Volume 3, which documents lectures from 2009-12, honouring the contribution of one of Australia's Antarctic pioneers, Dr Phillip Law AC, AO, CBE.
- » A reprint of *Reaching our potential – developing Tasmania's science and research capability*, an action plan for the strategic development and sustainable growth of Tasmania's science research sector.
- » *Particle*, a bi-monthly online newsletter that highlights achievements from the Tasmanian science research sector.

Tasmanian Museum and Art Gallery

- » The *Field Guide to Tasmanian Fauna* app, featuring content provided by the museum's researchers.
- » New and updated scientific publications, including *A Census of Vascular Plants of Tasmania 2014*.
- » A range of collateral supporting exhibitions and public programs, including visitor maps and guides, exhibition-specific brochures, media kits and several newsletters (including e-newsletters) tailored to the various audiences.

Arts Tasmania

- » The Artist's Media Kit, aimed at maximising artists' chances of gaining media coverage.
- » Arts Tasmania's *Disability Action Plan Guide*.
- » The fortnightly *Newsbyte* newsletter, featuring arts news and opportunities.

- » Program toolkits for the following programs:
 - » Aboriginal Arts program
 - » AIR – Artist In Residence
 - » Arts and Disability
 - » Artsbridge
 - » Artsbridge Connect
 - » Crowbar Crowdfunding Incentive Scheme

- » Individual Artists
- » Premier's Arts Partnership Fund
- » Residencies
- » The Vita Brown Bequest Bursary
- » Low-interest loans
- » I46 ArtStudios
- » I46 ArtSpace.

- » New models discussion papers and information sheets:
 - » New Arts Investment Models – directions paper for public comment
 - » Partner arts organisations
 - » Invested arts organisations
 - » Artists investment program
 - » Quick response schemes
 - » Small Museums and Collections.
- » Bi-monthly Tasmanian Arts Advisory Board updates.

Screen Tasmania

- » Updated Screen Tasmania Program Funding Guidelines and Terms of Trade.
- » Screen Tasmania Production Highlights brochure.
- » Crew and industry online registration form and database, and updated resource section for industry available on the Screen Tasmania website.
- » The *Screen Rushes* industry newsletter.

Sport and Recreation Tasmania

- » The *Tasman Recreation Plan* (2013) was a collaboration with the Tasman Council, which published the document.
- » *Gymnastics Tasmania Facilities Strategy* (2013-2018), a collaboration with Gymnastics Tasmania, which published the document.
- » *Find 30* brochure for Premier's Physical Activity Council.
- » An update of the *Framework for people with a disability* booklet.
- » Regular newsletters from Sport and Recreation Tasmania and the Premier's Physical Activity Council.

Tourism Tasmania

Research

- » Tasmanian Tourism Snapshot (Quarterly)
- » Tourism Info Monitor (Quarterly)

Corporate

- » Tourism Tasmania Annual Report 2012-2013
- » Corporate Plan 2013-16
- » Statement of Corporate Intent 2013-2016
- » Fast Facts (Quarterly)

Newsletters

- » Discover Tasmania newsletter
- » Tourism Talk - Industry newsletter
- » Tassie Trade newsletter

Websites

- » www.discovertasmania.com.au
- » www.tourismtasmania.com.au
- » www.tassietrade.com.au

Procurement

Procurement is undertaken in accordance with the mandatory requirements of the Treasurer's Instructions relating to procurement, including that Tasmanian businesses are given every opportunity to compete for agency business. It is the department's policy to support Tasmanian businesses whenever they offer best value for money for the Government. See Table 1 for a summary of the level of participation by local businesses for contracts, tenders and/or quotations with a value

of \$50 000 or over (excluding GST). Tables 2 and 3 provide detailed information on contracts and consultancies with a value of \$50 000 or over (excluding GST). Table 4 provides a summary of contracts awarded as a result of a direct/limited submission sourcing process approved in accordance with Instruction 1114 and Table 5 lists a contract extension approved in accordance with Instruction 1115(4).

TABLE 1: Summary of participation by local businesses

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

Total number of contracts awarded	86
Total number of contracts awarded to Tasmanian businesses	56
Total value of contracts awarded	\$10,524,342
Total value of contracts awarded to Tasmanian businesses	\$8,333,331
Total number of tenders called and written quotation processes run	20
Total number of bids and/or written quotations received	187
Total number of bids and/or written quotations received from Tasmanian businesses	140

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 (\$)
PricewaterhouseCoopers	Victoria	Compliance burden sector reviews	13/08/13 – 31/03/2014	99,895
Braddon Business Centre Inc	Tasmania	Delivery of business enterprise services in Tasmania	1/09/2013 – 30/06/2016	375,417
Community Potential Foundation Ltd	Tasmania			375,417
In-tellinc Pty Ltd	Tasmania			403,750
Cradle Coast Innovation Inc	Tasmania			375,417
Digital Coaching and Consultancy Pty Ltd	Tasmania			743,749
			Plus optional extension: 1/07/2016 – 30/06/2019	2,407,500
Digital Coaching and Consultancy Pty Ltd	Tasmania	Delivery of mentoring services to Tasmanian businesses	23/09/2013 – 30/06/2016	361,488
			Plus optional extension: 1/07/2016 – 30/6 2019	369,812
TCM Pty Ltd	Tasmania	Property maintenance – mechanical services	1/09/2013 – 31/08/2016	333,722
			Plus optional extension: 1/09/2016 – 31/08/2018	225,000
Otis Elevator Company	Tasmania	Property maintenance – lift systems services	1/09/2013 – 31/08/2016	47,245
			Plus optional extension: 1/09/2016 – 31/08/2018	31,500
White & McAllister (Contractors) Pty Ltd	Tasmania	Property maintenance – fire and electrical services	1/09/2013 – 31/08/2016	148,700
			Plus optional extension: 1/09/2016 – 31/08/2018	99,133

TABLE 2 continued

Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract (\$)
Panel contractors:		Smart forms development panel	1/08/2013 – 31/08/2014	250,000*
Synateq Pty Ltd	Tasmania		Plus optional extension: 1/09/2014 – 31/08/2015	
SRA Information Technology Pty Ltd	Australian Capital Territory			
Biztech Enterprise Solutions	Victoria			
Avoka Technologies	Victoria			
Custard Pty Ltd	Tasmania	Marketing material for Tasmanian whisky and cider experiences	11/11/2013 – 28/02/2014	100,000
Panel contractors:		Copywriting services for Tourism Tasmania	1/08/2013 – 31/07/2015	100,000*
Michael Brian Brady	Tasmania			
Michael John Kerr	Tasmania			
3p Consulting Pty Ltd	Tasmania			
Rooftop Cinema Pty Ltd	Victoria			
Corporate Communications (Tasmania) Pty Ltd	Tasmania			
Nina Hendy	Tasmania			
Miles Morgan Australia Pty Ltd	Western Australia			
Marie-Gabrielle Mocatta	Tasmania			
Lucy Taylor	Tasmania			
Maura Michelle Bedloe	Tasmania			
Stephanie Jane Rodd Williams	New South Wales			
Wendy Kennedy	Tasmania			
Winsor John Dobbin	Tasmania			

*Note: This figure is an estimate of the overall value of the contracted services that may be engaged under this panel contract across the initial term (including any optional extension). The actual value expended under the panel contract will be dependent upon budget allocations and use.

TABLE 2 continued

Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract (\$)
LJ Hooker Commercial	Tasmania	Provision of professional services for the rental of commercial property at the Tasmanian Technopark	2/12/2013 – 2/12/2015	56,877
Vivid Marketing Services	Hong Kong SAR	Tourism Tasmania market representation in Asia	1/07/2013 – 30/06/2018	1,200,084
Continental Builders	Tasmania	Silverdome administration corridor roof replacement	1/11/2013 – 20/12/2013	104,100
Adelaide Ann Mary Reisz	Tasmania	Savour Tasmania public relations and communication services	2/12/2013 – 30/06/2014 Plus optional extension: 1/07/2014 – 30/06/2016	75,000 53,000
Alphawest Services Pty Ltd	Tasmania	Storage area network replacement	26/03/2014 – 30/05/2014	99,402
Botanic Resources Pty Ltd	Tasmania	Grounds maintenance and landscaping at the Hobart Technopark	1/05/2014 – 30/04/2017 Plus optional extension: 1/05/2017 – 30/04/2020	76,362 76,362
Lazaro Pty Ltd	Tasmania	Cleaning services at the Hobart Technopark	1/05/2014 – 30/04/2017 Plus optional extension: 1/05/2017 – 30/04/2020	107,000 107,000

TABLE 2 continued

Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract (\$)
Panel Contractors:		Software development, support and associated services panel	30/06/2014 – 29/06/2015	1,500,000*
Alphawest Services Pty Ltd	Tasmania			
Anittel Services Pty Ltd	Tasmania			
CGI Technologies and Solutions Australia Pty Ltd	Tasmania			
Data#3 Limited	Victoria			
Deloitte Touche Tohmatsu	Tasmania			
Dialog Pty Ltd	Tasmania			
Spatial Enterprises Pty Ltd	Tasmania			
Espire Infolabs Pty Limited	New South Wales			
Fastlane Software Pty Ltd	Western Australia			
FinXL Professional Services Pty Ltd	Victoria			
Fujitsu Australia Ltd	Victoria			
Funnelback Pty Ltd	Australian Capital Territory			
Futago Pty Ltd	Tasmania			
Future Medium Pty Ltd	Tasmania			
FYB Pty Ltd	Victoria			
Geometry Pty Ltd	Tasmania			
Gothic Holdings Pty Ltd	Tasmania			
Hays Specialist Recruitment (Australia) Pty Limited	Tasmania			
Ignite Intelligence Pty Ltd	New South Wales			
Information Oasis Pty Ltd	Tasmania			

*Note: This figure is an estimate of the overall value of the contracted services that may be engaged under this panel contract across the term. The actual value expended under the panel contract will be dependent upon budget allocations and use.

TABLE 2 continued

Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract (\$)
Panel Contractors: (continued)		Software development, support and associated services panel (continued)	30/06/2014 – 29/06/2015	1,500,000*
Information Professionals Holdings Pty Ltd	Queensland			
Insight4 Pty Ltd	Tasmania			
Ionata Pty Ltd	Tasmania			
Knight Errant Pty Ltd	Tasmania			
Loop Software Pty Ltd	Victoria			
Magdem Pty Ltd	Tasmania			
Mnet Mobile Pty Ltd	South Australia			
Park Lane Information Technology Pty Ltd	Tasmania			
Planit Test Management Solutions Pty Ltd	New South Wales			
Resolve Software Group Pty Ltd	Victoria			
Sense of Security Pty Limited	Victoria			
Silverstripe Australia Pty Ltd	Tasmania			
Squiz Australia Pty Ltd	Tasmania			
SRA Information Technology Pty Ltd	South Australia			
Synateq Pty Ltd	Tasmania			
Sypaq Systems Pty Ltd	Victoria			
Takeflight	Tasmania			
Technology One Limited	Tasmania			
The Quill Consultancy Pty Ltd	Tasmania			
Timothy John Vizer	Tasmania			
UXC Eclipse Pty Ltd	Tasmania			
Virtual Information Technology	Tasmania			

*Note: This figure is an estimate of the overall value of the contracted services that may be engaged under this panel contract across the term. The actual value expended under the panel contract will be dependent upon budget allocations and use.

TABLE 2 continued

Name of contractor	Location of contractor	Description of contract	Period of contract	Total value of contract (\$)
Panel Contractors: (continued)		Software development, support and associated services panel (continued)	30/06/2014 – 29/06/2015	1,500,000*
XVT Solutions Pty Ltd	Tasmania			
3 Tier Technology	Tasmania			

*Note: This figure is an estimate of the overall value of the contracted services that may be engaged under this panel contract across the term. The actual value expended under the panel contract will be dependent upon budget allocations and use.

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

Name of consultant	Location of consultant	Description of consultancy	Period of consultancy	Total value of contract (\$)
The AEC Group Ltd	Queensland	Provision of strategic economist services	6/09/2013 – 21/11/2013	75,000
Watermark Search International Pty Limited	New South Wales	Provision of executive search / recruitment services	31/12/2013 – 28/02/2014	60,000
Crowe Horwath	Tasmania	Provision of high-level financial and budgeting services	11/04/2014 – 10/10/2014	86,410

TABLE 4: Contracts awarded as a result of a direct/limited submission sourcing process approved in accordance with Instruction III4

Name of supplier	Description of contract	Reasons for approval	Total value of contract (\$)
Deloitte Touche Tohmatsu	Review of restructuring and capital raising transactions	Services were required as a matter of urgency	25,000
EMRS	Impact evaluation of the Find Thirty every day social marketing campaign	Exceptional circumstances existed, namely the need to ensure consistency and maintain the same evaluation method and reporting style as per the previous evaluation, to enable results to be compared	20,650
Roland Gataric Design	Provision of graphic design services	Services were required to support the establishment of the Department of State Growth	30,000
Morris Hargreaves McIntyre	Conduct of visitor research for the Tasmanian Museum and Art Gallery	Absence of competition for technical reasons	23,365

TABLE 5: Contract extension approved in accordance with Instruction III5(4)

Name of contractor	Description of contract	Period of extension	Total value of contract extension (\$)
Development Counsellors International	Provision of in-market trade representation for the North American market	01/01/2014 – 30/06/2014	113,000

Statutory and non-statutory bodies

Statutory bodies

Tasmanian Arts Advisory Board

Tasmanian Development Board

Tasmanian Museum and Art Gallery Board of Trustees

Theatre Royal Management Board

Tourism Tasmania Board

Non-statutory bodies

Screen Tasmania Board

Building and Construction Industry Advisory Committee

Digital Futures Advisory Council

Food Industry Advisory Committee

Foundation of the Tasmanian Museum and Art Gallery
(previously Art Foundation of Tasmania)

Friends of the Tasmanian Museum and Art Gallery

Premier's Physical Activity Council

Tasmanian Museum and Art Gallery's Tasmanian Aboriginal
Advisory Council

Manufacturing Industry Advisory Committee

Tasmanian Science and Research Advisory Committee

Public Interest Disclosures Act

The purpose of the *Public Interest Disclosures Act 2002* (Act) is to encourage and facilitate the making of disclosures about the improper conduct of public officers or public bodies. The Act provides protection to persons who make disclosures in accordance with the Act, and establishes a system by which the matters disclosed can be investigated and action to rectify any deficiencies can be taken.

The department is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees, nor the taking of reprisals against those who come forward to disclose such conduct.

The department recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The department will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

Pursuant to Section 86 of the Act:

- » a copy of the department's procedures established under Part 7 may be obtained from the Protected Disclosures Officer, Matt Coombe, Director Corporate Information and Executive Services
- » the department did not receive any disclosures, nor has it had any disclosures referred to it from the Ombudsman to investigate in the year to 30 June 2014.

Superannuation certificate

I, Kim Evans, Acting Secretary of the Department of Economic Development, Tourism and the Arts, hereby certify that the department met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of those employees of the department who were members of the following complying superannuation schemes to which the department contributed.



Kim Evans

Acting Secretary
Department of Economic Development, Tourism and the Arts

Glossaries and index

List of abbreviations

AASB	Australian Accounting Standards Board
AbaF	Australian Business Arts Foundation
ABC	Australian Broadcasting Corporation
ACS	Australian Cinematographers Society
ACY	Antarctic Centennial Year
AGM	Annual general meeting
AIF	Arts Infrastructure Fund
AIR	Artist in residence in schools project
AIRC	Australian Innovation Research Centre
ASC	American Society of Cinematographers
ATO	Australian Taxation Office
DEDTA	Department of Economic Development, Tourism and the Arts
DFAC	Digital Futures Advisory Council
DIER	Department of Infrastructure, Energy and Resources
DPIPWE	Department of Primary Industries, Parks, Water and Environment
EGP	Enterprise Growth Program
ERP	Emissions Reduction Plan
FFIC	Forests and Forest Industry Council
FTE	Full-time equivalent
FWDLS	Farm Water Development Loans Scheme
GSP	Gross State Product

GST	Goods and Services Tax
IA	Inspiring Australia
IAATO	International Association of Antarctic Tourism Operators
ICNTAS	Industry Capability Network Tasmania
ICT	Information Communication Technology
LGAT	Local Government Association of Tasmania
LWOP	Leave without pay
ML	Maternity leave
MONA	Museum of Old and New Art
MOU	Memorandum of Understanding
NBN	National Broadband Network
NILS Tasmania	No Interest Loans Scheme Tasmania
PAPF	Premier's Arts Partnership Fund
PBTR	Play by the Rules
PDAC	Premier's Disability Advisory Council
PPAC	Premier's Physical Activity Council
QVMAG	Queen Victoria Museum and Art Gallery
RACT	Royal Automobile Club of Tasmania
RAP-Tas	Regional Assistance Program Tasmania
RDAF	Regional Development Australia Fund
RELS	Renewable Energy Loans Scheme

R&D	Research and Development
SAMP	Strategic Asset Management Plan
SELF	Social Enterprise Loan Fund
SFM	SFM Environmental Solutions Pty Ltd
SPAP	State Physical Activity Plan
SRSAC	Science and Research Sector Strategy and Advisory Committee
SRT	Sport and Recreation Tasmania
SSALS	State Service Accumulated Leave Scheme
TAAB	Tasmanian Arts Advisory Board
TCCI	Tasmanian Chamber of Commerce and Industry
TDR	Tasmania Development and Resources
TFGA	Tasmanian Farmers and Graziers Association
TIAR	Tasmanian Institute of Agricultural Research
TICT	Tourism Industry Council of Tasmania
TMAG	Tasmanian Museum and Art Gallery
TREIDB	Tasmanian Renewable Energy Industry Development Board
WFW	Wealth from Water pilot program
WHS	Workplace Health and Safety
WPP	Workforce Participation Program

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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.

This index complies with the statutory disclosure requirements for annual reporting of the:

- » *Financial Management and Audit Act 1990*
- » *State Service Act 2000*
- » *Right to Information Act 2009*
- » *Public Interest Disclosures Act 2002*
- » *State Service Regulations 2001*
- » various Treasurer's Instructions.

The four columns in the index have the following meanings.

- 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	<i>State Service Regulations 2001</i>
SS	<i>State Service Act 2000</i>
TI	<i>Treasurer's Instructions</i>
FMAA	<i>Financial Management and Audit Act 1990</i>
RTI	<i>Right to Information Act 2009</i>
PSSRA	<i>Public Sector Superannuation Reform Act 1999</i>

Section	Compliance	Page	Details
General			
		3	Table of contents
		Annual Report	Alphabetical index
		37	Glossary of abbreviations
Overview			
Strategic plan	SSR s9(a)(i)	6	An overview of the department's strategic plan, including its aims, functions and related program
Performance	SS s36(1)(a)	Annual Report	
	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 law
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)	8	An organisational chart illustrating the department's administrative structure, including regional offices, showing officers of the agency
Why we are structured in this way	SSR 9(a)(iii)	Annual Report	A description of the relationship between the organisational structure and the program management structure of the agency

Section	Compliance	Page	Details
Performance measurement			
Performance summary	TI 70I (I)(a)(e)	13-20	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 20I (I)(b)	5	Economic and other factors that have affected the achievement of operational objectives
Legislation administered and major documents published			
Legislation administered	SSR s9(d)	25	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)	103	List of contact officers and points of public access in relation to services provided by the department
Community awareness report	SSR s9(c)(i)	13-20	Details of activities undertaken to develop community awareness of the department and the services it provides
Agency publications	SSR s9(c)(i)	25-27	List of major documents published by any internal or external body of the department during the year
Right to information	RTI s23	24	Right to information details for 2013–14
Human resources management			
Recruitment and selection	SSR s9(b)(i)	22	Details of recruitment policies and programs, including statistical information
Staff development	SSR s9(b)(ii)	22-23	Information relating to employee training and development activities, including statistical information for 2013–14
Equal employment opportunities	SSR s9(b)(iii)	22	A description of the department's workplace diversity program, including statistical information for 2013–14
Industrial democracy	SSR s9(b)(iv)	22	Details of the processes established to ensure employee participation in industrial relations matters within the department
Internal grievance procedures	SSR s9(b)(v)	22	Summary of internal grievance procedures
Occupational health and safety	SSR s9(b)(vi)	22	Outline of occupational health and safety strategies
Appeals process	SSR s9(c)(iii)	22	An outline of the processes available for appeals against decisions made by the department
Superannuation contribution	PSSRA s13	36	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>

Section	Compliance	Page	Details
Asset management and risk management policies			
Major capital projects	TI 201 (I)(d)	25	Information on major capital projects or undertakings
Asset management	TI 201 (I)(g)	25	Statement of asset management policies and an outline of asset management strategies and initiatives
Risk management	TI 201 (I)(f)	25	Statement of risk management policies and an outline of significant risk management activities and initiatives
Pricing policies	TI 201 (I)(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 1110 6(a)	6	A narrative statement in the introduction by the Secretary regarding the department's support for local business
	TI 1110 6(b)(i)	29-35	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 1110 6(b)(ii)	29-35	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 (I)(c), FMAA s27 (2),(3) and (4) TI 201 (i)(j)	42-100	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 (I)(c), TI 201 (I)(k)	101	Auditor-General's report on the department's financial statements

Department of Economic Development, Tourism and the Arts

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Certification of Financial Statements

The accompanying Financial Statements of the Department of Economic Development, Tourism and the Arts 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 2014 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.

A handwritten signature in black ink, appearing to read 'K. Evans', with a stylized flourish at the end.

Kim Evans

Acting Secretary

13 August 2014

Hobart

Department of Economic Development, Tourism and the Arts

Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Continuing operations				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue – recurrent	2.9(a), 7.1	86,936	94,352	105,858
Appropriation revenue – section 8A of the <i>Public Account Act 1986</i>	2.9(a), 7.1	-	3,230	1,000
Appropriation revenue – works and services	2.9(a), 7.1	300	300	-
Revenue from Special Capital Investment Funds	7.2	-	255	17,105
Grants	2.9(b), 7.3	1,989	2,086	516
Sales of goods and services	2.9(c), 7.4	2,048	2,689	1,906
Interest	2.9(d), 7.5	2,530	1,778	2,959
Contributions received	2.9(e), 7.6	-	435	514
Other revenue	2.9(f), 7.7	1,370	3,845	4,699
Total revenue and other income from transactions		95,173	108,970	134,557
Expenses from transactions				
Employee benefits	2.10(a), 8.1	38,908	38,736	37,667
Depreciation and amortisation	2.10(b), 8.2	1,725	1,652	1,637
Supplies and consumables	2.10(c), 8.3	26,387	31,287	34,952
Grants and subsidies	2.10(d), 8.4	25,158	33,426	43,976
Finance costs	2.10(e), 8.5	1,540	1,133	1,646
Other expenses	2.10(f), 8.6	542	718	605
Total expenses from transactions		94,260	106,952	120,483
Net result from transactions (net operating balance)	6	913	2,018	14,074
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	2.11(a)(c), 9.1	-	2,702	(3,823)
Net gain/(loss) on financial instruments and statutory receivables/payables	2.11(b), 9.2	-	(786)	(815)
Other gains/(losses) from other economic flows	2.11(d), 9.3	-	-	(7,050)
Total other economic flows included in net result		-	1,916	(11,688)
Net result from continuing operations		913	3,934	2,386
Net result		913	3,934	2,386

Statement of Comprehensive Income for the year ended 30 June 2014 (continued)

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in property asset revaluation reserve	13.1	13,270	(272)	(1,477)
Total other comprehensive income		13,270	(272)	(1,477)
Comprehensive result		14,183	3,662	909

This Statement of Comprehensive Income 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.

Department of Economic Development, Tourism and the Arts

Statement of Financial Position as at 30 June 2014

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	2.12(a), 14.1	11,608	29,265	16,943
Receivables	2.12(b), 10.1	3,517	1,358	1,439
Loan advances	2.12(c), 10.2	38,230	34,445	33,883
Equity investments	2.12(e), 10.3	586	20	48
<i>Non-financial assets</i>				
Inventories	2.12(d), 10.4	406	327	232
Property, plant and equipment, and artwork	2.12(f), 10.5	103,220	78,937	80,130
Heritage and cultural assets	2.12(f), 10.5	396,969	389,676	386,703
Investment property	2.12(g), 10.6	10,251	9,364	9,070
Intangibles	2.12(h), 10.7	528	951	890
Other assets	2.12(i), 10.8	2,336	1,965	2,168
Total assets		567,651	546,308	531,506
Liabilities				
Payables	2.13(a), 11.1	2,060	2,222	2,318
Interest bearing liabilities	2.13(b), 11.2	19,021	36,110	25,080
Provisions	2.13(c), 11.3	2,749	1,842	2,397
Employee benefits	2.13(d), 11.4	9,105	8,756	8,633
Other liabilities	2.13(f), 11.5	693	3,923	3,285
Total liabilities		33,628	52,853	41,713
Net assets		534,023	493,455	489,793

Statement of Financial Position as at 30 June 2014 (continued)

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Equity				
Contributed equity		420,912	420,912	420,912
Reserves	13.1	37,165	9,082	9,354
Accumulated funds		75,946	63,461	59,527
Total equity		534,023	493,455	489,793

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

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

Department of Economic Development, Tourism and the Arts

Statement of Cash Flows for the year ended 30 June 2014

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts - recurrent		86,936	97,450	109,088
Appropriation receipts - works and services		300	300	-
Receipts from Special Capital Investment Funds		-	-	249
Grants		1,989	2,086	516
Sales of goods and services		2,053	812	1,954
GST receipts		6,500	6,448	11,055
Interest received		2,530	1,835	2,862
Other cash receipts		1,370	5,126	4,345
Total cash inflows		101,678	114,057	130,069
Cash outflows				
Employee benefits		(38,814)	(38,615)	(38,057)
Grants and subsidies		(25,058)	(33,414)	(43,991)
GST payments		(6,500)	(6,308)	(9,001)
Interest payments		(1,600)	(1,093)	(1,712)
Supplies and consumables		(26,609)	(29,778)	(36,121)
Other cash payments		(542)	(718)	(1,271)
Total cash outflows		(99,123)	(109,926)	(130,153)
Net cash from (used by) operating activities	14.2	2,555	4,131	(84)
Cash flows from investing activities				
Cash inflows				
Proceeds from the disposal of non-financial assets		-	287	537
Receipts from Special Capital Investment Funds		-	255	16,856
Repayment of loans by other entities		-	9,071	22,361
Receipts from investments		-	126	891
Total cash inflows		-	9,739	40,645

Statement of Cash Flows for the year ended 30 June 2014 (continued)

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Cash outflows				
Loans made to other entities		(3,460)	(9,750)	(19,380)
Payments for acquisition of non-financial assets		(450)	(1,226)	(11,829)
Payments for investments		-	(820)	(903)
Other cash payments		-	(782)	(3)
Total cash outflows		(3,910)	(12,578)	(32,115)
Net cash from (used by) investing activities		(3,910)	(2,839)	8,530
Cash flows from financing activities				
Cash inflows				
Proceeds from borrowings		1,000	15,000	81
Total cash inflows		1,000	15,000	81
Cash outflows				
Repayment of borrowings		-	(3,970)	(72)
Total cash outflows		-	(3,970)	(72)
Net cash from (used by) financing activities		-	11,030	9
Net increase (decrease) in cash held and cash equivalents		(355)	12,322	8,455
Cash and deposits at the beginning of the reporting period		11,963	16,943	8,488
Cash and deposits at the end of the reporting period	14.1	11,608	29,265	16,943

This Statement of 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 4 of the accompanying notes.

Department of Economic Development, Tourism and the Arts

Statement of Changes in Equity for the year ended 30 June 2014

	Contributed equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2013	420,912	9,354	59,527	489,793
Total comprehensive result	-	(272)	3,934	3,662
Balance as at 30 June 2014	420,912	9,082	63,461	493,455

	Contributed equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2012	420,912	10,831	57,141	488,884
Total comprehensive result	-	(1,477)	2,386	909
Balance as at 30 June 2013	420,912	9,354	59,527	489,793

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

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Note I: Administered Financial Statements

I.1 Schedule of Administered Income and Expenses

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Administered revenue and other income from transactions				
Revenue from Government				
Appropriation revenue – recurrent	2.9(a), 16.2	3,975	3,975	3,951
Total administered revenue and other income from transactions		3,975	3,975	3,951
Administered expenses from transactions				
Grants and subsidies	2.10(d), 16.3	3,975	3,975	3,951
Total administered expenses from transactions		3,975	3,975	3,951
Administered net result from transactions 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 16.1 of the accompanying notes.

The Department does not have any Administered Assets or Liabilities.

I.2 Schedule of Administered Cash Flows

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Administered cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Administered cash inflows				
Appropriation receipts – recurrent		3,975	3,975	3,951
Total administered cash inflows		3,975	3,975	3,951
Administered cash outflows				
Grants and subsidies		(3,975)	(3,975)	(3,951)
Total administered cash outflows		(3,975)	(3,975)	(3,951)
Administered net cash from (used by) operating activities	16.1(b)			
Net increase (decrease) in administered cash held		-	-	-
Administered cash and deposits at the beginning of the reporting period		-	-	-
Administered cash and deposits 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 16.1 of the accompanying notes.

Note 2: Significant Accounting Policies

2.1 Objectives and Funding

The Department of Economic Development, Tourism and the Arts (the Department) promotes economic and industry development in Tasmania, delivers marketing and development programs to support the State's tourism industry, provides opportunities for Tasmanians to participate in sport, recreation and physical activity, and is responsible for the protection and promotion of some of the State's considerable cultural assets, including developing and promoting the arts.

The Department aims to contribute to a healthy and prosperous Tasmania by:

- » implementing a whole-of-government Economic Development Plan;
- » supporting Tasmanian businesses to succeed nationally and internationally;
- » encouraging investment in Tasmania;
- » continuing to recognise, build and promote a contemporary view of Tasmania as a place to live, work, visit and invest;
- » developing Tasmania's arts community and its capacity to contribute creatively, culturally and economically;
- » providing, promoting and facilitating interaction with, and understanding of, the cultural and natural world;
- » improving Tasmanians' wellbeing by providing sport and recreation participation opportunities; and
- » providing authoritative policy advice and implementation to support these aims.

The Department achieves these outcomes through the formulation of evidence-based strategies for key industry sectors, as well as through its focus on client and stakeholder relationships, best practice governance and business processes, together with leadership capability, skill development 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 a Tasmanian Government not-for-profit entity predominantly funded through Parliamentary appropriations. The Financial Statements encompass all funds through which the Department controls resources to carry on its functions.

2.2 Basis of Accounting

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

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

The Financial Statements were signed by Acting Secretary Kim Evans on 13 August 2014.

Compliance with the Australian Accounting Standards (AAS) may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS 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 the AAS 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.

The Financial Statements have been prepared as a going concern. The continued existence of the Department in its present form, undertaking its current activities, is dependent on government policy and on continuing appropriations by Parliament for the Department's administration and activities.

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), Tourism Tasmania and the Tasmanian Museum and Art Gallery. 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 13 *Fair Value Measurement* (AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13) – This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Department's assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value. The Department has reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to ensure those methodologies comply with AASB 13. The financial impact is nil.

- » AASB 13 requires increased disclosures in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not “observable” outside the department, the disclosures are significantly greater.
- » AASB 2011-8 replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of AASB 13. There is no financial impact.
- » AASB 119 *Employee Benefits (2011-10 Amendments to Australian Accounting Standards arising from AASB 119)* – This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. The Department has determined that the financial impact of application is nil.
- » 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]* – This Standard makes amendments to AASB 7 and AASB 132 as a consequence of the issuance of amendments to IFRS 7 by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.
- » 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8]* – This Standard makes amendments to various standards as a consequence of the issuance of International Financial Reporting Standard Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

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

The following applicable Standards have been issued by the AASB and are yet to be applied:

- » AASB 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: recognition and Measurement*, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Standard was issued in August 2011 and is available from 1 January 2017 for application by not-for-profit entities. The Department has determined that the potential impact of application is nil.

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 assets, liabilities, 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

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. There were none this year.

2.9 Income from Transactions

Income is recognised in the Statement of Comprehensive Income when 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) Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenue in the period in which the Department gains control of the appropriated funds. Except for any amounts identified as carried forward in Notes 7.1 and 16.2, 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) Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method. Interest revenue includes interest received by the Department on some Loan Advances.

(e) Contributions received

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.

(f) 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 from Transactions

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

(a) Employee benefits

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

(b) Depreciation and amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. 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. Artwork, Heritage and cultural assets are not depreciated.

Major depreciation periods are:

Plant and equipment	2-25 years
Buildings	50-80 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.

The major amortisation period is:

Software	1-5 years
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(c) Supplies and consumables

Supplies and consumables, including audit fees, advertising and promotion, communications, consultants and contracted services, information technology, operating lease costs, property expenses, purchase of goods and services, travel and transport, and legal expenses, are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

(d) 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.

Program / project commitments shows amounts approved to clients payable over a period of one year or greater on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases in Note 12.1.

(e) Finance costs

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

Finance 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; and
- » amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(f) Other expenses

Other expenses are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

2.11 Other Economic Flows included in Net Result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

(a) Gain/(loss) on sale of non-financial assets

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

(b) 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 Statement of Comprehensive Income.

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

(c) 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.

In relation to heritage and cultural assets, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's market value has declined significantly more than would be expected as a result of the passage of time. The recoverable amount of a cultural asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of the asset is not primarily dependant on the asset's ability to generate future cash flows, and the asset would be replaced if the Department was deprived of the asset, its value in use is taken at market appraisal.

All impairment losses are recognised in the Statement of Comprehensive Income.

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.

(d) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows includes gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present values of the long service leave liability due to changes in the bond interest rate.

2.12 Assets

Assets are recognised in the Statement of Financial Position when it is probable that 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) Inventories

Inventories held for distribution are valued at cost adjusted, when applicable, for any loss of service potential. Inventories acquired for no cost or nominal considerations are valued at current replacement cost.

(e) Equity investments

Equity investments are initially recorded at cost and at net recoverable value subsequent to initial recognition determined as follows:

- » Listed companies - the share's current market value for listed public companies; and
- » 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 financial performance.

(f) Property, plant and equipment, artwork, heritage and cultural assets

(i) Valuation basis

Land, artwork, heritage and cultural assets are recorded at fair value. Buildings are recorded at fair value less accumulated depreciation. All other Non-current physical assets are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

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

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

The value of exhibitions is included in plant and equipment and represents capitalisation of the development and establishment costs of exhibitions that will continue to generate revenue or provide a community service beyond the financial year or years in which these costs were incurred.

Capitalised development and establishment costs include material and construction expenditure, but do not include an assessment of the intrinsic value of collection items incorporated in an exhibition unless specifically purchased and costed for that purpose. Staff costs for permanent employees inputs to the development of exhibitions are reflected in employee related expenses and are not included in the capitalisation of exhibitions.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or build occupied.

(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 profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Department is \$10,000 for all assets. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

The Department has adopted a revaluation threshold of \$50,000. Non-current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset does not differ materially from fair value at reporting date.

Assets are grouped 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 Statement of Comprehensive Income.

Investment property is not depreciated.

Investment property is revalued by class of asset annually to ensure they reflect fair value at balance date.

(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; and
- » 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 Statement of Financial Position 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.

2.13 Liabilities

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

(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, 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 into 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 Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

2.14 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 Statement of Comprehensive Income 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.

2.15 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 as follows:

- » Note 9.2 - Net gain/(loss) on financial instruments and statutory receivables/payables;
- » Note 10.2, 2.12(c) - Loan advances;
- » Note 10.3, 2.12(e) - Equity investments;
- » Note 10.5, 2.12(f) - Property, plant and equipment, artwork, heritage and cultural assets;
- » Note 11.4, 2.13(d) - Employee benefits.

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.

2.16 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.

2.17 Comparative figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of any changes in accounting policy on comparative figures are at Note 2.5.

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

Restructures of Outputs within the Department (internal restructures) that do not affect the results shown on the face of the Financial Statements are reflected in the comparatives in the Output Schedule at Notes 3.1 and 3.2.

The comparatives for external administrative restructures are not reflected in the Financial Statements.

2.18 Budget information

Budget information refers to original estimates as disclosed in the 2013-14 Budget Papers and is not subject to audit.

2.19 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.

2.20 Departmental taxation

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

2.21 Goods and Services Tax

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

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

Note 3: Departmental Output Schedules

3.1 Output Group Information

Comparative information has not been restated for administrative restructures. Budget information refers to original estimates and has not been subject to audit.

Output Group 1 – Economic Development

1.1 Business Growth

This Output provides a range of services which support the growth of Tasmanian businesses. Assistance programs will continue to focus on improving the business enabling environment and fostering a dynamic small business sector in Tasmania. The Business Tasmania service provides tools and information on starting, running and growing a business. Business development services will be delivered by the Department in partnership with the private sector.

1.2 Industry Development

This Output focuses on maximising Tasmania's economic and jobs growth potential in key industry sectors such as: food and agribusiness; mining and mineral processing; advanced manufacturing; science and research; Antarctic; building and construction; renewable energy; information communication technology; international education and tourism. Industry Development programs focus on brand and market development; investment attraction and facilitation through Invest Tasmania; promotional activities; research and development and finance facilitation.

1.3 Social and Environmental Sustainability

This Output aims to improve the social and environmental sustainability of the economy. Social sustainability programs focus on supporting workers and communities to adjust to structural changes in the economy and to create economic opportunities for those at risk of social exclusion. This includes working with targeted local communities vulnerable to local or global shocks to maximise economic development opportunities and develop capacity to help mitigate these risks. Environmental sustainability programs provide targeted incentives to businesses to improve environmental performance.

1.4 Regional Economic Development

This Output aims to support and grow sustainable communities within regions. This includes the implementation of Regional

Economic Development Plans and supporting individual enterprises through the Tasmanian Government Innovation and Investment Fund to accelerate growth and generate new jobs. The Output also supports liveability, planning reform and infrastructure development.

Output Group 2 – Sport and Recreation

2.1 Sport and Recreation

This Output Group contributes to a range of State Government health, economic and social policies through the development of opportunities to encourage widespread Tasmanian participation in sport and active recreation activities. This includes a focus on optimising the State's sport and active recreation assets, developing the sport and active recreation sector and providing the best possible opportunities for Tasmania's elite athletes.

Output Group 3 – Tourism

3.1 Tourism

Tourism Tasmania is a marketing-led organisation with a specific focus on research driven marketing and distribution programs. Its role is to deliver programs that create demand for tourism in Tasmania, to support a strong regional tourism network and to drive broad benefits for the Tasmanian economy.

This Output will primarily undertake marketing activity to stimulate awareness and demand for travel to and around Tasmania. The Output will focus on building a strong distinctive tourism brand, delivering targeted marketing campaigns and facilitating public relations activities create exposure in key markets.

This Output enables conversion opportunities for Tasmanian tourism operators through a range of distribution channels as a consequence of partnerships with wholesalers, retailers and online distributors including www.discovertasmania.com.

This Output supports the development and the growth of a strong regional tourism platform and targeted facilitation for product development. The Output is also responsible for the provision of useful and highly relevant research to Tourism Tasmania, local tourism operators and other relevant businesses, so they can successfully plan and implement their business and marketing strategies.

3.2 Events

This Output plays a role in stimulating events growth in Tasmania. This is achieved through the attraction and retention of a diverse range of events and through event development with international presenters and support activities that deliver a range of social, cultural, economic and environmental benefits to the Tasmanian community. The Output also includes oversight of Princes Wharf No. 1 Shed, a key event venue on the Hobart waterfront.

Output Group 4 – Arts

4.1 Tasmanian Museum and Art Gallery

This Output aims to increase community understanding of the cultural and natural world by collecting, conserving, interpreting and researching material evidence within the areas of humanities, including visual arts, history, anthropology and the biological and physical sciences. It provides the community with opportunities to experience the past and the present, invites participation in the State's collection and offers a stimulating museum and art environment.

4.2 Art Industry Development

This Output focuses on providing support to Tasmanian artists and their representative organisations. It aims to broaden the engagement of Tasmanians in the arts, highlight the State's diverse arts and cultural sector and deepen Tasmanian cultural experiences. This is achieved by providing funding to individual artists, arts organisations and major Tasmanian cultural institutions to assist their planning and realisation of projects, as well as to attract and encourage new work. The Output also includes grant funding to Tasmanian museums, arts galleries and heritage organisations as a key part of the Government's ongoing support for the preservation of the State's cultural heritage.

4.3 Screen Industry Development

This Output aims to build sustainability in the sector through increased screen production generated by Tasmanians, as well as attracting and facilitating interstate and overseas production to the State. It also provides support for professional, project and enterprise development; the promotion of screen culture activities and seeks to promote Tasmanian talent and stories to a worldwide audience. This Output also aims to position Tasmania as a centre for the creation and development of quality content in the digital media environment.

Output Group I – Economic Development

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation			
Appropriation revenue – recurrent	30,726	33,512	45,302
Appropriation revenue – section 8A of the <i>Public Account Act 1986</i>	-	3,230	500
Grants	-	1,722	375
Interest	2,530	1,772	2,954
Sales of goods and services	768	108	952
Other revenue	1,120	2,322	1,300
Total revenue and other income from transactions	35,144	42,666	51,383
Expenses from transactions			
Employee benefits	14,643	14,452	15,015
Superannuation	1,821	1,691	1,758
Depreciation and amortisation	770	498	529
Finance costs	1,540	1,138	1,658
Grants and subsidies	7,712	13,270	20,654
Other expenses from ordinary activities			
Consultants and contracted services	687	2,855	3,547
Property services	773	993	930
Maintenance	109	244	323
Communications	678	280	314
Information technology	500	866	989
Travel and transport	858	820	978
Advertising and promotion	560	851	856
Other supplies and consumables	2,307	567	2,779
Other expenses	409	2,431	320
Total expenses from transactions	33,367	40,956	50,650
Net result from transactions (net operating balance)	1,777	1,710	733

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	-	282	(411)
Net gain/(loss) on financial instruments and statutory receivables/payables	-	(72)	(252)
Other gains/(losses) from economic flows	-	-	(7,050)
Total other economic flows included in net result	-	210	(7,713)
Net result from continuing operations	1,777	1,920	(6,980)
Net result	1,777	1,920	(6,980)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in physical asset revaluation reserve	-	9	-
Total other comprehensive income	-	9	-
Comprehensive result	1,777	1,929	(6,980)
Expense by output			
I.1 Business Growth	10,086	7,581	9,789
I.2 Industry Development	12,124	19,495	26,405
I.3 Social and Environmental Sustainability	1,898	1,547	2,132
I.4 Regional Economic Development	9,259	12,333	12,324
Total	33,367	40,956	50,650

Net Assets

Total assets deployed for Output Group I	76,207	63,872
Total liabilities incurred for Output Group I	(45,893)	(35,492)
Net assets deployed for Output Group I	30,314	28,380

Output Group 2 – Sport and Recreation

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation	13,501	13,727	16,380
Appropriation revenue – recurrent	-	-	500
Appropriation revenue – section 8A of the Public Account Act 1986	1,989	160	-
Grants	-	349	5
Sales of goods and services	-	-	84
Other revenue	250	1,817	2,656
Total revenue and other income from transactions	15,740	16,053	19,625
Expenses from transactions			
Employee benefits	5,057	5,030	4,184
Superannuation	630	563	500
Depreciation and amortisation	324	503	534
Grants and subsidies	8,442	8,236	12,326
Other expenses from ordinary activities			
Consultants and contracted services	92	239	257
Property services	349	459	319
Maintenance	55	42	166
Communications	103	134	96
Information technology	84	238	129
Travel and transport	255	359	335
Advertising and promotion	164	113	208
Other supplies and consumables	550	273	720
Other expenses	70	549	194
Total expenses from transactions	16,175	16,738	19,968
Net result from transactions (net operating balance)	(435)	(685)	(343)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	-	23	96
Total other economic flows included in net result	-	23	96
Net result from continuing operations	(435)	(662)	(247)
Net result	(435)	(662)	(247)

	Budget \$'000	Actual \$'000	Actual \$'000
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in physical asset revaluation reserve	-	262	(107)
Total other comprehensive income	-	262	(107)
Comprehensive result	(435)	(400)	(354)
Expense by output			
2.1 Sport and Recreation	16,175	16,738	19,968
Total	16,175	16,738	19,968
Net assets			
Total assets deployed for Output Group 2		31,893	31,694
Total liabilities incurred for Output Group 2		(1,757)	(1,162)
Net assets deployed for Output Group 2		30,136	30,532

Output Group 3 – Tourism

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation	26,810	29,650	28,053
Sales of goods and services	580	3	458
Contributions received	-	-	-
Other revenue	-	711	687
Total revenue and other income from transactions	27,390	30,364	29,198
Expenses from transactions			
Employee benefits	7,122	7,188	6,905
Superannuation	889	796	771
Depreciation and amortisation	82	332	287
Borrowing costs		(4)	(10)
Grants and subsidies	3,540	7,094	6,076
Other expenses from ordinary activities			
Consultants and contracted services	1,119	2,593	2,667
Property services	1,196	333	273
Maintenance	32	121	165
Communications	241	173	180
Information technology	766	714	433
Travel and transport	610	513	562
Advertising and promotion	9,937	10,114	9,618
Other supplies and consumables	1,976	174	1,060
Other expenses	50	736	319
Total expenses from transactions	27,560	30,877	29,306
Net result from transactions (net operating balance)	(170)	(513)	(108)
Other economic flows included in net result			
Net gain/(loss) on financial instruments and statutory receivables/payables		(5)	-
Total other economic flows included in net result		(5)	-
Net result from continuing operations	(170)	(518)	(108)
Net result	(170)	(518)	(108)

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in physical asset revaluation reserve	-	149	(219)
Total other comprehensive income	-	149	(219)
Comprehensive result	(170)	(369)	(327)
Expense by output			
3.1 Tourism	23,712	24,723	24,478
3.2 Events	3,848	6,154	4,828
Total	27,560	30,877	29,306
Net assets			
Total assets deployed for Output Group 3		19,796	19,481
Total liabilities incurred for Output Group 3		(2,440)	(1,756)
Net assets/(liabilities) deployed for Output Group 3		17,356	17,725

Output Group 4 – Arts

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation			
Appropriation revenue – recurrent	15,899	17,463	16,123
Appropriation revenue – section 8A of the Public Account Act 1986	-	-	-
Grants	-	204	141
Sales of goods and services	700	420	490
Interest	-	9	5
Contributions received	-	435	430
Other revenue	-	801	56
Total revenue and other income from transactions	16,599	19,332	17,245
Expenses from transactions			
Employee benefits	7,779	8,146	6,909
Superannuation	967	951	826
Depreciation and amortisation	549	318	286
Borrowing costs	-	(1)	-
Grants and subsidies	5,464	4,825	4,787
Other expenses from ordinary activities			
Consultants and contracted services	61	766	1,195
Property services	853	1,127	612
Maintenance	203	366	448
Communications	184	154	142
Information technology	344	183	153
Travel and transport	221	236	193
Advertising and promotion	126	85	199
Other supplies and consumables	394	505	469
Other expenses	13	418	159
Total expenses from transactions	17,158	18,079	16,378
Net result from transactions (net operating balance)	(559)	1,253	867

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	-	2,402	(3,508)
Net gain/(loss) on financial instruments and statutory receivables/payables	-	(714)	(563)
Total other economic flows included in net result	-	1,688	(4,071)
Net result from continuing operations	(559)	2,941	(3,204)
Net result	(559)	2,941	(3,204)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in physical asset revaluation reserve	-	(692)	(1,151)
Total other comprehensive income	-	(692)	(1,151)
Comprehensive result	(559)	2,249	(4,355)
Expense by output			
4.1 Tasmanian Museum and Art Gallery	8,619	10,157	8,332
4.2 Art Industry Development	6,948	6,765	7,096
4.3 Screen Industry Development	1,591	1,157	950
Total	17,158	18,079	16,378
Net assets			
Total assets deployed for Output Group 4		418,412	415,435
Total liabilities incurred for Output Group 4		(2,763)	(2,359)
Net assets deployed for Output Group 4		415,649	413,076

Special Capital Investment Funds

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from Special Capital Investment Funds	-	255	17,105
Grants	-	-	-
Sales of goods and services	-	-	1
Total revenue and other income from transactions	-	255	17,106
Expenses from transactions			
Employee benefits	-	(78)	726
Superannuation	-	(1)	72
Grants and subsidies	-	-	134
Other expenses from ordinary activities			
Consultants	-	25	1,365
Property services	-	6	21
Maintenance	-	27	19
Communications	-	1	22
Information technology	-	-	(4)
Travel and transport	-	-	15
Advertising and promotion	-	5	30
Other supplies and consumables	-	16	1,633
Other expenses	-	1	148
Total expenses from transactions	-	2	4,181
Net result from continuing operations	-	253	12,925
Net result	-	253	12,925
Comprehensive result	-	253	12,925

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Expense by output			
Tasmanian Museum and Art Gallery	-	2	3,931
Industry Assistance Program	-	-	250
Total	-	2	4,181
Net assets			
Total assets deployed for Special Capital Investment Funds		-	80
Total liabilities incurred for Special Capital Investment Funds		-	-
Net assets deployed for Special Capital Investment Funds		-	80

Capital Investment Program

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
<i>Continuing operations</i>			
Revenue from Capital Investment Program	300	300	-
Grants	-	-	-
Sales of goods and services	-	-	-
Total revenue and other income from transactions	300	300	-
Expenses from transactions			
Employee benefits	-	-	-
Superannuation	-	-	-
Grants and subsidies	-	-	-
Other expenses from ordinary activities			
Consultants	-	4	-
Property services	-	293	-
Maintenance	-	1	-
Communications	-	-	-
Information technology	-	-	-
Travel and transport	-	-	-
Advertising and promotion	-	1	-
Other supplies and consumables	-	-	-
Other expenses	-	1	-
Total expenses from transactions	-	300	-
Net result from continuing operations	300	-	-
Net result	300	-	-
Comprehensive result	300	-	-

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Expense by output			
Silverdome WHS	-	300	-
Total	-	300	-
Net assets			
Total assets deployed for Special Capital Investment Funds		-	-
Total liabilities incurred for Special Capital Investment Funds		-	-
Net assets deployed for Special Capital Investment Funds		-	-

3.2 Reconciliation of Total Output Groups Comprehensive Result to Statement of Comprehensive Income

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Total comprehensive result of Output Groups	14,183	3,662	909
Reconciliation to comprehensive result			
Items of difference	-	-	-
Comprehensive result	14,183	3,662	909

3.3 Reconciliation of Total Output Groups Net Assets to Statement of Financial Position

	2014 Actual \$'000	2013 Actual \$'000
Total net assets deployed for Output Groups	493,455	489,793
Reconciliation to net assets		
Assets unallocated to Output Groups	-	-
Liabilities unallocated to Output Groups	-	-
Net assets	493,455	489,793

3.4 Administered Output Schedule

Comparative information has not been restated for external administrative restructures.

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

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Administered revenue and other income from transactions			
Revenue from appropriation	3,975	3,975	3,951
Total administered revenue and other income from transactions	3,975	3,975	3,951
Administered expenses from transactions			
Grants and subsidies	3,975	3,975	3,951
Total administered expenses from transactions	3,975	3,975	3,951
Administered net result from transactions (net operating balance)	-	-	-
Administered expense by output			
Ten Days on The Island	1,278	1,278	1,254
Tasmanian Symphony Orchestra	1,519	1,519	1,519
Theatre Royal	178	178	178
Tasmanian Icon Program	1,000	1,000	1,000
Total	3,975	3,975	3,951

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 and \$250,000.

4.1 Statement of Comprehensive Income

	Notes	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Continuing operations					
Appropriation revenue – recurrent	(a)	86,936	94,352	7,416	9
Appropriation revenue – section 8A of the <i>Public Account Act 1986</i>	(b)	-	3,230	3,230	n/a
Revenue from Special Capital Investment Funds (SCIF)	(c)	-	255	255	n/a
Sales of Goods and Services	(d)	2,048	880	(1,168)	(57)
Interest	(e)	2,530	1,781	(749)	(30)
Contributions received	(f)	-	435	435	n/a
Other revenue	(g)	1,370	5,651	4,281	312
Supplies and consumables	(h)	26,387	31,287	4,900	19
Grants and subsidies	(i)	25,158	33,426	8,268	33
Finance costs	(j)	1,540	1,133	(407)	(26)
Other expenses	(k)	542	718	176	32
Net gain/(loss) on non-financial assets	(l)	-	2,702	2,702	n/a
Net gain/(loss) on financial instruments and statutory receivables/payables	(m)	-	(786)	(786)	n/a

Notes to Statement of Comprehensive Income variances

- a) Appropriation revenue – recurrent is above budget due to a number of Requests for Additional Funds approved during the year.
- b) Appropriation revenue - section 8A of the *Public Account Act 1986* is above budget due to the movement between 2012-13 approved carry forward requests for the Renewable Energy Loan Scheme, Tasmanian Government Innovation and Investment Fund (TGIIIF) and Business Tasmania Online and the 2013-14 carry forward requests for the Renewable Energy Loan Fund, Vodafone, Tasmanian Government Innovation and Investment Fund, and Silverdome WHS upgrade.
- c) Revenue from Special Capital Investment Funds is above budget due to meeting contractual commitments carried over relating to the TMAG Redevelopment project defects period.
- d) Sales of Goods and Services are below budget due to lower than anticipated revenue from sales of goods and services.
- e) Interest is below budget due to unanticipated delays in disbursing funds in relation to a number of loans within the TDR Loan portfolio.
- f) Contributions received relates to donations and bequests received by the Tasmanian Museum and Art Gallery.
- g) Other revenue is above budget due to the reclassification of revenue from grants to other revenue for funds received from the Community Support Levy, as well as SIIRP funding received for the TMAG feasibility study.
- h) Supplies and consumables are above budget due to higher than anticipated expenditure on supplies and consumables in 2013-14, including additional funding provided to cover operating shortfalls relating to Princes Wharf No.1 (PW 1) and TMAG.
- i) Grants and subsidies is above budget due to a number of Requests for Additional Funds approved during the year for grant programs including the Tasmanian Government Innovation and Investment Fund (TGIIIF) and the Major Development Infrastructure Investment Fund (MDIAF).
- j) Finance costs are below budget due to the early repayment of a TDR borrowing with Tascorp.
- k) Other expenses is above budget due to higher than anticipated expenditure under this classification including additional costs associated with PW 1 and TMAG.
- l) Net gain/(loss) on non-financial assets relates mainly to the revaluation of Heritage and Cultural assets and Land and Buildings.
- m) Net gain/(loss) on financial instruments and statutory receivables/payables relates to the impairment of Screen Industry Development Equity investments and impairment losses on loan advances.

4.2 Statement of Financial Position

	Notes	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Cash and deposits	(a)	11,608	29,265	17,657	152
Receivables	(b)	3,517	1,358	(2,159)	(61)
Loan Advances	(c)	38,230	34,445	(3,785)	(10)
Equity Investments	(d)	586	20	(566)	(97)
Inventories	(e)	406	327	(79)	(19)
Property, plant and equipment	(f)	103,220	78,937	(24,283)	(24)
Heritage and Cultural Assets	(g)	396,969	389,676	(7,293)	(2)
Investment property	(h)	10,251	9,364	(887)	(9)
Intangibles	(i)	528	1,360	832	158
Other assets	(j)	2,336	1,965	(371)	(16)
Interest bearing liabilities	(k)	19,021	36,110	17,089	90
Provisions	(l)	2,749	1,842	(907)	(33)
Employee benefits	(m)	9,105	8,756	(349)	(4)
Other liabilities	(n)	693	3,923	3,230	466

Notes to Statement of Financial Position variances

- a) Cash and deposits are over budget due to the receipt of Australian Government loan funding relating to the Farm Finance Loan Scheme.
- b) Receivables are below budget due to lower than estimated tax assets as at 30 June 2014.
- c) Loan Advances are below budget due to unanticipated delays in disbursing funds in relation to a number of loans within the TDR Loan portfolio.
- d) Equity investments are below budget due to the earlier than anticipated repayment of existing equity investments.
- e) Inventories are below budget due to a lower than estimated balance of inventories as at 30 June 2014.
- f) Property, plant and equipment is below budget based on the revised revaluation of the department's properties.
- g) Heritage and Cultural Assets is below budget based on the revised revaluation of the department's heritage and cultural assets.
- h) Investment property assets are below budget based on the revised valuation of the department's investment properties.
- i) Intangible assets are above budget mainly due to the capitalisation of Tourism Tasmania's new Discover Tasmania website.
- j) Other assets are below budget due to a lower than estimated balance of prepayments as at 30 June 2014.
- k) Interest bearing liabilities are above budget due to the receipt of Farm Finance Loan funds from the Australian Government.
- l) Provisions are below budget due to the renegotiation of tenancy leases held by the department and to increases in Government discount rates used to calculate the present value of the provisions.
- m) Employee benefits are below budget due to lower than estimated salary-related accruals due to staff reductions.
- n) Other liabilities are above budget mainly due to section 8(A)2 carry forward requests.

4.3 Statement of Cash Flows

	Notes	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts	(a)	86,936	97,450	10,514	12
Sales of goods and services	(b)	2,053	812	(1,241)	(60)
Interest received	(c)	2,530	1,835	(695)	(27)
Other cash receipts	(d)	1,370	5,126	3,756	274
Grants and subsidies	(e)	(25,058)	(33,414)	(8,356)	(33)
Interest payments	(f)	(1,600)	(1,093)	507	32
Supplies and consumables	(g)	(26,609)	(29,778)	(3,169)	(12)
Other cash payments	(h)	(542)	(718)	(176)	(32)
Proceeds from the disposal of non-financial assets	(i)	-	287	287	n/a
Receipts from Special Capital Investment Funds	(j)	-	255	255	n/a
Repayment of loans by other entities	(k)	-	9,071	9,071	n/a
Receipts from investments	(l)	-	126	126	n/a
Loans made to other entities	(m)	(3,460)	(9,750)	(9,750)	n/a
Payments for acquisition of non-financial assets	(n)	(450)	(1,226)	(776)	(172)
Payments for investments	(o)	-	(820)	2,640	(76)
Other cash payments	(p)	-	(782)	(782)	n/a
Proceeds from borrowings	(q)	1,000	15,000	14,000	1,400
Repayment of borrowings	(r)	-	(3,970)	(3,970)	n/a

Notes to Statement of Cash Flows variances

- a) Appropriation receipts are above budget due to a number of Requests for Additional Funds approved during the year.
- b) Sales of goods and services are below budget due to lower than anticipated revenue from sales of goods and services.
- c) Interest received is below budget due to unanticipated delays in disbursing funds in relation to a number of loans within the TDR Loan portfolio.

- d) Other cash receipts are above budget due to the reclassification of revenue from grants to other revenue for funds received from the Community Support Levy, as well as SIIRP funding received for the TMAG feasibility study.
- e) Grants and subsidies are above budget due to a number of Requests for Additional Funds approved during the year for grant programs including the Tasmanian Government Innovation and Investment Fund (TGIIIF) and the Major Development Infrastructure Investment Fund (MDIAF).
- f) Interest payments are below budget due to the early repayment of a TDR borrowing with Tascorp.
- g) Supplies and consumables are above budget due to higher than anticipated expenditure on supplies and consumables in 2013-14, including additional funding provided to cover operating shortfalls relating to Princes Wharf No.1 (PW 1) and TMAG.
- h) Other cash payments are above budget due to higher than anticipated expenditure under this classification including additional costs associated with PW 1 and TMAG.
- i) Proceeds from the disposal of non-financial assets mainly relates to the disposal of Rural Properties.
- j) Receipts from Special Capital Investment Funds are above budget due to meeting contractual commitments carried over relating to the TMAG Redevelopment project defects period.
- k) Repayment of loans by other entities is to be read in conjunction with note (m) where the budgeted cash outflow of (\$3,460) represents the net loan advances disbursed from the TDR Property, Loan and Equity Portfolio. The net cash outflow from loans disbursed/repaid is below budget due to unanticipated delays in disbursing funds in relation to a number of loans within the TDR Loan portfolio.
- l) Receipts from investments is above budget due to earlier than anticipated repayment of existing equity investments.
- m) Loans made to other entities is to be read in conjunction with note (k) above. The net cash outflow from loans disbursed/repaid is below budget due to unanticipated delays in disbursing funds in relation to a number of loans within the TDR Loan portfolio.
- n) Payments for acquisition of non-financial assets is above budget due to higher than anticipated purchase of information technology equipment, software and website development.
- o) Payments for investments is below budget due to lower than anticipated payments for equity investments.
- p) Other cash payments is represents the movement of funds in Trust from 2012-13 to 2013-14 relating to Brand Tasmania Inc and ACAP. These were not recognised in original budget.
- q) Proceeds from borrowings is above budget due to a loan from the Australian Government to fund the Farm Finance Loan Scheme.
- r) Repayment of borrowings is above budget due to early repayment of a TDR borrowing with Tascorp.

Note 5: Events Occurring After Balance Date

As a result of an administrative order, the Department changed its name to Department of State Growth effective on 1 July 2014. The administrative order also amalgamates the Department of Infrastructure, Energy and Resources (DIER) with the Department of State Growth. A further administrative order has enacted the following departmental restructure, effective on 1 July 2014:

- (1) The part of the Department of State Growth known as Sport and Recreation Tasmania is amalgamated with the Department of Premier and Cabinet,
- (2) The part of the Department of State Growth known as Tourism Tasmania is amalgamated with the State authority established as Tourism Tasmania,
- (3) The part of the Department of Education known as Skills Tasmania is amalgamated with the Department of State Growth.

The operations of the Department being amalgamated with other entities, allows these Financial Statements to be prepared on a going concern basis.

There have been no other events subsequent to balance date which would have a material effect on the Department's Financial Statements as at 30 June 2014 with the exception of a quantifiable contingent liability at Note 12.2(a).

Note 6: Underlying Net Operating Balance

Non-operational capital funding is the income from transactions relating to funding for capital projects. This funding is classified as income from transactions and included in the net operating balance. However, the corresponding capital expenditure is not included in the calculation of the net operating balance. Accordingly, the net operating balance will portray a position that is better than the true underlying financial result.

For this reason, the net operating result is adjusted to remove the effects of funding for capital projects.

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Net result from transactions (net operating balance)		913	2,018	14,074
<i>Less impact of non-operational capital funding</i>				
Revenue from Special Capital Investment Funds	7.2	-	255	16,856
Revenue from Capital Investment Program		300	300	-
Total		300	555	16,856
Underlying net operating balance		613	1,463	(2,782)

Note 7: Income from Transactions

7.1 Revenue from Government

Revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986*.

The Budget information is based on original estimates and has not been subject to audit.

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Continuing operations			
Appropriation revenue – recurrent			
Current year	86,936	94,352	105,858
Total	86,936	94,352	105,858
Revenue from Government – other			
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	-	3,230	1,000
Works and services	300	300	
Total	300	3,530	1,000
Total revenue from Government	87,236	97,882	106,858

Section 8A(2) of the *Public Account Act 1986* 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.

7.2 Revenue from Special Capital Investment Funds

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

	2014 Actual \$'000	2013 Actual \$'000
Continuing operations		
Economic and Social Infrastructure Fund	-	249
Total	-	249
Non-operational capital funding		
Economic and Social Infrastructure Fund	255	16,856
Total	255	16,856
Total revenue from Special Capital Investment Funds	255	17,105

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 14.3.

7.3 Grants

	2014 \$'000	2013 \$'000
<i>Grants from the Australian Government</i>		
Farm Finance Administration	1,500	-
Industry Capability Network – National Broadband Network	161	225
Australia Council – Artists in Residence	120	-
Sport and Recreation	100	-
General grants	205	141
Total	2,086	366
<i>Other Grants</i>		
General grants	-	150
Total	-	150
Total grants	2,086	516

Grants received prior to 30 June 2014 that remained unspent at the end of the year total \$149,764 (2012-13 \$142,419).

7.4 Sales of goods and services

	2014 \$'000	2013 \$'000
Other goods and services	2,689	1,906
Total	2,689	1,906

7.5 Interest

	2014 \$'000	2013 \$'000
Interest	1,778	2,959
Total	1,778	2,959

7.6 Contributions received

	2014 \$'000	2013 \$'000
Fair value of additions to TMAG Collections at no cost	418	427
Donations and bequests	17	87
Total	435	514

7.7 Other revenue

	2014 \$'000	2013 \$'000
Investment property rental	767	1,193
Fees and recoveries	1,238	2,264
Other	1,840	1,242
Total	3,845	4,699

Note 8: Expenses from Transactions

8.1 Employee benefits

	2014 \$'000	2013 \$'000
Wages and salaries	28,173	29,142
Annual leave	2,313	2,067
Long service leave	679	32
Sick leave	927	1,006
Superannuation – defined benefit scheme	480	414
Superannuation – contribution schemes	3,521	3,514
Other post-employment benefits	1,869	806
Other employee expenses	774	686
Total	38,736	37,667

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. 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 12.5 per cent (2012-13 12.5 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.5 per cent (2012-13 nine per cent) of salary. In addition, departments are also required to pay into the Consolidated Fund a “gap” payment equivalent to 3.5 per cent of salary in respect of employees who are members of contribution schemes.

8.2 Depreciation and amortisation

(a) Depreciation

	2014 \$'000	2013 \$'000
Plant and equipment	255	324
Buildings	747	700
Total	1,002	1,024

(b) Amortisation

	2014 \$'000	2013 \$'000
Intangibles	354	298
Leasehold improvements	296	315
Total	650	613
Total depreciation and amortisation	1,652	1,637

8.3 Supplies and consumables

	2014 \$'000	2013 \$'000
Audit fees – financial audit	124	119
Audit fees – internal audit	126	135
Operating lease costs	3,166	3,061
Consultants and contracted services	6,491	9,032
Property services	2,918	2,154
Maintenance	1,086	1,122
Communications	742	753
Information technology	2,002	1,700
Travel and transport	1,929	2,082
Advertising and promotion	11,168	10,911
Other supplies and consumables	1,535	3,883
Total	31,287	34,952

8.4 Grants and subsidies

	2014 \$'000	2013 \$'000
Grants		
Business and Industry Assistance	2,799	3,179
Brand Tasmania	200	200
Menzies Development	-	10,000
Tasmanian Government Innovation and Investment Fund	4,129	4,742
Major Development Infrastructure Assistance Fund	1,800	-
Renewable Energy Loan Scheme	190	183
Seaport Boardwalk Expansion	-	1,000
North Bank Levee	1,500	-
Cantilevered Lookout	230	-
Simplot Funding	500	-
MONA Hotel	641	-
Contact Centres	648	633
Intelligent Island	730	600
Sport and Recreation	8,234	12,290
Hospitality	95	98
Tourism Development Assistance	2,282	2,198
Major Events	4,486	3,304
Museums and Art Galleries	1,752	1,740
Arts Grants	2,855	2,865
Screen Tasmania Grants	216	181
Special Capital Investment Fund	-	134
Total	33,287	43,347
Subsidies		
Other subsidies	-	20
Total	-	20
Sponsorship		
Other sponsorship	139	609
Total	139	609
Total grants and subsidies	33,426	43,976

Grant Program Review

In accordance with Treasurer's Instruction 709 *Grant Management Framework*, the following grant programs have been reviewed by the Department and are considered to be meeting their intended objectives. The Department continues to improve grant program outcome key performance indicators to assist decision making and improve the effectiveness of grant programs in meeting government objectives.

Grant Programs

Renewable Energy Loan Scheme

The objective of the Renewable Energy Loan Scheme (RELS) is to provide assistance to eligible organisations who wish to invest in commercially viable renewable energy systems or manufacture renewable energy technology components in Tasmania. The Renewable Energy Loan Scheme was announced as part of the 2010-11 State Budget.

Tasmanian Government Innovation and Investment Fund

The objective of Tasmanian Government Innovation and Investment Fund is to generate new private investment and jobs across regional Tasmania as part of the Government's response to regional employment challenges in the 2012-13 budget. The program was launched in October 2012.

Major Development Infrastructure Assistance Fund

The objective of the Major Development Infrastructure Assistance Fund is to generate new investment and create jobs by offering grants to assist eligible developers by facilitating a start to significant projects that help strengthen Tasmania's economy. This one-off relief for infrastructure costs incurred will be given to those significant projects that are proven to have the potential to generate immediate economic activity and jobs.

Sport and Recreation State Grant Programs

The objective of the State Grants Program is to increase the capacity of state sporting organisations, service providers and active recreation providers to administer, develop and promote their sport, recreation or service in Tasmania. The program offers tailored grants to large, medium and small sporting organisations on the basis of registered membership numbers.

National / International Sports Championships Program

The objective of the National / International Sport Championships Program is to promote and develop sport by encouraging national and international level competition in Tasmania. The program provides grants to eligible organisations to assist in meeting costs associated with hosting a national or international sport championship event within Tasmania.

Major Grants Program (sporting infrastructure)

The objective of the Major Grants Program is to improve the opportunities for Tasmanians to participate in sport and active recreation through the development and improvement of facilities or playing surfaces that directly benefit sport and recreation clubs. The program offers grants towards 50 per cent of total project costs.

Minor Grants Program (sporting infrastructure)

The objective of the Minor Grants Program is to improve the opportunities for Tasmanians to participate in sport and active recreation through the development and improvement of facilities or playing surfaces that directly benefit sport and recreation clubs. The program offers small grants of up to 50 per cent of total project costs in three rounds.

Major Events Grants Program

Major Events funding is used to secure and grow existing events in Tasmania. It allows Events Tasmania to support a diverse range of events and activities that deliver a range of social, cultural, economic and environmental benefits to the Tasmanian community.

Events Tasmania Grants and Incentives

The objective of the Events Grant Program is to stimulate the growth of events in Tasmania including the attraction and retention of a diverse range of events and the development and support of activities that deliver a range of social cultural economic and environmental benefits to the Tasmanian community.

Arts Grants

The objective of the Arts Tasmania's grant funding programs is to support, facilitate, advocate and enable creativity, diversity, cultural excellence and quality arts practice in Tasmania. The program also aims to broaden the engagement of Tasmanians in the arts, highlight the State's diverse arts and cultural sector, and deepen Tasmanian cultural experiences.

The program focuses on providing support to Tasmanian artists and their representative organisations through funding to individual artists, arts organisations and major Tasmanian cultural institutions to assist their planning and realisation of projects, as well as to attract and encourage new work.

Museum/Gallery Grants

The objective of the program is to improve information about collections, increase public access to information and enhance curatorial practice and collection management as a key part of the Government's ongoing support for the preservation of the State's cultural heritage.

The Small Museums and Collections program provides grants and loans to assist the curatorial and collection management practices of smaller public and community collections and museums.

Screen Tasmania – Industry Enterprise and Development

The objective of the program is to enhance professional development for Tasmanian screen practitioners and increase employment outcomes, with an emphasis on key creative roles. Grants are provided for bespoke career pathway support and direct professional experience for emerging Tasmanian screen practitioners in key creative roles including support for interstate and international travel costs.

Screen Tasmania – Festivals and Events

The objective of the program is to support the promotion of local, national and international talent and stories and engender interest in Tasmanian screen culture. The program provides grants for screen-based activities, such as film festivals, conferences, seminars and screenings that build audience interest and awareness of the screen industry including the operational costs of an event.

Non Program Grants

Business and Industry Assistance

The Department provides a number of grants to support business growth and industry within Tasmania and assist job creation.

Brand Tasmania

The Department provides grant funding to support the Brand Tasmania Council Inc.

Simplot Funding

The department provided funding to assist Simplot's Capital Program.

North Bank Levee

The department provided funding to the Launceston City Council to support the construction of the east west flood levy on the North Bank Precinct.

Cantilevered Lookout

The department provided grant funding to the Launceston City Council to engage the services of Tangent Structures Pty Ltd to install a Tangent viewing platform at the Cataract Gorge.

MONA Hotel

The department provided funding for a new hotel to be developed at MONA incorporating approximately 100 accommodation rooms and a 350-400 seat conference centre. The investment value of the project will be approximately \$50 million. It will employ 50-60 FTEs once fully operational and around 100 FTE jobs will be created during the construction phase. Construction is scheduled to commence in 2015 and will take approximately two years to complete.

Contact Centres

The Department provides grant funding to support the creation/retention of jobs in Contact Centres located in Tasmania.

Intelligent Island

Intelligent Island funds were used to fund a grant supporting the Tasmanian ICT Centre in conjunction with CSIRO.

Hospitality

The Department provided a grant to the Tasmanian Hospitality Association to support workforce development initiatives in the Hospitality industry.

Tourism Development Assistance

Tourism Tasmania provided grants to support the implementation of the Regional Tourism Organisations and Building Opportunities for Business.

Special Capital Investment Fund

The Department also disburses designated specific purpose grants allocated from the government's Special Capital Investment Funds.

8.5 Finance costs

	Note	2014 \$'000	2013 \$'000
Interest expense			
Interest on bank overdrafts and loans		1,106	1,225
Total		1,106	1,225
Other finance costs			
Unwinding of discounting of provisions	11.3(b)	22	2
Other finance costs		5	419
Total		27	421
Total finance costs		1,133	1,646

Other finance costs

During 2012-13 a cost of \$419,000 was incurred as a result of making a partial repayment off an existing long-term borrowing with Tascorp.

8.6 Other expenses

	2014 \$'000	2013 \$'000
Salary on-costs	269	262
Seminars and conferences	192	211
Other	257	132
Total	718	605

Note 9: Other Economic Flows included in Net Result

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

	Notes	2014 \$'000	2013 \$'000
Revaluation of Heritage and cultural assets		2,532	9,517
Revaluation of Buildings		257	(12,996)
Revaluation of Investment property	10.6(b)	440	(630)
Revaluation of Artwork		(4)	-
Impairment of Investment property		(146)	-
Impairment of Intangibles		(409)	-
Net gain/(loss) on non-financial assets transferred		22	20
Net gain/(loss) on disposal of non-financial assets		10	-
Net gain/(loss) on sale of non-financial assets		-	266
Total net gain/(loss) on non-financial assets		2,702	(3,823)

9.2 Net gain/(loss) on financial instruments and statutory receivables/payables

	Notes	2014 \$'000	2013 \$'000
Impairment reversals/(losses) of:			
Loans advances	10.2	1,488	3,157
Equity investments	10.3	(722)	(550)
Loan advances written off during the year		(1,552)	(3,422)
Total net gain/(loss) on financial instruments		(786)	(815)

Tasmanian Development Act 1983 loan advances impaired in 2013-14 related to Cattle Country Australia Pty Ltd (\$54,000) and J & A Gretschnann (\$235,000). Section 35 Loans Administered by TDR impaired in 2013-14 included Training Opportunities and Options for Learning Inc (\$70,000) and Blockmack Pty Ltd (\$160,000).

Equity investments impairment transactions during 2013-14 related to First Tasmania Investment Ltd and to Screen Tasmania equity investments.

Loan advances written-off in 2013-14 for Section 35 Loans Administered by TDR related to Tas-Air Pty Ltd (\$1.5 million) impaired in previous years.

9.3 Other gains/(losses) from other economic flows

	Notes	2014 \$'000	2013 \$'000
Other finance costs	11.2	-	(7,050)
Total other gains/(losses) from other economic flows		-	(7,050)

During 2012-13 under the *State Advances Act 1935* and *Tasmanian Development Act 1983* a non-repayable loan of \$7.895 million was renegotiated with the Department of Treasury and Finance to an interest-free loan of \$7.050 million repayable in full over 15 years.

Note 10: Assets

10.1 Receivables

	2014 \$'000	2013 \$'000
Receivables	502	433
Tax assets	856	1,006
Total	1,358	1,439
Settled within 12 months	1,358	1,439
Settled in more than 12 months	-	-
Total	1,358	1,439

10.2 Loan advances

	2014 \$'000	2013 \$'000
Section 35 Loans Administered by TDR	23,286	29,310
Bushfire Recovery Loan Program	1,364	-
<i>Tasmanian Development Act 1983</i>	4,834	1,881
Renewable Energy Loan Scheme	2,504	2,017
<i>Fire Damage Relief Act 1967</i>	23	23
<i>Farm Water Development Act 1985</i>	721	959
Screen Tasmania Loans	270	270
Arts Loans	1,052	1,009
No Interest Loan Scheme	900	404
Social Enterprise Loan Fund	10	17
Less: Provision for impairment	(519)	(2,007)
Total	34,445	33,883
Settled within 12 months	13,547	9,331
Settled in more than 12 months	20,898	24,552
Total	34,445	33,883

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*, the Department (through Tasmania Development and Resources) 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	2014 \$'000	2013 \$'000
Carrying amount at 1 July	2,007	5,164
Increase/(decrease) in provision recognised in net result	(1,488)	(3,157)
Carrying amount at 30 June	519	2,007

Tasmanian Development Act 1983 loan advances impaired in 2013-14 related to Cattle Country Australia Pty Ltd (\$54,000) and J & A Gretschnann (\$235,000). Section 35 Loans Administered by TDR impaired in 2013-14 included Training Opportunities and Options for Learning Inc (\$70,000) and Blockmack Pty Ltd (\$160,000).

10.3 Equity investments

	2014 \$'000	2013 \$'000
Listed shares – at cost	2,412	2,412
Listed shares – converted	944	944
Unlisted equity instruments	12,095	11,401
Less: Provision for impairment	(15,431)	(14,709)
Total	20	48
Settled within 12 months	-	-
Settled in more than 12 months	20	48
Total	20	48

Listed shares

TASSAL Ltd

The Department holds 1,583,341 fully paid ordinary shares in TASSAL Limited. The value of this investment is \$Nil.

Unlisted equity instruments

First Tasmania Investments Ltd

The Department holds 2,402,105 ordinary shares in First Tasmania Investments Ltd. The shares have been valued at \$Nil as at 30 June 2014.

North West Bay Ships Pty Ltd

The Department acquired 800,000 preference shares (7 per cent) of \$1.00 each in June 2000. The shares have been valued at \$Nil as at 30 June 2014.

SDT Australia Pty Ltd

The Department acquired 200,000 preference shares (9 per cent) of \$1.00 each in June 2000. The company has not operated for the last four 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 2014.

Reconciliation of movement in provision for impairment of equity investments	2014 \$'000	2013 \$'000
Carrying amount at 1 July	14,709	14,159
Increase/(decrease) in provision recognised in net result	722	550
Carrying amount at 30 June	15,431	14,709

The provision for impairment movement is the result of the revaluation of Screen Tasmania's equity portfolio and First Tasmania Investment Ltd.

10.4 Inventories

	2014 \$'000	2013 \$'000
Inventory held for sale	327	232
Total	327	232
Consumed within 12 months	327	232
Consumed in more than 12 months	-	-
Total	327	232

10.5 Property, plant and equipment, artwork, heritage and cultural assets

(a) Carrying amount

	2014 \$'000	2013 \$'000
Land		
Properties – at fair value (30 June 2014)	20,866	21,160
Rural properties – at fair value (30 June 2014)	3,166	3,417
Total	24,032	24,577
Buildings		
At fair value (30 June 2014)	51,960	52,450
Less: Accumulated depreciation	-	-
	51,960	52,450
Work in progress (at cost)	-	-
Total	51,960	52,450
Leasehold improvements		
At cost	3,215	5,419
Less: Accumulated amortisation	(1,561)	(3,606)
	1,654	1,813
Work in progress (at cost)	-	-
Total	1,654	1,813

	2014 \$'000	2013 \$'000
Plant and equipment		
At cost	3,450	3,907
Less: Accumulated depreciation	(2,590)	(3,005)
	860	902
Work in progress (at cost)	122	96
Total	982	999
Artwork		
At fair value (30 June 2014)	309	210
	309	210
Work in progress (at cost)	-	80
Total	309	290
Total property, plant and equipment and artwork	78,937	80,130
Heritage and cultural assets		
At fair value (30 June 2014)	389,676	386,703
Total	389,676	386,703
Total property, plant and equipment, artwork, heritage and cultural assets	468,613	466,833

a) Carrying amount continued

Rural properties

Rural properties are valued as at 30 June 2014 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.

Other properties and buildings

The latest land and buildings revaluations as at 30 June 2014 were based on valuations undertaken by independent valuers Brothers and Newton Opteon. The valuations have been prepared in accordance with the International Valuation Standards (IVS) 2011 which are endorsed by the Australian Property Institute and in accordance with the International Financial Reporting Standards (IFRS) 13 Fair Value Measurement which contains the following definition:

“Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Heritage and cultural assets (TMAG Collections)

TMAG Collections were independently valued with an effective date of 30 June 2014 by RHAS Chartered Valuers and Brokers. The revaluation of these assets was on a fair value basis in accordance with relevant accounting standards and Treasurer's Instruction No 303 *Recognition and Measurement of Non-Current Assets*.

The valuation of TMAG Collections is undertaken by a specialist valuer who has expertise with the objects in question. However, due to the volume and diversity of TMAG Collections, a number of valuers are required.

The valuation methodology involves selecting a random sample of individual collection items to determine a representative value for the collection, and each valuer brings a unique perspective on how to divide TMAG Collections into these samples. The valuation exercise is undertaken in accordance with accounting standards for fair value applicable to cultural and heritage collections (AASBI3).

The definition of fair value is defined in AASBI3 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. It is based on the principle of an exit price, and refers to the price an entity expects to receive when it sells an asset, or the price an entity expects to pay when it transfers a liability.

The determination of the fair market value of TMAG Collections is a combination of two distinct components – individual valuation of iconic items in the collection, and representative sampling of the remaining objects. Individual valuation relies upon the specialist expertise of the valuer and their knowledge of the market. The representative sampling derives an average value which is assigned to the remaining objects.

The valuation was based on a combination of internal records, specialised knowledge and market information about reproduction materials.

Artwork

Artwork assets were independently valued with an effective date of 30 June 2014 by Bett Gallery Valuers. The valuation of these assets was on a fair value basis in accordance with relevant accounting standards.

The valuation was undertaken by a specialist valuer who has expertise with the objects in question. For the majority of these assets the valuers use the market value basis, however for a small number of items with no current commercial activity, the valuers used the cost of these items at the time of commissioning with consideration for damage, wear and tear.

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of Property, plant and equipment, artwork, heritage and cultural assets 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.

2014	Land Level 2 (vacant land in active markets) \$'000	Buildings Level 2 (general office buildings) \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Artwork Level 2 \$'000	Heritage and cultural assets Level 2 \$'000	Total \$'000
Carrying value at 1 July	24,577	52,450	1,813	999	291	386,703	466,833
Additions	-	-	136	259	-	1	396
Contributions received	-	-	-	-	-	418	418
Disposals	(251)	-	-	(21)	-	-	(272)
Net transfers	-	-	-	-	-	22	22
<i>Gains/losses recognised in operating result</i>							
Revaluation increments (decrements)	-	257	-	-	(4)	2,532	2,785
<i>Gains/losses recognised in other comprehensive income</i>							
Revaluation increments (decrements)	(294)	-	-	-	22	-	(272)
Depreciation and amortisation	-	(747)	(295)	(255)	-	-	(1,297)
Carrying value at 30 June	24,032	51,960	1,654	982	309	389,676	468,613

2013	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Artwork \$'000	Heritage and cultural assets \$'000	Total \$'000
Carrying value at 1 July	24,758	56,578	2,128	1,135	211	376,739	461,549
Additions	-	11,134	-	189	80	427	11,830
Disposals	(270)	-	-	(1)	-	-	(271)
Revaluation increments (decrements)	89	(14,562)	-	-	-	9,517	(4,956)
Net transfers	-	-	-	-	-	20	20
Depreciation and amortisation	-	(700)	(315)	(324)	-	-	(1,339)
Carrying value at 30 June	24,577	52,450	1,813	999	291	386,703	466,833

(b) Reconciliation of movements continued

The Department has used the exemption under AASB 13.C3 that comparative information for periods before initial application of the standard need not be applied.

Transfers Between Categories

There have been no transfers between Levels 1, 2 and 3 during the reporting period.

Valuation Techniques, inputs and processes

Level 2 Valuation Techniques and Inputs for Land and buildings

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, as well as current zoning.

Level 2 Valuation Techniques and Inputs for Heritage and cultural assets

Valuation Technique: Heritage and cultural assets were considered specialised assets by the valuers and were measured using the sales comparison approach of market value, which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, an item being valued is compared with sales of similar items that have been transacted in the open market. Listings and offerings may also be considered.

Inputs: In determining the value of heritage and cultural assets regard was given to the age and condition of the assets, to specifically comparable sales or sales information and in other cases the valuers own knowledge of the market. Also consideration was given to recent sales and sales of works by artists with similar standing in mind.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during 2014.

10.6 Investment property

(a) Carrying amount

	2014 \$'000	2013 \$'000
Land at fair value	4,260	4,420
Buildings at fair value	5,250	4,650
Less: Provision for impairment	(146)	-
	9,364	9,070
Work in progress at cost	-	-
Total	9,364	9,070

Investment property includes the Tasmanian Technopark which assists the acceleration of growth for start-up and existing businesses. The Technopark offers accommodation options to suit a range of businesses from complete, self-contained buildings to individual tenancies, a business incubator centre and managed office facility.

The latest revaluations as at 30 June 2014 were based on valuations undertaken by independent valuers Brothers and Newton Opteon. The valuations has been prepared in accordance with the International Valuation Standards (IVS) 2011 which are endorsed by the Australian Property Institute and in accordance with the International Financial Reporting Standards (IFRS) 13 Fair Value Measurement which contains the following definition:

“Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

(b) Reconciliation of movements (including fair value levels)

	Note	2014 Level 2 \$'000	2013 \$'000
Carrying amount at 1 July		9,070	9,700
Net gains/(losses) from fair value adjustments		440	(630)
Impairment losses	9.1	(146)	-
Carrying amount at 30 June		9,364	9,070

10.7 Intangibles

(a) Carrying amount

	2014 \$'000	2013 \$'000
Intangibles with a finite useful life		
Software at cost	2,117	1,732
Less: Accumulated amortisation	(996)	(1,676)
Less: Provision for impairment	(409)	-
	712	56
Work in progress (at cost)	239	834
Total	951	890

(b) Reconciliation of movements

	2014 \$'000	2013 \$'000
Carrying amount at 1 July	890	762
Additions	829	426
Disposals	(5)	-
Impairment losses	(409)	-
Amortisation expense	(354)	(298)
Carrying amount at 30 June	951	890

The impairment relates to TMAG's Collection Management System for which the Trustees have requested a review with the intention of writing this asset off during 2014-15.

10.8 Other assets

(a) Carrying amount

	2014 \$'000	2013 \$'000
Other assets		
Prepayments	1,965	2,167
Other	-	1
Total	1,965	2,168
Recovered within 12 months	1,789	2,027
Recovered in more than 12 months	176	141
Total	1,965	2,168

(b) Reconciliation of movements

	2014 \$'000	2013 \$'000
Carrying amount at 1 July	2,168	2,125
Additions	1,965	2,168
Used up	(2,168)	(2,125)
Carrying amount at 30 June	1,965	2,168

Note II: Liabilities

II.1 Payables

	2014 \$'000	2013 \$'000
Creditors	46	58
Funds held in trust	-	782
Accrued expenses	2,178	1,478
Paid Parental Leave Scheme liabilities	(2)	-
Total	2,222	2,318
Settled within 12 months	2,222	2,318
Settled in more than 12 months	-	-
Total	2,222	2,318

Settlement is usually made within 30 days.

During 2012-13 Funds held in trust relate to funds held by the Department on behalf of the independent non-government entities of Brand Tasmania Council and Agreement on the Conservation of Albatrosses and Petrels (ACAP), for which the Department provides corporate support. Refer to Note 17 for additional information.

II.2 Interest bearing liabilities

(a) Carrying amount

	2014 \$'000	2013 \$'000
Loans from the State Government	6,110	6,580
Loans from the Australian Government	15,000	-
Loans from Tascorp	15,000	18,500
Total	36,110	25,080

(b) Maturity schedule

	2014 \$'000	2013 \$'000
One year or less	9,948	3,500
From one to five years	26,162	21,580
Total	36,110	25,080

During 2012-13 under the *State Advances Act 1935* and *Tasmanian Development Act 1983* a non-repayable loan of \$7.895 million was renegotiated with the Department of Treasury and Finance to an interest-free loan of \$7.050 million repayable in full over 15 years. In addition a cost of \$419,000 was incurred as a result of making a partial repayment off an existing long-term borrowing with Tascorp.

During July 2014, the Department repaid \$9.478 million of its \$15.0 million borrowing with the Australian Government relating to unused Farm Finance Loan Scheme round one funding. However, under the same agreement, the Department will receive round two funding from the Australian Government in the form of an additional \$15.0 million borrowing.

11.3 Provisions

(a) Carrying amount

	2014 \$'000	2013 \$'000
Operating lease provisions	1,111	1,157
Operating lease make-good provisions	731	1,240
Total	1,842	2,397
Settled within 12 months	1,111	1,157
Settled in more than 12 months	731	1,240
Total	1,842	2,397

The amount of the Department's provisions is the best estimate of the expenditure required to settle the present obligation, as at the end of the reporting period. The best estimate at the end of the reporting period, takes into account increases of costs, using the Consumer Price Index (CPI). The provision is discounted to reflect the present value of such expenditures where the time value of money is material.

(b) Reconciliation of movements in provisions

	Operating lease make-good provision		Operating lease provisions		Total Provisions	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at 1 July	1,240	1,451	1,157	1,308	2,397	2,759
Increases	36	34	-	-	36	34
Changes against the provision	(531)	(213)	-	-	(531)	(213)
Reversals	-	-	(46)	(151)	(46)	(151)
Changes in discounting	(14)	(32)	-	-	(14)	(32)
Balance at 30 June	731	1,240	1,111	1,157	1,842	2,397

Movements in operating lease provisions relate to the renegotiation of tenancy leases held by the Department.

11.4 Employee benefits

	2014 \$'000	2013 \$'000
Accrued salaries	1,055	1,203
Annual leave	2,344	2,318
Long service leave	5,297	5,021
SSALS and PLS provisions	60	91
Total	8,756	8,633
Expected to settle wholly within 12 months	3,853	3,986
Expected to settle wholly after 12 months	4,903	4,647
Total	8,756	8,633

11.5 Other liabilities

	2014 \$'000	2013 \$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	3,098	3,230
Other liabilities		
Employee benefits – on-costs	56	32
Other liabilities	769	23
Total	3,923	55
Settled within 12 months	3,887	3,265
Settled in more than 12 months	36	20
Total	3,923	3,285

Note 12: Commitments and Contingencies

12.1 Schedule of commitments

	2014 \$'000	2013 \$'000
By type		
<i>Capital commitments</i>		
Buildings	58	313
Total capital commitments	58	313
<i>Lease commitments</i>		
Operating leases	43,056	46,540
Total lease commitments	43,056	46,540
<i>Other commitments</i>		
Loan commitments	22,991	6,260
Program/project commitments	96,650	71,237
Total other commitments	119,641	77,497
Total	162,755	124,350
By maturity		
<i>Capital commitments</i>		
One year or less	58	313
From one to five years	-	-
More than five years	-	-
Total capital commitments	58	313
<i>Operating lease commitments</i>		
One year or less	3,568	3,571
From one to five years	16,850	16,991
More than five years	22,638	25,978
Total operating lease commitments	43,056	46,540

	2013 \$'000
<i>Other commitments</i>	
One year or less	53,569
From one to five years	64,225
More than five years	1,847
Total other commitments	119,641
Total	162,755

Capital commitments are associated with maintenance and redevelopment expenditure on the Department's land and buildings and investment properties.

Operating leases are associated with rental costs for leased premises occupied by the Department, 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 14 years.

Loans commitments are loans approved but not drawn down by clients as at 30 June.

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

12.2 Contingent assets and liabilities

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

(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.

	2014	2013
	\$'000	\$'000

Quantifiable contingent liabilities

Liability in respect of a guarantee to be given to Export Finance and Insurance Corporation in 2014-2015 for a value of €13 million (EUROS). This is to support further loan funding being provided to Adriatic Fast Ferries Ltd, (an associated entity within the Incat Group of companies), under its existing loan facility agreement. Ultimately, the provision of the guarantee will support the retention of jobs at the Hobart shipyard while further contracts for ferry construction are being negotiated. Conversion factor of 1.42 was used.

	18,500	18,590
Total quantifiable contingent liabilities	18,500	18,590

(b) Unquantifiable contingencies

At 30 June 2014, the Department had two outstanding legal claims against it as detailed below. It is not possible at the reporting date to accurately estimate the amounts of eventual receipts or payments, if any, that may be required in relation to this claim.

1. Jill Mure vs 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 \$50,000. The matter has been adjourned to a date to be fixed by the Court.
2. The Department has initiated an action to recover rental arrears from Tasmanian Organics Pty Ltd and its director, Mr Allan Branch arising from unpaid commitments pursuant to a lease at the Hobart Technopark.

Note 13: Reserves

13.1 Reserves

2014	Land \$'000	Buildings \$'000	Art work \$'000	Total \$'000
Asset revaluation reserve				
Balance at the beginning of financial year	9,353	-	1	9,354
Revaluation increments/(decrements)	(294)	-	22	(272)
Impairment losses	-	-	-	-
Reversals of impairment losses	-	-	-	-
Transfers to accumulated surplus	-	-	-	-
Transfers to/(from) reserves	-	-	-	-
Balance at end of financial year	9,059	-	23	9,082

2013	Land \$'000	Buildings \$'000	Art work \$'000	Total \$'000
Asset revaluation reserve				
Balance at the beginning of financial year	9,264	1,566	1	10,831
Revaluation increments/(decrements)	89	(1,566)	-	(1,477)
Impairment losses	-	-	-	-
Reversals of impairment losses	-	-	-	-
Transfers to accumulated surplus	-	-	-	-
Transfers to/(from) reserves	-	-	-	-
Balance at end of financial year	9,353	-	1	9,354

(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 2.12(f).

(b) Asset Revaluation Reserve by class of assets

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

	2014 \$'000	2013 \$'000
Land	9,059	9,353
Buildings	-	-
Artwork	23	1
Total Asset Revaluation Reserve	9,082	9,354

Note 14: Cash Flow Reconciliation

14.1 Cash and deposits

Cash and deposits include 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 Department arrangement.

	2014 \$'000	2013 \$'000
Special Deposits and Trust Fund balance		
T522 Economic Development Operating Account	27,746	15,277
T773 Sports Development Account	847	398
T790 Government Guarantees Reserve Account	484	351
T941 Fire Relief Account	-	-
T797 Intelligent Island Project Account	183	913
Total	29,260	16,939
Other cash held		
Cash on hand and at bank	5	4
Cash in transit	-	-
Total	5	4
Total cash and deposits	29,265	16,943

14.2 Reconciliation of net result to net cash from operating activities

	2014 \$'000	2013 \$'000
Net result from transactions (net operating balance)	2,018	14,074
Increase (decrease) S8A(2) carry forwards	(132)	2,230
Special Capital Investment Funds	(255)	(16,856)
Depreciation and amortisation	1,652	1,637
Interest	53	(99)
Contributions received	(418)	(427)
Decrease (increase) in Receivables	81	2,054
Decrease (increase) in Inventories	(95)	144
Decrease (increase) in Other assets	204	(45)
Increase (decrease) in Employee benefits	123	(387)
Increase (decrease) in Payables	686	(1,398)
Increase (decrease) in Provisions	(555)	(362)
Increase (decrease) in Other liabilities	769	(649)
Net cash from (used by) operating activities	4,131	(84)

14.3 Acquittal of Capital Investment and Special Capital Investment Funds

The Department received revenues from Special Capital Investment Funds 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

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Special Capital Investment Funds			
<i>Economic and Social Infrastructure Fund</i>			
Industry Assistance Program	-	-	249
Tasmanian Museum and Art Gallery	-	255	16,856
<i>Capital Investment Program</i>			
Silverdome WHS	300	300	-
Total	300	555	17,105

(b) Classification of cash flows

The project expenditure above is reflected in the Statement of Cash Flows as follows.

	2014 \$'000	2013 \$'000
Cash outflows		
Employee benefits	75	798
Advertising and promotion	5	30
Grants and transfer payments	-	134
Contracted services	387	1,299
Payments for the acquisition of non-financial assets	-	13,009
Other cash payments	88	1,835
Total cash outflows	555	17,105

Note 15: Financial Instruments

15.1 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 Statement of Financial Position, other than equity investments, is the carrying amount, net of any provision for impairment.

The Department manages credit risk on Loan advances by obtaining security over assets in accordance with the provisions of the *Tasmanian Development Act 1983* and by including appropriate risk margins in the Department's interest rate pricing, based on an assessment of the inherent risk of individual clients.

The Department is materially exposed to Norske Skog Paper Mills Australia Pty Ltd (41%). Concentration of credit risk by industry on Loan advances is: Paper (41%), Tourism (20%).

Financial Instrument	Accounting and strategic policies (including recognition criteria, measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables	Receivables are recognised at amortised cost, less any impairment losses.	The general term of trade for receivables is 30 days.
Other Financial Assets – 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.	Loan advances include financial assistance provided by the Government to the private sector in the form of loans.
Cash and deposits	Deposits are recognised at the nominal amounts.	Cash means notes, coins and any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund.

(b) Credit risk exposures continued

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

Analysis of financial assets that are past due at 30 June 2014 but not impaired

	Not past due \$'000	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	938	98	15	307	1,358
Other Financial Assets – loan advances	4	4	4	30	42

Analysis of financial assets that are past due at 30 June 2013 but not impaired

	Not past due \$'000	Past due >30 days \$'000	Past due >60 days \$'000	Past due >90 days \$'000	Total \$'000
Receivables	1,230	78	38	92	1,440
Other Financial Assets – loan advances	4	4	4	34	46

(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.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.	The Department's terms of trade are 30 days.
Interest bearing liabilities	Bank loans and other loans are initially measured at fair value, net of transaction costs. These loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The Department regularly reviews its contractual outflows to ensure that there is sufficient cash available to meet contracted payments.	Contractual payments made on a regular basis.

(c) Liquidity risk (continued)

The following tables detail the undiscounted cash flows payable by the Department relating to the remaining contractual maturity for its financial liabilities.

2014	Maturity analysis for financial liabilities						Undiscounted total \$'000	Carrying amount \$'000
	1 year	2 years	3 years	4 years	5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial liabilities								
Payables	2,222	-	-	-	-	-	2,222	2,222
Interest bearing liabilities	9,948	-	-	-	-	26,162	36,110	36,110
Total	12,170	-	-	-	-	26,162	38,332	38,332

2013	Maturity analysis for financial liabilities						Undiscounted total \$'000	Carrying amount \$'000
	1 year	2 years	3 years	4 years	5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial liabilities								
Payables	2,318	-	-	-	-	-	2,318	2,318
Interest bearing liabilities	3,500	-	-	-	-	21,580	25,080	25,080
Total	5,818	-	-	-	-	21,580	27,398	27,398

(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.

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:

	2014 \$'000	2013 \$'000
Fixed rate instruments		
Financial assets	1,378	1,487
Financial liabilities	(17,222)	(17,318)
Total	(15,844)	(15,831)
Variable rate instruments		
Financial assets	43,950	45,035
Financial liabilities	-	(3,500)
Total	43,950	41,535

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

	Statement of Comprehensive Income		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$	\$	\$	\$
30 June 2014				
Cash and deposits	95,055	(95,055)	95,055	(95,055)
Loan advances	344,450	(344,450)	344,450	(344,450)
Interest bearing liabilities	(150,000)	150,000	(150,000)	150,000
Net sensitivity	289,504	(289,504)	289,504	(289,504)
30 June 2013				
Cash and deposits	111,519	(111,519)	111,519	(111,519)
Loan advances	338,829	(338,829)	338,829	(338,829)
Interest bearing liabilities	(185,000)	185,000	(185,000)	185,000
Net sensitivity	265,348	(265,348)	265,348	(265,348)

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2013.

15.2 Categories of financial assets and liabilities

	2014 \$'000	2013 \$'000
Financial assets		
Cash and deposits	29,265	16,943
Loans and receivables	35,803	35,322
Available-for-sale financial assets	20	48
Total	65,088	52,313
Financial Liabilities		
Financial liabilities measured at amortised cost	38,332	27,398
Total	38,332	27,398

15.3 Comparison between carrying amount and net fair value of financial assets and liabilities

	Carrying amount 2014 \$'000	Net fair value 2014 \$'000	Carrying amount 2013 \$'000	Net fair value 2013 \$'000
Financial assets				
Other financial assets				
Equity investments	20	20	48	48
Total financial assets	20	20	48	48

15.4 Net fair values of financial assets and liabilities

2014	Net fair value Level 1 \$'000	Net fair value Level 2 \$'000	Net fair value Level 3 \$'000	Net fair value Total \$'000
Financial assets				
Other financial assets				
Equity investments	-	20	-	20
Total financial assets	-	20	-	20

2013	Net fair value Level 1 \$'000	Net fair value Level 2 \$'000	Net fair value Level 3 \$'000	Net fair value total \$'000
Financial assets				
Other financial assets				
Equity investments	-	48	-	48
Total financial assets	-	48	-	48

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- » Level 1 – the fair value is calculated using quoted prices in active markets
- » Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- » Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Financial assets

The net fair value of loan advances is based on the differential between the actual interest rates of loans advanced and the equivalent to the Department's market interest rates at the time of reporting. Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition.

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 the Department at the time of reporting.

Note 16: Notes to Administered Statements

16.1 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) Schedule of Administered Income and Expenses

	Notes	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue – recurrent	(a)	3,975	3,975	-	-
Grants and subsidies	(a)	3,975	3,975	-	-

Notes to Schedule of Administered Income and Expenses variances

(a) There were no variances from actual to budget relating to administered payments.

(b) Schedule of Administered Cash Flows

	Notes	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue – recurrent	(a)	3,975	3,975	-	-
Grants and subsidies	(a)	(3,975)	(3,975)	-	-

Notes to Schedule of Administered Cash Flow variances

(a) There were no variances from actual to budget relating to administered payments. Nor is there any difference between Administered Income and Expenses and Administered Cash Flows.

16.2 Administered revenue from Government

Administered revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986*.

The budget information is based on original estimates and has not been subject to audit.

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Appropriation revenue – recurrent			
Current year	3,975	3,975	3,951
Total administered revenue from Government	3,975	3,975	3,951

16.3 Administered grants and subsidies

	2014 \$'000	2013 \$'000
Grants – Government contribution to the Tasmanian Symphony Orchestra	1,519	1,519
Grants – Tasmanian Icon Program	1,000	1,000
Grants – Ten Days On The Island	1,278	1,254
Grants – Theatre Royal	178	178
Total	3,975	3,951

16.4 Schedule of Administered Commitments

	2014 \$'000	2013 \$'000
By type		
<i>Other commitments</i>		
Grants and subsidies	5,184	7,910
Total other commitments	5,184	7,910
Total	5,184	7,910
By maturity		
<i>Other commitments</i>		
One year or less	2,726	2,726
From one to five years	2,458	5,184
More than five years	-	-
Total other commitments	5,184	7,910
Total	5,184	7,910

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

Government Contribution to Tasmanian Symphony Orchestra

The Tasmanian Symphony Orchestra (TSO), one of the world's finest small orchestras, will continue to receive State Government support. The TSO plays to audiences throughout the State and its award-winning recordings are heard throughout the world. A versatile orchestra, the TSO is renowned for its expertise in music of the Classical and early Romantic periods and is recognised internationally as a champion of Australian music.

Tasmanian Icon Program

The Tasmanian Icon Program is designed to utilise world-class Tasmanian talent to promote the State both nationally and internationally. Currently, funded icons are the Tasmanian Symphony Orchestra and the State Cricket Team, the Tassie Tigers.

Ten Days On The Island

Ten Days On The Island is Tasmania's premier cultural event. A biennial event that commenced in 2001, Ten Days On The Island has continually attracted the highest quality local and international artists from island nations around the world to celebrate Tasmania's unique island culture. The eighth edition of Ten Days On The Island will be held in 2015 and will continue to lead the way in the presentation of outstanding Tasmanian, Australian and international performance.

Theatre Royal

The Theatre Royal is Australia's oldest continually operating theatre. The Government's commitment in funding the Theatre Royal recognises the Theatre Royal not just as a significant piece of Tasmania's history, but a living centre for the performing arts.

Note 17: Transactions and Balances Relating to a Trustee or Agency Arrangement

Account/Activity	Opening balance \$'000	Net transactions during 2013-14 \$'000	Closing balance \$'000
Agreement for the Conservation of Albatrosses and Petrels (ACAP)	705	(6)	699
Brand Tasmania Council Incorporated	77	184	261

Independent Auditor's Report

To Members of the Tasmanian Parliament

Department of Economic Development, Tourism and the Arts

Financial Statements for the Year Ended 30 June 2014

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Economic Development, Tourism and the Arts (the Department), which comprise the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Acting Secretary of the Department.

Auditor's Opinion

In my opinion the Department's financial statements:

- (a) present fairly, in all material respects, its financial position as at 30 June 2014 and its financial performance, cash flows and changes in equity for the year then ended
- (b) are in accordance with the *Financial Management and Audit Act 1990* and Australian Accounting Standards.

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 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

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

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 my judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Secretary'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 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
- 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.

Tasmanian Audit Office



E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
29 September 2014

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