

Destination NSW

ANNUAL REPORT

2016-2017



Destination NSW

ANNUAL REPORT 2016-2017





The Hon. Adam Marshall MP
Minister for Tourism and Major Events
52 Martin Place
SYDNEY NSW 2000

31 October 2017

Dear Minister,

We are pleased to submit the Annual Report of Destination NSW for the financial year ended 30 June 2017 for presentation to the NSW Parliament.

The report has been prepared in accordance with the provisions of the Annual Reports (Statutory Bodies) Act 1984, the Annual Reports (Statutory Bodies) Regulation 2010, the Government Sector Employment Act 2013, the Public Finance and Audit Act 1983, and the Public Finance and Audit Regulation 2010.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Hartigan", written over a horizontal line.

John Hartigan
Chairman

A handwritten signature in black ink, appearing to read "S. Chipchase", written in a cursive style.

Sandra Chipchase
CEO

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Chairman's Foreword 2016-2017



John Hartigan
Chairman
Destination NSW

Over the past year, the Destination NSW Board has continued its focus on shaping the strategies for tourism and major events that will enable NSW to remain the most visited state in Australia with the most compelling major events calendar.

During the year I have been working with the Board to oversee the implementation of a series of reforms to regional tourism as a result of the review we conducted in 2016.

The implementation of the new regional tourism framework has been underpinned by the NSW Government's commitment of \$43 million over four years, which has allowed Destination NSW to strengthen the way it works with rural and regional NSW through the establishment of a new Regional NSW division, encompassing a Regional Conferencing Unit. It has also enabled the establishment of six Destination Networks across the State to ensure that rural and regional NSW benefit from the visitor economy by supporting operators, events, jobs and local economies.

The NSW Government's support of the State's visitor economy remains strong as we implement its record additional funding of \$127.6 million to Destination NSW over four years. This ongoing commitment has secured a number of world class events to Sydney including Australian Premiere of Broadway's smash hit musical, Beautiful: The Carole King Story, the much anticipated World Premiere of Muriel's Wedding the Musical and the Liverpool FC v Sydney FC friendly football match at ANZ Stadium. We have also been able to continue to implement regional tourism campaigns and secure, attract and grow regional events and festivals to drive overnight visitor expenditure.

I wish to thank the Hon Adam Marshall MP, Minister for Tourism and Major Events for his support of Destination NSW and the NSW visitor economy since his appointment and his commitment to exploring new initiatives to grow regional visitor dispersal.

I also acknowledge the efforts of my Board of Directors whose industry know-how and commitment to the NSW visitor economy continues to be great inspiration and drive many achievements for the organisation.

The CEO, Sandra Chipchase, has again led Destination NSW to deliver many great wins and landmark marketing initiatives for the State that have enabled NSW to achieve record results and maintain its position as the number one state in Australia for visitors, nights and expenditure.

Looking ahead, I am proud to be leading the Minister's Visitor Economy Taskforce which has been asked to undertake a mid-term review of the Visitor Economy Action Plan. The Taskforce will be looking at what has been achieved so far and what still needs to be done to ensure the Government's priorities and actions deliver results in the three years remaining to the 2020 target.

The support of our industry in providing outstanding visitor experiences and services has assisted in keeping NSW Number One. Our future looks strong and I and my Board look forward to continuing to build new pathways to success for NSW in collaboration with industry.



John Hartigan
Chairman
Destination NSW

Organisation

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Oxley Scenic Lookout, Tamworth

About Destination NSW

Established under the Destination NSW Act 2011, as the lead Government agency for the New South Wales tourism and major events sector, Destination NSW's charter is to achieve economic and social benefits for the people of NSW through the development of tourism and the securing of major events.

The establishment of Destination NSW saw the merger of four Government-funded entities: Tourism NSW, Events NSW, the Homebush Motor Racing Authority and the Greater Sydney Partnership.

Destination NSW is a Public Service Executive Agency governed by a Board of Management and is subject to the control and direction of the Minister for Tourism and Major Events. It is principally funded by the NSW Government and is part of a cluster of agencies under the responsibility of the Secretary of the Department of Industry.

Role

Destination NSW is responsible for devising and implementing strategies to grow the State's visitor economy. Our particular focus is on driving tourism and acquiring and developing major sporting and cultural events for Sydney and regional NSW. In addition, Destination NSW is the major investor in Business Events Sydney with the aim of securing more international conventions, incentive travel reward programs, corporate events and exhibitions for Sydney and regional NSW.

Vision

To make Sydney and NSW one of the world's most successful tourism and events destinations.

Mission

To double overnight visitor expenditure by 2020 and maximise the benefits of the visitor economy for NSW.

Strategic Objectives

1. Position Sydney and New South Wales as world-leading tourism and events destinations
2. Attract and secure high-value major events
3. Build a sustainable events calendar for New South Wales
4. Increase industry stakeholder and customer engagement
5. Deliver value in partnership/co-operative programs
6. Develop and sustain a high-performance organisation
7. Maximise yield and dispersal from the Visitor Economy
8. Implement the Visitor Economy Industry Action Plan.



Orange, NSW

About Destination NSW CONTINUED

Importance of the Visitor Economy to New South Wales

The term 'visitor economy' includes businesses and communities that benefit from the direct and indirect economic activity generated through the wide range of initiatives that support the provision of goods and services to overnight visitors including, but not limited to, leisure, business, events, food and wine, arts/cultural, nature experiences and student visitors.

The visitor economy contributes \$33.2 billion to the State's economy and supports 164,000 direct jobs. In the year ended June 2017, New South Wales welcomed 91 million visitors and currently leads all Australian States and Territories in terms of visitor numbers, nights and expenditure.

Visitor Economy Industry Action Plan

In December 2012, the Visitor Economy Industry Action Plan (the NSW Government response to the NSW Visitor Economy Taskforce Report) was released, supporting the majority of recommendations made by the Taskforce.

The Visitor Economy Industry Action Plan outlines the whole-of-Government commitment to the NSW visitor economy and a long-term strategy to achieve the NSW Government's target of doubling overnight visitor expenditure to NSW by 2020.

Destination NSW is continuing to work with industry and Government stakeholders to implement the approved recommendations and actions outlined in the Visitor Economy Industry Action Plan.

Working with Industry

Destination NSW works with industry and Government stakeholders to realise our vision of making Sydney and NSW one of the world's most successful tourism and events destinations.

The value of the contribution made by tourism and major events is undeniable and by working with industry stakeholders, we can undertake a wide range of activities that increase the profile of Sydney and NSW in key domestic and international markets.

Services

The services offered by Destination NSW include:

- Brand development and management
- Strategic partnership programs
- Market research and insights
- Destination development assistance
- Product development advisory service
- Market and business development programs
- Destination and event marketing
- Co-operative marketing and publicity programs
- Major event investment, acquisition and evaluations
- Event leveraging activities
- Visitor resources and information
- Visual resources – footage and photography
- Funding for regional events and tourism activities.



Sydney Harbour during Vivid Sydney

Board Members (2016-2017)



John Hartigan (Chairman)



Russell Balding AO (Deputy Chairman)



Sandra Chipchase (CEO)



David Baffsky AO



The Hon. Patricia Forsythe



Margaret Jack



Wendy Machin



Rod McGeoch AO



Simon Smith

Board Members CONTINUED

John Hartigan (Chairman)

John Hartigan was appointed as Chairman of Destination NSW in March 2014. He is also Chairman of the Prime Media Group.

With more than four decades in the media industry, Mr Hartigan previously headed the Australian operations of News Corporation as Chairman and Chief Executive Officer of News Limited. Mr Hartigan is a former Director of News Limited and its subsidiary companies, Queensland Press, Advertiser Newspapers and The Herald and Weekly Times Limited; a former Director of FOXTEL and a former Chairman of the Australian News Channel, which owns and operates Sky News.

Mr Hartigan has been an advisor to the Australian Government, sat on the Independent Steering Committee for the Australia 2020 Summit and co-chaired The Future of Australian Governance stream at that conference. In addition, he was appointed to a new business advisory group to advise the Australian Government on new workplace legislation. He has worked in advisory positions for the American Australian Association and the NSW Export and Investment Advisory Board. Mr Hartigan has recently been appointed a Director of the Australian Paralympic Committee.

Among his external board and community responsibilities Mr Hartigan is a Trustee of the Sydney Cricket and Sports Ground Trust and is a former Director and Lifetime Member of The Bradman Foundation. Mr Hartigan is also an Ambassador of the Indigenous Marathon Project and the Australian Indigenous Education Foundation.

Russell Balding AO, B Bus, DipTech (Comm), FCPA, MAICD (Deputy Chairman)

Russell Balding previously chaired the Visitor Economy Taskforce (2011-2012), established by the NSW Government to develop a tourism and events strategy to double overnight visitor expenditure to NSW. Mr Balding is currently Chairman of Racing NSW, Deputy Chairman of Racing Australia Limited, and a Director of The Trust Company (Sydney Airport) Limited. He also Chairs the Destination NSW Audit and Risk Committee.

Russell has had a long and distinguished Non-Executive Director and managerial career, having held numerous Directorships and senior executive positions in a number of major organisations, including Chairman of Cabcharge Australia Limited, a Board Director of CityFleet Networks Ltd (UK) and ComfortDelgro Cabcharge Pty Ltd, Chief Executive Officer of the Sydney Airport Corporation and Managing Director of the Australian Broadcasting Corporation (ABC) where he was also its Director, Funding, Finance and Support Services. Prior to joining the ABC, he was Director of Finance at the NSW Roads and Traffic Authority and Financial Controller at the NSW Department of Housing.

Sandra Chipchase B Bus Comm, GAICD

Sandra Chipchase is the Chief Executive Officer of Destination NSW and Executive Producer of *Vivid Sydney*. Ms Chipchase has had an outstanding career in international and domestic tourism and business events marketing, major events acquisition and management, sponsorship, business and asset management. Her current roles include: Board Member – Business Events Sydney, Steering Committee Member for the Sydney International Convention, Exhibition and Entertainment Centre Precinct and member of the NSW Australia Day Committee.

Ms Chipchase was previously the Chief Executive Officer of the Melbourne Convention and Visitors Bureau, President – Australian Association of Convention Bureaux (AACB), President – Best Cities Global Alliance, Member – Tourism and Transport Forum Advisory Board, Board Member – Business Events Council of Australia (BECA), Member – Federal Government's Business Events Strategy Implementation Group, Member – Federal Government's Brand Australia Advisory Board, Member of the NSW Crown Holiday Parks Trust, member of the NSW Visitor Economy Taskforce and co-author of the Visitor Economy Taskforce Report – a blueprint for tourism and major events for NSW that has driven historic levels of growth.

Her previous roles include: Executive Director – Australia Pavilion – World EXPO 2000, Executive Director – Sydney Harbour Foreshore Authority, GM Marketing – Sydney Convention and Visitors Bureau and she held senior management roles with Australian Tourist Commission/ Tourism Australia in Frankfurt, Chicago and New York.

David Baffsky AO

David Baffsky is Honorary Chairman (formerly Executive Chairman between 1993 and 2008) of Accor Asia Pacific, which is the largest hotel management company in the Asia Pacific region. He is Chairman of Ariadne Australia Ltd and Chairman of Investa Property Group. He is a board member of Sydney Olympic Park Authority, The George Institute, The Australian Brandenburg Orchestra and Executive Health Solutions.

Amongst previous roles, Mr Baffsky was a Director of SATS Limited, Chairman of Food & Allied Support Services Corporation Ltd, a Trustee of the Art Gallery of NSW, chairman of Voyages Indigenous Tourism Ltd and a director of the Indigenous Land Corporation. He was a member of the Business Government Advisory Group on National Security and a member of the federal government's Northern Australia Land and Water Taskforce.

In 2001, Mr Baffsky was made an Officer in the General Division of the Order of Australia and in 2003 he received the Centenary Medal. In 2004, he was recognised as the Asia Pacific Hotelier of the Year. In 2012, he was awarded the Chevalier in the Order of National Légion d'Honneur of France.

Board Members CONTINUED

The Hon. Patricia Forsythe BA, DipEd, GAICD

Patricia Forsythe is the Executive Director of the Sydney Business Chamber, a position she has held since September 2006. Patricia represents the Chamber on a number of NSW Government committees and also represents the Chamber on the City of Sydney Retail Advisory Panel and the Sydney Airport Planning Co-ordination Forum.

Mrs Forsythe serves on a number of boards in the Government and Not-For-Profit sectors including the Council of Macquarie University, Port Authority of NSW, Cricket NSW and is chair of the NSW International Education Advisory Board. Mrs Forsythe represents Destination NSW on the Board of Business Events Sydney. Mrs Forsythe was a Member of the NSW Legislative Council from 1991 to 2006 where she served in a variety of shadow portfolios.

Margaret Jack

Margaret Jack is President of the China Advisory Board of the Adecco Group and was the Group's representative at the 2014 and 2016 B20 Meetings. Margaret serves concurrently on the board of Ramsay International Holdings (Asia) Pty Limited. In November 2016, Margaret was appointed to the Board of the Federal Australia China Council. From 2011 to 2013, Margaret was member of the NSW International Education and Research Panel and in 2013 was appointed a member of the NSW Export and Investment Advisory Panel.

Margaret is a Fellow of the Institute of Chartered Accountants of Australia. She has over 35 years of experience working with Chinese industry and commerce. In 1982, she established the PriceWaterhouse practice in China and subsequently was appointed executive director for the Shell China and Hong Kong Group of Companies.

Wendy Machin BA (Comms), M (Comm)

Wendy Machin is non-executive Director and has served on several boards over the past 15 years in the government, not-for-profit and private sectors. Wendy is currently Chair of the Customer Owned Banking Association, Chair of the NSW Crown Holiday Parks Trust and Chair of ANCAP (Australasian New Car Assessment Program). She is also a Director of Destination NSW and the NSW Forestry Corporation. She retired at the conclusion of her 12-year term as an NRMA Director in March 2017. In that time she served as President for six years and also served as a Director of the Australian Automobile Association (AAA).

Wendy Machin was the first woman National Party MP in the NSW Legislative Assembly. Between 1985 and 1996 she served as a Cabinet Minister (Consumer Affairs and Assistant Minister for Roads and Transport), a Shadow Minister and as Deputy Speaker of the House. Wendy has run her own consulting business and has also worked in-house in a range of companies and industry associations. Her early career was in public relations.

She was the Deputy Chair of the Australian Republican Movement from 1998 to 2000 and a delegate to the 1999 Constitutional Convention. In the past she has served on the ANZ Stadium Advisory Board, the Boards of Save the Children and the National Council for Prevention of Child Abuse. For four years from 2004 Wendy was a Member of the Migration and Refugee Review Tribunal.

Ms Machin owns and operates beef cattle properties in the Manning Valley. She has a strong interest in disability services, and is married with three adult children.

She was born and raised in the small mid north-coast town of Wingham in a sawmilling family. Wendy holds a Bachelor (Communications) from UTS and a Master of Commerce from UNSW.

Rod McGeoch AO, LLB

Rod McGeoch was the leader of Sydney's successful Olympics 2000 bid. He is a past President of the Law Society of New South Wales and an Officer of the Order of Australia. He is also Chairman of BGP Holdings Plc, Chairman of Chubb Insurances Australia LTD, Chairman of Vantage Private Equity Growth Limited, Deputy Chairman of the Sydney Cricket & Sports Ground Trust, Director of Corporation America Ltd, Director of Ramsay Health Care Limited and Director South Cone Foundation PLC.

Mr McGeoch is a former Chairman of the Committee for Sydney and plays a leading role in a variety of cultural, community and welfare organisations. He has published two best-selling books: *McGeoch* and *The Bid*.

Simon Smith BA (Economics) Hons

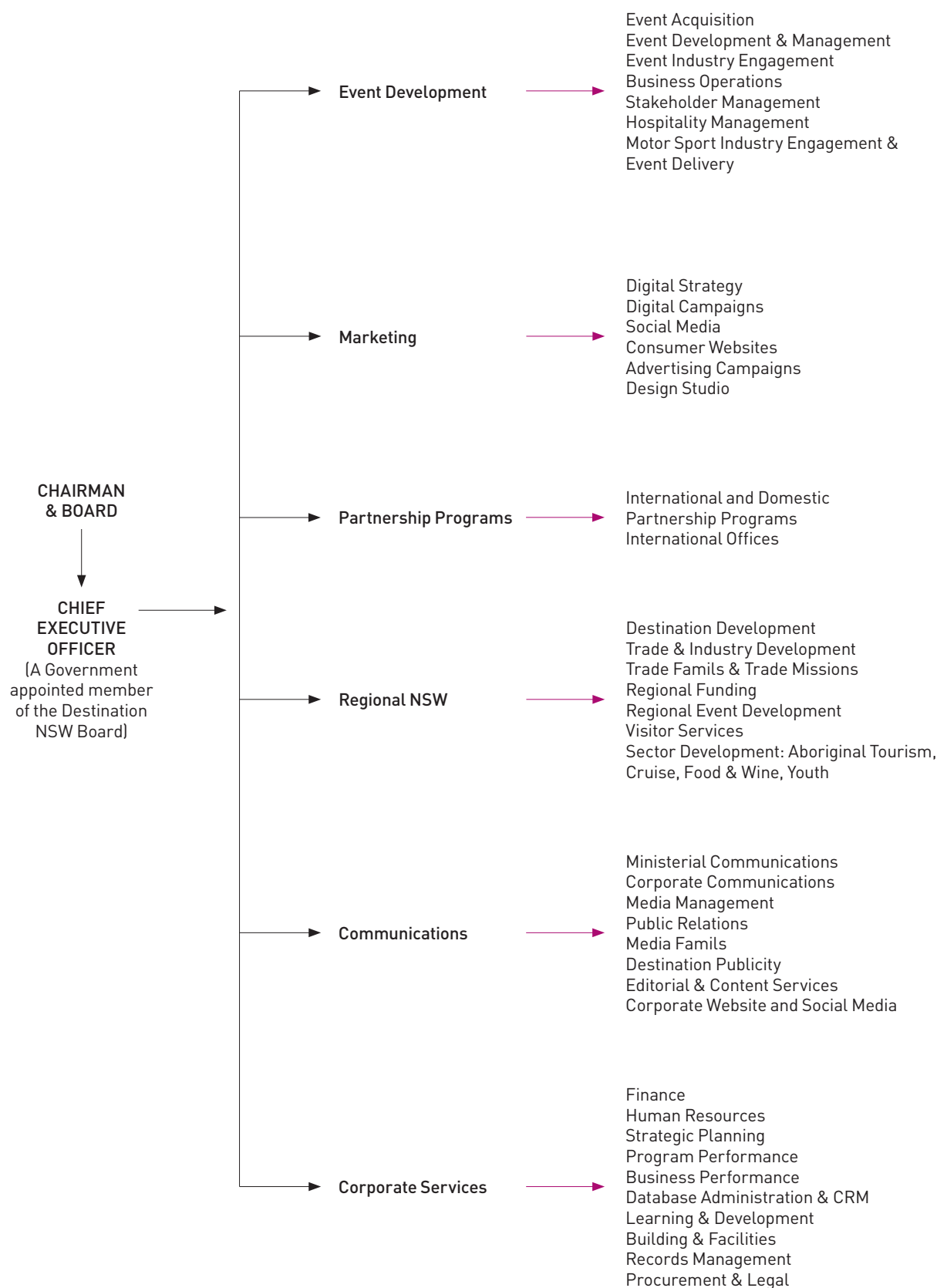
Simon Smith was appointed as Secretary of the NSW Department of Industry by the Premier on 1 July 2015. The Department of Industry is tasked with leading the State Government's contribution to making NSW a prosperous State — a place where people want to live and work, and where businesses choose to invest and grow.

The Industry Cluster is responsible for policies and programs related to vocational education and training, economic development, and employment, as well as a range of regulatory and support functions for primary industries, crown lands, tourism, sport, racing, and liquor and gaming.

Mr Smith trained as an economist, and prior to joining the NSW Public Sector in 1994 he had a small business and also worked in the financial services sector. His public sector roles have focused on the nexus between the economy and the environment, including roles in regulation, policy development, and program delivery.

He is a current member of the boards of Jobs for NSW, Destination NSW, Infrastructure NSW, Study NSW, and the US Studies Centre.

Organisation Chart 2016-2017



CEO's Report: The Year in Review



Sandra Chipchase
Chief Executive Officer
Destination NSW

2016-2017 once again saw NSW deliver strong results for international and domestic visitation. NSW continued to dominate the rest of Australia by welcoming four million international visitors to achieve the highest volume of visitors, nights and expenditure since 2005. NSW also achieved its highest number of domestic overnight visitors, nights and expenditure on record, since the National Visitor Survey began in 1998, having surpassed 30 million domestic overnight visitors and \$17 billion domestic overnight visitor expenditure for the first time.

Key Growth Statistics

In the year ending June 2017:

- \$33.2 billion total visitor expenditure (30% international, 70% domestic)
- \$27.3 billion overnight expenditure (37% international, 63% domestic)
- \$5.9 billion day trip expenditure 189.4 million total NSW Visitor Nights
- 90.8 million total visitors
- 34.1 million overnight visitors (12% international, 88% domestic)
- 56.7 million day trip visitors
- Over half (51%) of the international visitors to Australia came to destinations within NSW
- NSW has 77,824 rooms (hotels and serviced apartments with 10+ rooms).
- 96,302 businesses in NSW are involved in Tourism
- 164,000 directly employed in tourism and travel (1 in every 23 jobs).

NSW is Number One in Australia for:

- **Expenditure** – \$33.2 billion, 30% of total visitor expenditure in Australia
- **Visitors** – 90.8 million, 31% of total visitors to Australian States
- **Nights** – 189.4 million, 31% of total visitor nights spent in Australia
- Sydney is the number one capital city for visitors, nights and expenditure

- **Youth visitors** – NSW received 1.3 million international youth visitors, 54.6% of all international youth visitors to Australia. These visitors spent \$6.0 billion in NSW, representing 37.3% of total expenditure by international youth visitors to Australia
- **Conventions** – Sydney is ranked the No. 1 convention city in Australia for international conventions.

Highlights

- Continuing to deliver actions in the Visitor Economy Industry Action Plan, which is now 92 per cent complete
- Implementing the new regional tourism framework, following the Review of Regional Tourism undertaken in 2016 which saw the NSW Government commit \$43 million over four years to support the visitor economy in regional NSW
- Establishment of six new Destination Networks across NSW to support the way regional and rural areas attract visitors
- Completion of all 26 actions in the *NSW Aboriginal Tourism Action Plan 2013-2016*. In March 2017, the final action was completed with the launch of the Aboriginal Tourism Toolkit which profiles the State's export-ready Aboriginal cultural tourism experiences together with Aboriginal festivals and events, galleries and exhibitions, performance groups, and suppliers of bush food products
- Securing a new three-year, \$28 million partnership with Qantas Airways aimed at driving additional tourism growth by promoting Sydney and regional NSW to the world
- Maintaining the record of success of the *Vivid Sydney* festival which was attended by 2.33 million people and delivered \$143 million in visitor spend. *Vivid Sydney 2017* saw travel package sales increase by 54 per cent over 2016 and generate 804,399 room nights in Sydney and regional NSW and was named Best Tourism Event and Best Cultural, Arts or Music Event at the 2017 Australian Event Awards
- Hosting the *Australian Tourism Exchange*, Australia's largest annual travel and tourism business-to-business event, at the newly opened International Convention Centre Sydney which enabled 86 NSW operators to showcase their products to over 700 key international buyers
- Acquiring or retaining 535 events for Sydney and Regional NSW since March 2011, that are estimated to deliver in excess of \$3 billion of visitor expenditure in NSW. Highlights include:
- Securing the Australian premiere of Broadway's smash hit musical, *Beautiful: The Carole King Story*, the return season of *Jersey Boys* and the much anticipated World Premiere of *Muriel's Wedding The Musical*. The Australian Ballet presented *Ballet Under the Stars – Swan Lake* at the Sydney International Regatta Centre in Penrith, which was immensely popular reaching capacity within a week of its announcement

CEO's Report: The Year in Review CONTINUED

- Major sporting events secured include the visit of Liverpool FC to celebrate the club's 125th anniversary and play a football friendly match against Sydney FC at ANZ Stadium in front of 72,892 spectators. The inaugural *College Football Sydney Cup*, featuring the University of California Golden Bears and the University of Hawaii Rainbow Warriors, marked the first time an official National Collegiate Athletic Association college football match was held in Australia and broadcast live
- Regional NSW continues to offer a diverse range of major events. In 2016-2017 regional NSW hosted a range of events such as the *ITU Cross Triathlon World Championship* and *Snowtunes* in the Snowy Mountains, the *Adventure Racing World Championships* in the Shoalhaven and *Harley Days* in Wollongong. In addition 2016-17 saw Destination NSW continue its support for the *Toyota Country Music Festival in Tamworth*, the *Deniliquin Ute Muster*, which was headlined by Keith Urban in 2016 and the *Australian Little League and Senior League Baseball Championships* in Lismore
- The opening of the International Convention Centre Sydney has enabled Sydney to bid for larger conferences and exhibitions that deliver higher levels of direct expenditure to NSW. In 2016-2017 collaborations between Destination NSW and Business Events Sydney included winning six (6) bids, including *Nu Skin SEA Success Trip 2018*, *World Angus Forum 2021*, *3M China Top Sales Incentive 2018* and *Semen Indonesia Annual Incentive 2016*
- Continued growth of NSW as a major international cruise destination, welcoming 367 cruise ship visits to Sydney and the regional ports of Newcastle, Eden and Wollongong (Port Kembla) in 2016-2017 (compared to 322 in 2015-2016)
- Promoting Sydney and regional NSW in international broadcasts including *Masterchef India* which filmed at Circular Quay overlooking Sydney Harbour, with the broadcast generating more than \$1 million in coverage. Internationally syndicated, American soap opera, *The Bold and the Beautiful* filmed its thirtieth anniversary episodes at Sydney Opera House, the Royal Botanic Garden Sydney and at Shelly Beach, near Manly
- Destination NSW's tourism websites are ranked in Australia's top 10 destination and accommodation websites against global operators such as Trip Advisor, Airbnb, booking.com and hotels.com.

International Marketing

Key focus areas for 2016-2017 included the continued development and expansion of relationships and networks with key trade partners, airlines, online travel agents, and Tourism Australia as well as with the NSW tourism industry to deliver on Destination NSW's strategic goals.

The renewed three-year Memorandum of Understanding (MOU) with Qantas Airways has driven strong results for NSW. Through this partnership Destination NSW has

delivered partnership programs in both domestic and agreed priority international markets and is able to offer Sydney and regional NSW packages to visitors. These activities have generated estimated incremental visitor expenditure of \$35.4 million from the priority markets of China, USA, UK, and Singapore.

A new partnership has been developed with Mafengwo, the largest online user-generated content travel platform in China, with 100 million registered users as well as Fliggy, an online travel platform of the Chinese e-commerce giant Alibaba Group, with over 200 million registered users, to promote travel to Sydney and regional NSW destinations.

In partnership with Sydney Airport Corporation seven new airline services to Sydney were secured increasing air capacity from China: Hainan Airlines from Xi'an and Changsha, Air China from Chengdu, China Eastern Airlines from Kunming, Hangzhou and Wuhan and Qantas Airways from Beijing.

Domestic Marketing

In 2016-2017, Destination NSW delivered a program of more than 137 integrated and collaborative marketing campaigns with tourism industry partners that supported more than 150 event owners, 30 domestic and international industry partners (such as airlines and travel trade), co-operative campaigns and multiple regional NSW stakeholders.

Vivid Sydney continued to deliver record breaking attendance, with 2.33 million visitors attending the Lights, Music and Ideas programs, positioning *Vivid Sydney* as the largest event in Australia and the largest festival of its kind in the world. 70,350 domestic travel packages were sold, a 59 per cent increase on 2016. Visitors who travelled on to rural and regional NSW after experiencing 2017 *Vivid Sydney*, delivered an additional 94,000 room nights into the regions (up 45 per cent on 2016) and \$16.6 million in visitor expenditure (up 40 per cent on 2016).

A unique campaign was implemented to promote regional NSW inviting Australians and New Zealanders to share what they love about holidaying in NSW. Over the three phases of the campaign, Destination NSW received more than 16,000 photos and 630 videos of much-loved NSW holiday destinations and short breaks.

The *What I Love About Holidays in NSW* campaign used the videos and photos submitted by travellers to create eight videos showcasing the vast array of experiences, landscapes and attractions on offer across NSW.

The campaign delivered more than:

- 1.8 million video views
- 119,000 visits to visitnsw.com
- 11,600 leads to the NSW Tourism Industry.

CEO's Report: The Year in Review CONTINUED

Events

Since 2011, Destination NSW has secured or retained a total of 535 events for Sydney and Regional NSW. It is estimated that these events will deliver more than \$3 billion of visitor expenditure in NSW.

2016-2017 again saw the Sydney and NSW Events Calendar deliver a wide range of world class events through partnerships with the events industry in Australia and around the world.

Highlights secured for Sydney include *EXHIBITIONISM: The Rolling Stones*, a major international blockbuster exhibition, at the International Convention Centre Sydney, exclusively for NSW was a major coup. The *Sydney International Art Series* continued its success in 2016-2017. At the Art Gallery of NSW, *Nude: Art from the Tate Collection* brought over 100 works from the Tate Modern, London's collection, spanning two centuries, and all focused on the nude human body. At the MCA, *Tatsuo Miyajima: Connect With Everything* was the first major solo exhibition of the artist's work in Australia, and included key sculptures and installations from across Miyajima's career.

Securing exciting sports events also featured strongly on the calendar including the *HSBC Sydney 7s* return to Sydney in February 2017 with Allianz Stadium hosting the fourth leg of the 2017 HSBC World Rugby Sevens Series. The festival-style event included an official, fully integrated women's tournament. The *NRL Indigenous All Stars v World All Stars* match was held at Newcastle's McDonald Jones Stadium on 10 February 2017 which saw the NRL Indigenous All Stars win the match in front of a crowd of 20,241.

The expanded Regional Flagship Events Program has been supported with an additional \$4 million over four years. This Program is now comprised of three streams to support events from establishment through to development to help them grow and attract overnight visitation and deliver long term benefits to the host destination. Regional NSW offered some outstanding event experiences including: the *Deniliquin Ute Muster*, headlined by Keith Urban, the *NSW Pro Surf Series*, a four-stage World Surf League sanctioned series and *MTV Beats & Eats* music and food festival in Wollongong.

Innovation

In 2016-2017, Destination NSW continued the *NSW First Training Program* for NSW Operators which assists tourism businesses to increase industry capabilities. Online, on-demand content was delivered through four webinars and four webcasts, including a webcast on Aboriginal cultural tourism to promote the NSW Aboriginal Tourism Toolkit. The webcast provided an overview of working with the Aboriginal community and included a panel of experts comprising Clarence Slookee (Barangaroo Delivery Authority) and Dwayne Bannon-Harrison (Ngaran Ngaran Culture Awareness). This format has proven to be popular with a growing number of attendees choosing to participate.

In July 2016, Destination NSW signed a landmark partnership with Sony Music Entertainment Australia, the first of its type to be entered into by any Australian national or State Tourism Organisation. This partnership has delivered the new tourism anthem, *Sydney to Me*, performed by Jess and Matt, which is being used to promote Sydney in domestic and international markets. It also provides access to Sony Music talent to perform at our major events and offers many opportunities to build additional visitation to NSW.

During 2016-2017, Destination NSW's consumer owned and earned social media channels were used extensively to promote Sydney, regional NSW and Vivid Sydney to global target audiences, reaching a combined fan and follower community of over 13.7 million people. While 18 per cent of Destination NSW's consumer audience comes from Australia, the remainder of the audience is from India, Indonesia, Malaysia, United States, United Kingdom, New Zealand, Singapore, Hong Kong and Canada.

CEO's Report: The Year in Review CONTINUED

Making a Difference

The table below compares performance before and since the formation of Destination NSW. It underscores the importance of having a well-developed evidence-based strategy, working in partnership with industry and having the support of Government.

Total international and Domestic Overnight	YE March 2008 to YE March 2011 (Pre DNSW)		YE March 2011 to YE June 2017 (Post DNSW)	
	Average Growth per annum	Period Total Growth	Average Growth per annum	Period Total Growth
Visitors	-1.0%	-3.1%	3.9%	27.3%
Visitor nights	1.1%	3.2%	4.3%	30.3%
Visitor expenditure	1.4%	4.4%	5.7%	41.3%

The Year Ahead

With just three years remaining to achieve the NSW Government's goal of doubling overnight visitor expenditure in NSW by 2020, Destination NSW will continue to focus its efforts on growing the visitor economy and maintaining the State's position as number one in Australia for visitors, nights and expenditure.

We look forward to working with industry to deliver plans and strategies developed in 2016-2017, including the Western Sydney Visitor Economy Strategy, and continuing to work with the new Destination Networks to drive greater returns for rural and regional NSW.

I would like to thank the Destination NSW team in both Sydney and around the world for their commitment and professionalism in driving another outstanding set of results for the NSW visitor economy. I would also like to acknowledge the Board for their support in steering Destination NSW to greater heights over the last year.

NSW is firmly number one in Australia and by working in partnership with industry I am confident that we can continue to grow the visitor economy and make Sydney and NSW one of the world's most successful tourism and events destinations.



Sandra Chipchase
CEO

Financial Overview

Budget Structure

Destination NSW is a NSW Public Service Executive Agency under the Destination NSW Act 2011 (created on 1 July 2011) comprising all the entities under its control, namely Destination NSW Staff Agency which provides personnel services to Destination NSW.

As of 1 April 2017, following the issue of Administrative Arrangements Order 2017, Destination NSW moved from the Department of Premier and Cabinet cluster to the Department of Industry cluster.

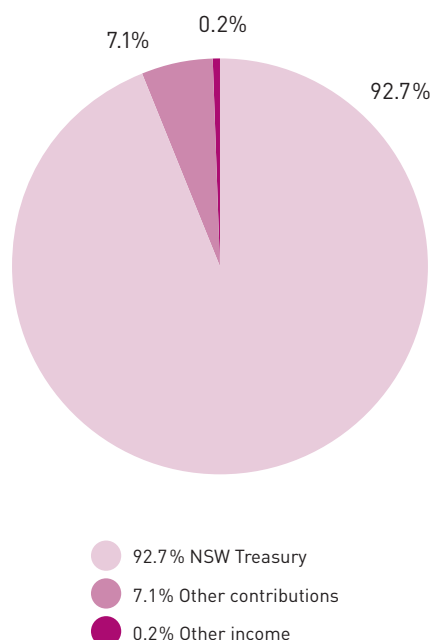
This summary represents the consolidated financial performance for the year ended 30 June 2017.

Sources of Funds (\$159.7 million)

Total revenue for Destination NSW for the year ending 30 June 2017 was \$159.7 million.

The main sources of revenue were recurrent Government grants from NSW Treasury of \$148.1 million, contributions received from Industry and other parties of \$11.3 million to participate in marketing activities and other income \$0.3 million.

Sources of Funds



Destination NSW Performance 2016-2017

Strategic Objective 1:

Position Sydney & New South Wales as world-leading tourism and events destinations

Key Performance Indicators	Target 2016-2017	Actual 2016-2017	% Achieved	Actual 2015-2016	Comment
Growth in total NSW visitor nights (million)*					
Total	183.1	189.4	103%	178.3	<i>Note 1</i>
Domestic	91.9	96.9	105%	91.5	
International	91.2	92.5	101%	86.9	
Growth in total NSW overnight expenditure (\$billion)*					
Total	29.6	27.3	92%	25.2	<i>Note 2</i>
Domestic	17.5	17.2	98%	16.1	
International	11.8	10.1	86%	9.1	
Media Exposure					
No. of media articles	19,220	24,457	127%		<i>Exceeded</i>
Equivalent Advertising Value	\$245,552,046	\$367,178,396	150%		<i>Exceeded</i>
No. of co-sponsored media visits to Sydney and regional destinations	326	266	82%		<i>Note 3</i>
No. of media participants (domestic and international media famils)	816	985	121%		<i>Exceeded</i>
No. of pitch and servicing engagements with media	1,814	3,088	170%		<i>Exceeded</i>
Consumer Response to Marketing Activity					
	(millions)				
Visits to tourism & events consumer websites (sydney.com & visitnsw.com)	28,600,000	25,800,000	90%		<i>Note 4</i>
Visits to Vividsydney.com consumer website	2,200,000	2,400,000	109%		<i>Exceeded</i>
Business leads to industry generated by digital and campaign activity	6,800,000	6,600,000	97%		<i>Achieved</i>

Note 1: Growth in total visitor nights: achieved highest volume of visitor nights on record in 2016-2017 for both the international and domestic markets and exceeded Target 2020 for visitor nights.

Note 2: Growth in total overnight expenditure: achieved highest volume of visitor expenditure on record in 2016-2017 for both the international and domestic markets but fell short of Target 2020 expenditure targets for Malaysia, Singapore, Germany, USA, New Zealand, Japan, United Kingdom and South Korea.

Note 3: In 2017-2018, Destination NSW reduced the number of co-sponsored media visits to Sydney and regional destinations for individuals in favour of group visits to achieve economies of scale in delivering this program.

Note 4: A 20% decrease in website visits and leads was forecast from January – June 2017 due to the reduction in regional NSW co-operative marketing campaigns with the transition in the establishment of the six new Destination Networks. The 'What I Love About Holidays in NSW' campaign was developed to help mitigate this drop in visits and leads to industry as well increasing the Always On and regional NSW campaign activity. This has resulted in a 3% increase YOY in website visits and a 4% increase in leads rather than a 20% decrease. However, the 28.6M visit target and 6.8M lead target for FY2016-2017 has not been reached due to this transition period.

Awards
Sydney named as a World Festival and Event City by the International Festivals and Events Association for the seventh year in a row. Coffs Harbour was also recognised as World Festival and Event Cities by the International Festivals and Events Association for the third time and Port Macquarie for the first time.
Destination NSW's consumer websites were recognised in several categories at the 2016 ADMA (Association for Data-Driven Marketing & Advertising) Awards: Best in Search – Paid Search – Incremental Value Parameter, Highly Commended – Best in Search – Search Engine Optimisation – SEO Strategy Finalist – Best App – Vivid Sydney 2016 App.
At the 2016 International Festivals and Events Association Pinnacle Awards, Destination NSW won gold awards for Vivid Sydney in the categories of: Best Event Website, Best Event App and Best Social Media Website.

Destination NSW Performance 2016-2017 CONTINUED

Strategic Objective 2:

Attract and secure high value major events

FESTIVALS	Australian Surf Festival and Australian Junior Surfing Titles (new three-year agreement 2017-2019)
	Bledisloe Cup Festival (continued investment) and Winter Test Series
	Good Design Festival (new two-year agreement 2017-2018)
	Mercedes-Benz Fashion Week Australia & Weekend Edition (continued investment)
	MTV Beats & Eats (continued investment)
	New Year's Eve at Darling Harbour
	Parkes Elvis Festival (continued investment)
	Sydney Festival (new two-year agreement 2018-2019)
	Sydney Film Festival (continued investment)
	TOYOTA Country Music Festival Tamworth (new three-year agreement 2017-2019)
	Vivid Sydney (continued investment)
	Yabun Festival (continued investment)
ENTERTAINMENT	ARIA Awards and ARIA Week including Crowded House Concerts (new agreement)
	Australian Academy of Cinema and Television Awards (AACTA Awards) (new agreement 2017)
	Handa Opera on Sydney Harbour (new three-year agreement 2018-2020)
	Helpmann Awards (new two-year agreement 2017-2018)
	Muriel's Wedding – World Premiere musical
	Semi-Permanent (new two-year agreement 2017-2018)
	Sydney International Art Series – Pipilotti Rist: Sip My Ocean
	Sydney International Art Series: Rembrandt and the Dutch golden age – masterpieces from the Rijksmuseum
	Continued investment into: Ballet Under the Stars, <i>Disney's Aladdin</i> , <i>Dream Lover – The Bobby Darin Musical</i> , Dungog Festival, Egyptian Mummies: Exploring Ancient Lives, <i>My Fair Lady</i> , Sydney International Art Series – NUDE: art from the Tate collection, Sydney International Art Series – Tatsuo Miyajima: Connect with Everything, Sydney International Piano Competition of Australia, Sydney Opera House: The Opera
SPORT	Adventure World Racing Championships
	Bathurst 12 Hour (new three-year agreement 2017-2019)
	Liverpool FC v Sydney FC
	Mt Warning Cycling Spectacular (formerly Battle on the Border)
	National Cutting Horse Futurity (new two-year agreement 2017-2018)
	Newcastle 500 (new five-year agreement 2017-2021)
	NRL Representative Matches 2017 including NRL Pacific Test Triple Header
	NRL State of Origin (new three-year agreement 2017-2019)
	Offshore Superboat Championships – Round 5 Lake Macquarie
	Port to Port MTB (new-year agreement 2017-2019)
	Red Rooster Sydney SuperSprint 2016 (Supercar Race) (new agreement)
	The College Football Sydney Cup 2017 – Stanford University and Rice University
	Continued investment into: APIA International (tennis), Australian Hockey package, Australian Open of Supercross, Central Coast Sevens, Coates Hire Sydney 500, Commercial Club Albury Gold Cup, Eastern University Games, Emirates Australian Open Golf Championship, Fast 4 Tennis – Australia v the World, FFA Football Match Package, FFA National Youth Championships, FIM ASIA Supermoto Championships, HSBC Sydney 7's (rugby), Kennards Hire Rally Australia, MotorWorld Sydney, NAB AFL Draft and McDonald's AFL 9s, National Touch League, NCAA College Football – University of California Golden Bears v University of Hawaii Rainbow Warriors (2016), Newcrest Orange Challenge, NRL Grand Final & Grand Final Week, NSW Open Golf Championship, Sydney International Rowing Regatta (2016-2017), World Time Attack Challenge

Destination NSW Performance 2016-2017 CONTINUED

Strategic Objective 2:

Attract and secure high value major events – continued

LIFESTYLE	Australian Bowl-riding Championships – Newcastle (new two-year agreement 2017-2018)
	Bowl-A-Rama Bondi (new three-year agreement 2017-2019)
	Sail Port Stephens (new three-year agreement 2017-2019)
	Southern 80
	Surfest Newcastle (new three-year agreement 2017-2019)
	Sydney Gay & Lesbian Mardi Gras Parade (new two-year agreement 2017-2018)
	Sydney Royal Easter Show (new two-year agreement 2017-2018)
	True Grit Obstacle Course Racing World Championships (OCRWC) (new two-year agreement 2017-2018)
	Wings Over Illawarra (new three-year agreement 2017-2019) & Air Show and Aviatex
	Continued investment into: Australia Day, Australian Badminton Open, Australian Boardriders Battle, Australian Open of Surfing, Australian Surfing Awards, Blackmores Sydney Running Festival, Bravo Challenge, Deni Ute Muster, Ironman 70.3 Western Sydney, IRONMAN Australia Port Macquarie and Ironman 70.3 Port Macquarie, Kidtopia Festival, L'Etape Australia by Le Tour de France, Navy Australia Open Surf Boat Championships, NSW Pro Surf Series, Sydney Harbour Challenge presented by Hawaiian Airlines, Volleyfest Sydney, World Cross Triathlon Championships, World Surf League Junior Championships
Other events not categorised as major events but forming part of the NSW Events Calendar include:	2016 Atmosphere Nepean Triathlon, Artlands Dubbo, Australian Junior & Senior League Baseball Championships, Australian Junior Indoor Championships, Electronic Music conference & In the Mix Awards, Evocities MTB Series, Harley Days, Jonathan Jones - Barrangal dyara (skin and bones), Offshore Superboat Championships – Round 3 Coffs Harbour, Offshore Superboat Championships – Round 5 Lake Macquarie, Rare Birds Con, REMIX Sydney, Rob Guest Endowment Concert (new agreement 2016), Snowtunes, The National: New Australian Art – Museum of Contemporary Art / Carriageworks / Art Gallery of NSW, Vanfest, Video Junkee: a future facing festival of content discovery and storytelling

Destination NSW Performance 2016-2017 CONTINUED

Strategic Objective 3:

Build a sustainable Events Calendar for New South Wales

Key Performance Indicators	Intrastate overnight visitors	Interstate overnight visitors	International overnight visitors	Comment
Sydney events	247,716	347,753	152,878	<i>Note 1</i>
Regional events	69,819	51,466	5,379	
Total	317,535	399,219	158,257	

EVENT ATTENDANCE July 2016-June 2017

Key Performance Indicators	No of events evaluated	Visitor Expenditure	Comment
Sydney events	46	\$505,711,495	<i>Note 2</i>
Regional events	39	\$80,583,716	
Total	85	\$586,295,211	

INTERNATIONAL SPORTS, CULTURAL, CREATIVE AND ARTS EVENTS HELD IN NSW July 2016-June 2017

Key Performance Indicators	Regional NSW	Sydney Metro	Western Sydney	Total
Events won or retained	33	25	16	74
Events assisted or grown	19	31	7	57
Events on calendar (not directly assisted)	6	12	2	20
Total no. of events held	58	68	25	151

BUSINESS EVENTS SYDNEY PERFORMANCE July 2016-June 2017

Key Performance Indicators	Target 2016-2017	Actual 2016-2017	% Achieved	Comment
Events Secured:				
Bids Won	81	93	115%	
Delegate Days	268,275	283,148	106%	
Estimated Direct Expenditure	\$192.9m	\$228.3m	118%	
Events Delivered:				
Events Held		85		
Delegate Days		181,853		
Estimated Direct Expenditure		\$170.1m		<i>Note 3</i>

Note 1: Event visitation results include actuals, where event evaluations have been completed, and forecasts/estimates, where evaluations have not been finalised. These are all events which took place within the 2016-2017 financial year. Reporting excludes Regional Flagship events.

Note 2: Overnight visitor expenditure reports the money flowing into the State, from the expenditure by intrastate, interstate and international overnight visitors, who came specifically to Sydney or NSW for an event or extended their stay. Reporting excludes Regional Flagship events.

Note 3: Business Events Sydney report on Calendar Year, an indicative 2016-2017 financial year target has been constructed based on half of last year's and half of this year's target.

Destination NSW Performance 2016-2017 CONTINUED

Strategic Objective 4: Increase industry stakeholder and customer engagement

Key Performance Indicators	Target 2016-2017	Actual 2016-2017	% Target Achieved	Comment
Communications	(hundreds)			
No. of media articles	19,220	24,457	127%	<i>Exceeded</i>
Equivalent Advertising Value	\$245,552,046	\$367,178,396	150%	<i>Exceeded</i>
No. of co-sponsored media visits to Sydney and regional destinations	326	266	82%	<i>Note 1</i>
No. of media participants (domestic and international media famils)	816	985	121%	<i>Exceeded</i>
No. of pitch and servicing engagements with media	1,814	3,088	170%	<i>Exceeded</i>

Key Performance Indicators	Target 2016-2017	Actual 2016-2017	% Target Achieved	Comment
No. of trade missions	0	0	–	<i>Note 2</i>
No. of New South Wales businesses attending trade missions	0	0	–	<i>Note 2</i>
No. of trade familiarisations	30	79	263%	<i>Exceeded</i>
No. of trade familiarisation participants	321	695	217%	<i>Exceeded</i>
No. of workshops delivered	21	22	105%	<i>Exceeded – Note 3</i>
No. of tourism businesses assisted*	1,000	1,109	111%	<i>Exceeded</i>

Note 1: In 2016-2017, Destination NSW reduced the number of co-sponsored media visits to Sydney and regional destinations for individuals in favour of group visits to achieve economies in delivering this program.

Note 2: As a result of Sydney hosting the 2017 Australian Tourism Exchange, Destination NSW did not undertake trade missions in the 2016-2017 financial year. Given the scale of this event and access to buyers it brings to experience our tourism offering directly, this activity replaced the International Business Development Program (IBDP) in 2016-2017. The IBDP will recommence in 2017-2018.

Note 3: Destination NSW delivered workshops, webcasts and webinars to build industry capacity and knowledge in a range of areas including: trade event preparation, export readiness (introductory), inbound strategy, digital marketing and targeting tourism sectors. An extended calendar of webcasts and workshops continues through 2017.

Key Performance Indicators	Actual 2016-2017
Destination and Business Development	
No. of approved TASAC applications	24
No. of research insight fact sheets published	464
Visits to corporate website	336,445
Grants – No. of applications approved	
Regional Visitor Economy Fund	2
Regional Flagship Events Program	42

Destination NSW Performance 2016-2017 CONTINUED

Strategic Objective 5: Deliver value in partnership/co-operative programs

Key Performance Indicators	Results 2016-2017
Marketing & Communications	
No. of advertising/creative pieces developed (television ads, magazines, radio, outdoor and press ads)	6,156
No. of campaigns Sydney	16
No. of campaigns Regional	13
Equivalent Advertising Value (EAV) of publicity generated	\$367,178,396

Consumer Response to Marketing Activity	Target 2016-2017	Results 2016-2017	% Target Achieved	Comment
Visits to tourism & events consumer websites (sydney.com & visitnsw.com)	28,600,000	25,800,000	90%	<i>Note 1</i>
Visits to vividsydney.com consumer website	2,200,000	2,400,000	109%	<i>Exceeded</i>
Business leads to industry generated by digital and campaign activity	6,800,000	6,600,000	97%	<i>Achieved</i>

Partnership Programs	Target 2016-2017	Results 2015-2016	% Target Achieved	Comment
No. of campaigns Domestic	32	35	109%	<i>Exceeded</i>
No. of campaigns International	151	260	172%	<i>Exceeded</i>
Total no. of airline partnerships secured and or renewed	23	20	87%	<i>Note 2</i>
Value of Domestic and International airline partnerships (including VIK)	\$13.5 million	\$12.5 million	93%	<i>Note 2</i>

Note 1: A 20% decrease in website visits and leads was forecast from January – June 2017 due to the reduction in regional NSW co-operative marketing campaigns with the transition in the establishment of the six new Destination Networks. The 'What I Love About Holidays in NSW' campaign was developed to help mitigate this drop in visits and leads to industry as well increasing the Always On – regional NSW campaign activity. This has resulted in a 3% increase YOY in website visits and a 4% increase in leads rather than a 20% decrease. However, the 28.6M visit target and 6.8M lead target for FY2016-2017 has not been reached due to this transition period.

Note 2: Partnership activities are determined by the budgets set by airlines, which can fluctuate on a financial year basis.

Destination NSW Performance 2016-2017 CONTINUED

Strategic Objective 6:

Create and sustain a high performance organisation

Key Performance Indicators	Targeted Outcomes	Achieved	Comment
Organisation Governance	Key People Management Strategies	Multicultural Plan implemented	<i>On-going</i>
		Disability Inclusion Plan	<i>On-going</i>
		Senior Executive GSE compliance	<i>Completed</i>
		Code of Conduct	<i>On-going</i>
		Performance Review Process	<i>On-going</i>
		Learning and Development Process	<i>On-going</i>
		Work Health and Safety	<i>On-going</i>
		Minimised workers compensation cases and lost time for injuries	<i>On-going</i>
		Diversity and Inclusion Process	<i>On-going</i>
		Aboriginal Traineeship Program	<i>To be reviewed in FY2018</i>
	Improved provision of Operations Support	Wages Policy Outcome	<i>Achieved</i>
		No industrial matters in the FY2016-2017	<i>Achieved</i>
		Full implementation of RM8 Electronic Document Records System across the Destination NSW business	<i>On-going</i>
		New Travel Booking system – FCM implemented	<i>Achieved</i>
		New P-card Acquiring system – Expenses 8	<i>Achieved</i>
		Transition to NSW Treasury PRIME budgeting system	<i>Achieved</i>
		Transition to NSW Contractor Central system	<i>Achieved</i>
		Implementation of CRM across Destination NSW business	<i>To be implemented in FY2018</i>

NSW Tourism Performance 2016-2017

NSW has the greatest share of the Australian visitor economy and continues its domestic and international market leadership in visitor numbers, nights and expenditure. The total visitor overnight and day trip expenditure amounted to more than \$33.2 billion, up 7 per cent from the previous year. Overnight visitors spent \$27.3 billion in NSW. Domestic overnight visitors contributed 63 per cent of the total overnight spend while international overnight visitors contributed 37 per cent. Domestic day trip visitors spent \$5.9 billion in NSW.

NSW received more than 90.8 million overnight and day trip visitors, up 2.1 per cent from year ended (YE) June 2016. This was mainly due to growth in international and domestic overnight visitors (up 6.1 per cent). Visitors stayed 189.4 million nights in the State, up 6.2 per cent.

International performance

NSW has continued its dominant position with the greatest share of the Australian visitor economy for international visitors for the YE June 2017. NSW accounted for 51 per cent of all international visitors, 35 per cent of all nights and 36 per cent of all expenditure.

NSW has again achieved its highest volumes of international visitors, nights and expenditure on record and broke through 4 million visitors and the \$10 billion visitor expenditure for the first time.

NSW received 4.01 million visitors (+9.9 per cent) who stayed 92.5 million nights (+6.5 per cent) and spent \$10.1 billion, (+11.2 per cent) compared with YE June 2016. The State outperformed national growth in visitors (+8.7 per cent) and expenditure (+10.2 per cent).

The key drivers of the NSW international visitor expenditure growth were the Education segment (up \$580 million, +19.0 per cent), China (up \$439 million, +17.1 per cent) and Holiday (up \$310 million, +10.1 per cent).

NSW achieved significant growth in international Holiday and Education expenditure for the year. These two segments accounted for 69 per cent of expenditure to the State.

In 2016-2017, Education expenditure (\$3.6 billion, +19.0 per cent) became the largest international expenditure category in NSW, ahead of Holiday expenditure by \$257.1 million. NSW received 226,700 Education visitors (+20.7 per cent) who stayed 26.1 million nights (+13.4 per cent).

NSW surpassed national growth for Holiday visitors and expenditure (+9.6 per cent and +6.2 per cent, respectively) for the year. The State received 2.4 million international Holiday visitors (+10.4 per cent) who stayed 27.8 million nights (+6.2 per cent) and spent \$3.4 billion (+10.1 per cent).

NSW is the top destination in 11 of the top 15 source markets to Australia: China, USA, United Kingdom, Korea, Germany, India, Hong Kong, Canada, France, Taiwan and Indonesia.

In 2016-2017, the Asian markets have overtaken the Western markets in visitation to NSW by 37,100 visitors. The Asian markets accounted for 47 per cent of NSW visitors Vs 46 per cent for the Western markets.



Lets Go Surfing at Bondi Beach

Chinese visitor expenditure in NSW exceeded \$3.0 billion (\$3.01 billion) for the first time. The number of visitors from China to the State also surpassed the 700,000 mark (713,600) for the first time.

China was the number one market to NSW that posted significant growth in all three metrics for the year: visitors (+11.7 per cent), nights (+20.4 per cent) and expenditure (+17.1 per cent). NSW accounted for 62 per cent of Chinese visitors to Australia, 38 per cent of Chinese visitor nights in Australia and 40 per cent of Chinese visitor expenditure.

NSW also recorded significant visitor growth in six of its top fifteen visitor source markets: USA (+13.0 per cent), Korea (+16.0 per cent), Japan (+17.6 per cent), Germany (+11.1 per cent), India (+12.0 per cent) and Indonesia (+26.5 per cent). There was also significant expenditure growth for Japan (+25.6 per cent) and India (+25.9 per cent).

Sydney continues to lead all Australian capital cities and has achieved its highest volumes of international visitors and expenditure on record and surpassed the \$9 billion mark for the first time. Sydney received 3.8 million international visitors (+9.8 per cent) who stayed 77.7 million nights (+6.3 per cent) and spent \$9.03 billion (+10.1 per cent). Sydney outperformed national capital city visitor growth (+9.0 per cent).

Regional NSW has achieved its highest volumes of international visitors, nights and expenditure on record. Regional NSW received 813,000 international visitors (+13.2 per cent) who stayed 14.8 million nights (+7.9 per cent) and spent \$1.1 billion (+22.3 per cent). Regional NSW surpassed Regional Australia's increase in visitors (+6.6 per cent) and expenditure (+5.5 per cent). It accounted for 20 per cent of international visitors to NSW, 16 per cent of nights and 10 per cent of expenditure.

NSW Tourism Performance 2016-2017 CONTINUED

Domestic performance

NSW has continued its national leadership in terms of domestic visitors, nights and expenditure in 2016-2017. NSW accounted for 32 per cent of all visitors, 29 per cent of all nights and 28 per cent of all expenditure to Australia.

NSW achieved its highest number of domestic overnight visitors, nights and expenditure on record having surpassed 30 million domestic overnight visitors and \$17 billion domestic overnight visitor expenditure for the first time. The State received 30.1 million domestic visitors who stayed 96.9 million nights and spent \$17.2 billion.

NSW achieved its highest annual growth in the last five years for domestic visitors, nights and expenditure, and exceeded national growth in all three metrics (+5.2 per cent, +3.7 per cent and +6.6 per cent).

The key drivers of NSW domestic overnight expenditure growth were expenditure by the Intrastate market (up \$1.1 billion, +11.8 per cent), expenditure in regional NSW (up \$822.3 million, +8.5 per cent), and the Holiday segment (up \$438.0 million, +6.0 per cent).

NSW achieved its highest domestic overnight Holiday expenditure on record, \$7.8 billion (+6.0 per cent), and its highest domestic overnight Visiting Friends and Relative (VFR) expenditure and VFR visitor numbers on record. The State received 10.8 million VFR visitors (+6.7 per cent) who stayed 33.2 million nights (+9.0 per cent).

NSW achieved the highest volume of domestic Business visitors, nights and expenditure on record.

The State received 5.8 million Business visitors (+9.9 per cent) who stayed 15.98 million nights (+19.5 per cent) and spent \$3.5 billion (+8.7 per cent).

Sydney achieved its highest domestic visitors and expenditure on record. Sydney received 9.5 million domestic visitors who stayed 26.2 million nights and spent \$6.7 billion for the year.

Sydney leads all Australian capital cities in domestic visitors and nights. It accounted for 27 per cent of all visitors, 25 per cent of all nights and 25 per cent of all expenditure in Australian capital cities. Sydney exceeded national capital city growth in domestic visitors and nights (+4.8 per cent and +4.9 per cent, respectively).

Regional NSW achieved its highest number of domestic visitors, nights and expenditure on record. Regional NSW surpassed the 21 million visitor mark for the first time. Regional NSW received 21.3 million visitors who stayed 70.7 million nights and spent \$10.5 billion for the year.

Regional NSW leads Regional Australia in domestic visitors and nights. It accounted for 34 per cent of all visitors, 30 per cent of all nights and 30 per cent of all expenditure to Regional Australia.

Four of the top 10 destinations in Australia for domestic overnight visitors are NSW regions: Sydney, North Coast, South Coast and Hunter. The North Coast continues as the highest ranked regional destination in Australia after Sydney, Melbourne and Brisbane.



Bannisters Pavilion, Mollymook Beach

NSW Tourism Performance 2016-2017 CONTINUED

Factors contributing to performance

Campaigns and Events

Strong NSW results were partly due to the successful combination of digital and traditional Destination NSW marketing and partnership campaigns undertaken in both the domestic and international markets that showcased Sydney, the Blue Mountains, Central Coast, North Coast, South Coast, Hunter, Central NSW, Outback NSW, The Murray and Lord Howe Island. International partnership activities in 2016-2017 focused on key markets that included China, Singapore, New Zealand, UK, Hong Kong, USA, South Korea, Japan, Indonesia, Malaysia, Taiwan, Germany and India.

There were over 40 business events in Sydney for the year with more than 28,200 delegates attending who spent around 124,000 delegate days in the State. These events included Incentive programs, Co-operative International Marketing and Association International Meetings. Delegates have mostly come from Asia such as China, India, Korea, Hong Kong, Japan, Malaysia and Korea as well as Australian and International delegates. The top business events in 2016-2017 in terms of delegate numbers included the Amway China Leadership seminar 2017, Prudential Hong Kong Convention 2017 and Babycare China Middle-tier Distribution Incentive Travel 2017.

Destination NSW invests directly in more than 110 international sports, cultural, creative and arts events held in Sydney and regional NSW. The key leisure events in 2016-2017 included annual events like *Vivid Sydney*, *Sydney International Art Series*, *Sydney Festival*, *Tamworth Country Music Festival* and *Parkes Elvis Festival*. There were also major international sporting events for the year that included *Qantas Wallabies vs Scotland* match, *Liverpool FC vs Sydney FC* match, *Fast4 Tennis*, *Apia International Sydney* and the *Emirates Australian Open Golf Championship*.

Aviation (Source: Bureau of Infrastructure, Transport and Regional Economics, 2016-2017)

NSW domestic capacity accounted for 49 per cent of domestic seats in Australian competitive routes and capacity grew by 1.3 per cent in 2016-2017. By comparison, domestic seat capacity to Australia declined by 0.4 per cent for the year.

International seat capacity to NSW accounted for 40 per cent of international seats in Australia and capacity increased by 8.4 per cent for the year. By comparison, international seat capacity to Australia increased by 7.8 per cent.

New international services to Sydney included Hainan Airlines twice weekly from Changsha (September 2016) and twice weekly from Xian, Air Asia twice daily from Kuala Lumpur (October 2016), China Eastern thrice weekly from Kunming and Hangzhou (November 2016), Air China thrice weekly from Chengdu (November 2016), China Eastern thrice weekly from Wuhan (January 2017), Qantas daily from Beijing (January 2017), Vietnam Airlines thrice weekly from Hanoi (March 2017), Qantas four times weekly from Denpasar (March 2017), and Jetstar four times weekly from Ho Chi Minh (May 2017).



Vivid Sydney



Sydney International Art Series

NSW Tourism Performance 2016-2017 CONTINUED

Factors contributing to performance – continued

Australian dollar

In 2016-2017, Australia continued to be a comparatively cheaper destination for international visitors than prior to May 2013, when the Australian dollar traded above parity with the US dollar.

The Australian dollar has fallen against the US dollar, from US \$0.94 in June 2014 to a low of US\$0.77 in June 2015 and to US \$0.76 in June 2017.

The Australian dollar has slightly improved in 2016-2017 compared to 2015-2016, with the highest growth against currencies of the United Kingdom (+21 per cent), China (+10 per cent) and Malaysia (+7 per cent). In contrast, the Australian dollar slightly dropped against currencies of Japan and New Zealand (both dropped by 3 per cent).

With the decline in the value of the Australian dollar, international travel will continue to be aspirational for Australians. Domestic travel provides Australians the opportunity to relax and rejuvenate, as well as reconnect with family and friends. Escapism and short breaks have become the new norm as Australians look to break free from the frenetic pace of everyday life.

Global confidence

Global consumer confidence increased in 41 of the 63 markets measured in the online survey conducted by The Nielsen Company (US). Global average is 104 index points.

Consumer confidence in North America remained higher than any other regions globally, with an index of 117, as fears of recession retracting in the United States.

Confidence in Europe continued on an upward trajectory for the ninth consecutive quarter, as 22 of 33 countries posted index increases, resulting in a regional score of 85 index points. Consumer confidence increased in Germany, France and Spain. Conversely, the United Kingdom posted a decline. Terrorism continued to be a leading concern for Europeans.

Asia-Pacific is amongst the world's most confident region with index score rising three index points to 114. Countries with biggest confidence gains were South Korea, Japan and Malaysia while India posted a decline.

Safety is the most important factor when choosing a holiday destination in 10 of the 11 top international markets surveyed by Tourism Australia as part of their Consumer Demand Project survey 2016. Australia has consistently been ranked 1st on this factor across the 11 international markets in the last 5 years.

Australian confidence

There is growing optimism among Australians with consumer confidence well above the low levels recorded during the Global Financial Crisis. Consumer sentiment in 2016-2017 averaged at around 115.4 index points, up on 2015-2016 (113.6 index points). A high consumer confidence level combined with the increased competitiveness of domestic travel may encourage domestic tourism.

Australia's isolation from the rest of the world is diminishing in the age of social media. There is a growing sense of unease as global politics plays a bigger role in Australia's future, particularly regarding terrorism and immigration policies. Terrorist attacks overseas may encourage more Australians to travel domestically or at least closer to home. Domestic holidays can offer a safety net to Australians.

Visitor Snapshot: NSW Year Ending June 2017

Total excludes domestic daytrips

TOTAL VISITORS AND VISITOR NIGHTS (INTERNATIONAL AND DOMESTIC)	
TOTAL VISITOR ARRIVALS	
Australia	101.6 million
NSW	34.1 million
Growth of Previous Year: Australia	5.5%
Growth of Previous Year: NSW	6.1%
NSW Market Share Visitors	33.6%

TOTAL VISITOR NIGHTS	
Australia	603.9 million
NSW	189.4 million
Growth on Previous Year: Australia	5.3%
Growth on Previous Year: NSW	6.2%
NSW Market Share Visitor Nights	31.4%

AVERAGE LENGTH OF STAY	
Australia	5.9 nights
NSW	5.5 nights

EXPENDITURE	
Australia	\$90.4 billion
NSW	\$27.3 billion
Growth on Previous Year: Australia	7.6%
Growth on Previous Year: NSW	8.4%

STATE VISITOR DISPERSAL		
Visitation to Sydney and Regional NSW	Visitors	Visitor Nights
Sydney	39%	55%
Regional	65%	45%

Note: Figures may add to more than 100% in some instances as some visitors will visit multiple destinations.

TOTAL VISITORS AND VISITOR NIGHTS (INTERNATIONAL AND DOMESTIC)		
PURPOSE OF VISIT	Visitors	Visitor Nights
Holiday	42%	36%
Visiting Friends & Relatives	35%	30%
Business	18%	10%
Other	8%	24%
Total	100%	100%

PURPOSE OF VISIT - CHANGES ON PREVIOUS YEAR (YE June 2017)		
	Visitors	% change
Holiday	14.2 million	2.1%
Visiting Friends & Relatives	11.9 million	6.7%
Business	6.3 million	10%
Other	2.8 million	18.0%
Total	34.1 million	6.1%

Nights	Visitor nights	% change
Holiday	68.2 million	0.8%
Visiting Friends & Relatives	56.2 million	7.5%
Business	19.6 million	17.0%
Other	45.4 million	9.0%
Total	189.4 million	6.2%

Source: National and International Visitor Surveys.
Tourism Research Australia.

Note: Visitors may visit a State for more than one purpose – hence, figures by Purpose of Visit category may not add up to the Total.

Visitor Snapshot: NSW Year Ending June 2017 CONTINUED

TOTAL VISITORS AND VISITOR NIGHTS						
	Visitors (millions)	% change	Visitors nights (millions)	% change	Expenditure (\$billion)	% change
Sydney						
International	3.7	9.8%	77.7	6.3%	9.0	10.1%
Domestic	9.5	6.5%	26.2	13.9%	6.7	4.4%
Total	13.2	7.4%	103.9	8.1%	15.7	7.6%
Regional NSW						
International	0.8	13.2%	14.8	7.9%	1.1	22.3%
Domestic	21.3	4.6%	70.7	3.2%	10.5	8.5%
Total	22.1	4.9%	85.5	4.0%	11.6	9.6%
New South Wales						
International	4.0	9.9%	92.5	6.5%	10.1	11.2%
Domestic	30.1	5.6%	96.9	5.9%	17.2	6.9%
Total	34.1	6.1%	189.4	6.2%	27.3	8.4%

Note: NSW visitors total is less than the addition of Sydney and Regional NSW as some visitors will visit multiple locations.

NSW TOP 5 INTERNATIONAL MARKETS						
	Visitors (thousands)	% change	Visitors nights (millions)	% change	Expenditure (\$million)	% change
Country of Origin						
Mainland China	713.6	11.7%	19.8	20.4%	3,012	17.1%
New Zealand	442.1	13.0%	5.6	9.2%	800	11.5%
United Kingdom	384.0	6.1%	8.4	2.6%	769	3.1%
USA	211.8	16.0%	5.1	-14.8%	588	-4.3%
South Korea	423.9	3.0%	4.1	1.6%	479	-2.7%

Review

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Lord Howe Island

Event Development

The Event Development team's core focus is the continued development of a distinctive and compelling *Events Calendar* for Sydney and regional NSW, securing events that drive overnight visitation, showcase our city and regional destinations, and position NSW as the premier events State of Australia.

This is achieved through applying global best practice to working with events of all scales to maximise economic, strategic and community benefits to NSW. In line with other functions within Destination NSW, this approach maximises the success of major and high-profile events, and delivers a strong return on event investment. In 2016-2017 Destination NSW worked with a broad and diverse cross-section of external agencies and key stakeholders in order to achieve this goal.

2016-2017 Achievements

Sydney's annual *Events Calendar* is created through collaborative partnerships between the NSW Government, local and international event communities, business and industry which enable Destination NSW to achieve two key objectives:

1. Ensure that Sydney remains Australia's leading events city, by continually improving its expertise in staging world-class events
2. Attract and retain events that drive strong overnight visitation.

This strategic focus promotes the constant evolution of the *Sydney & NSW Events Calendar* to maintain its development as the most compelling in Australia.

Destination NSW achieves this evolution by:

- Expanding existing large-scale signature events
- Implementing determined bid campaigns to win major international events, theatrical productions and cultural exhibitions
- Nurturing innovative new events that engage the community and achieve international profile for Sydney and regional NSW.

The vibrant and comprehensive NSW regional Events Calendar drives visitor expenditure by promoting the attractiveness of local communities and encouraging overnight stays before and after events.



Events Calendar booklet

Event Development CONTINUED

Arts & Entertainment Portfolio

Securing major Australian and World Premiere, first-run musicals remains a major focus for Destination NSW due to the significant economic benefits they deliver to Sydney and NSW, and their ability to attract ex-Sydney visitors.

In 2016-2017, Destination NSW secured the Australian Premiere of Broadway's smash-hit musical, *Beautiful: The Carole King Story*, the return season of *Jersey Boys* and the much-anticipated World Premiere of *Muriel's Wedding The Musical*.

The Australian Premiere of the multi-award winning production of *Disney's Aladdin* completed a stand-out seven-month run at the Capitol Theatre, attracting over 450,000 attendees. The 60th-anniversary production of *My Fair Lady*, directed by Dame Julie Andrews, and led by a high-profile creative team and an outstanding cast, drove significant visitation and generated strong international interest and media exposure for Sydney.

The musical was an overwhelming success and broke box office records for the most tickets ever sold to a Sydney Opera House production.

Regional NSW visitation to first-run musical productions in Sydney was particularly strong in 2016-2017, and accounted for approximately 25% of all ticket sales to the World Premiere of *Dream Lover – The Bobby Darin Musical*.

The success of the Sydney season has generated considerable interest from producers nationally and internationally.

Other highlights in the Arts & Entertainment Portfolio in 2016-2017 included:

- *Ballet Under the Stars – Swan Lake*, presented by The Australian Ballet at the Sydney International Regatta Centre in Penrith, which reached capacity within a week of announcement and attracted an audience just short of 6,500

- Opera Australia's re-staging of its 2013 production of *Carmen*, which attracted cumulative ticket sales of more than 54,000
- Securing *EXHIBITIONISM: The Rolling Stones*, a major international blockbuster exhibition, at the International Convention Centre Sydney, exclusively for New South Wales was a major coup. It is anticipated that the exhibition will have significant global and generational appeal, as demonstrated by the band's fan engagement through their digital platforms (over 25 million subscribers, including 20 million Facebook followers)
- The *Sydney International Art Series* continued its success in 2016-2017 with The Art Gallery of NSW, the Museum of Contemporary Art Australia (MCA) and Destination NSW partnering for the seventh consecutive year to bring some of the world's most outstanding exhibitions to Australia
- At the Art Gallery of NSW, *Nude: Art from the Tate Collection* brought over 100 works from the Tate Modern, London's collection, spanning two centuries, and all focused on the nude human body. A feature of the exhibition was the world's most famous artwork of erotic love, Rodin's *The Kiss* (1904)
- At the MCA, *Tatsuo Miyajima: Connect With Everything* was the first major solo exhibition of the artist's work in Australia, and included key sculptures and installations from across Miyajima's career
- Destination NSW also secured *Rembrandt and the Dutch golden age - masterpieces from the Rijksmuseum* and *Pipilotti Rist: Sip My Ocean*, for the Sydney International Art Series in 2017-2018.



Ballet Under the Stars – Swan Lake



Nude: Art from the Tate Collection

Event Development CONTINUED



Vivid Sydney 2017

Vivid Sydney

Now in its ninth year, *Vivid Sydney* is the world's largest festival of light, music and ideas. Owned, managed and produced by Destination NSW, *Vivid Sydney* is a 23-day Winter festival.

In 2017, *Vivid Sydney* attracted a record attendance of 2.33 million, including 135,841 visitors who travelled on *Vivid Sydney* packages. This included the sale of more than 65,000 travel packages to international visitors, with the highest number of packages sold to China, South Korea, Singapore and the USA. Over 70,000 domestic packages were sold.

In 2017, *Vivid Sydney* was supported by 725 volunteers who contributed 14,270 hours of their time to the event, at an estimated value of more than \$391,711 to the festival.

For the first time in 2017 *Vivid Sydney* partnered with TAFE NSW and continued its relationship with the Sydney Conservatorium of Music (University of Sydney) as part of its ongoing commitment to education.

In 2017, *Vivid Sydney* also continued its commitment to providing a safe and accessible festival that is inclusive for all, with more than 9,000 people requiring mobility assistance and 51,300 infants in prams attending the festival.

Vivid Light featured 109 light installations by 185 artists from 22 countries, with a new precinct at Barangaroo (South), an expanded light walk through the Royal Botanic Garden Sydney, and imaginary creatures created by artist Ash Bollard in collaboration with Spinifex that transformed the sails of the Sydney Opera House.

Illuminating the Sydney Harbour Bridge, ferries and cruise vessels with changing light patterns were other features of the 2017 light program.

Vivid Sydney also continued its commitment to sustainability through the use of 100 per cent GreenPower accredited renewable energy generators at the *Vivid Light Walk* resulting in zero net CO₂ emissions. This was supported by sustainability partners, Banksia Foundation and Green BizCheck.

Vivid Music comprised an extensive series of live performances and cross-genre musical collaborations, featuring some of the world's most renowned musicians.

In 2017, 396 events were delivered at 44 venues throughout the city, and recorded over 140,000 attendees. Headline acts included The Avalanches, Goldfrapp, Air, Nick Murphy (aka Chet Faker), Paul Mac and Dappled Cities, appearing at *Vivid Live* at the Sydney Opera House, Carriageworks and the City Recital Hall.

Vivid Ideas is a celebration of creativity that brings together the world's greatest minds, innovators and industry leaders to build engagement between the creative industries sector and the broader community.

In 2017, it was led by three game-changer events:

- Academy Award-winning film maker, Oliver Stone
- BuzzFeed founder, Jonah Peretti
- Contemporary graphic artist, Shepard Fairey.

More than 606 speakers participated in 281 events at 59 venues, including specialist industry workshops, debates, conferences and exhibitions, attracting over 42,000 creative industries professionals and interested members of the public.

Event Development CONTINUED

Annual Sporting Events Program

By working with partners across the sporting landscape, Destination NSW enjoyed a productive period in the 2016-2017 financial year. The commitment to grow existing events on the NSW sporting calendar achieved notable successes including:

- The 2016 *NRL Premiership Grand Final* at ANZ Stadium, which saw the Cronulla-Sutherland Sharks win their first premiership title in the club's history in front of 83,625 spectators
- The *NRL State of Origin Series*, with ANZ Stadium hosting the first and third match of the 2016 series
- The *HSBC Sydney 7s* returned to Sydney with Allianz Stadium hosting the fourth leg of the 2017 *HSBC World Rugby Sevens Series*. The festival-style event included an official, fully integrated women's tournament
- Consolidation of the *Bledisloe Cup Festival* in Sydney, which culminated in the first 2016 Bledisloe Cup match between the Wallabies and All Blacks played at ANZ Stadium in front of 65,328 spectators
- Continued growth and increased profile of the *Australian Open Golf Championship*, Australia's premier professional golf tournament. In addition to the exclusive presence of world number three, and eventual Championship winner, Jordan Spieth, the event featured Australian great Adam Scott as part of an incredibly competitive field.

One-off and blockbuster events

The successes in the annual sporting calendar were complemented by Sydney hosting exclusive one-off blockbuster sporting events, including:

- The inaugural *College Football Sydney Cup*, held at ANZ Stadium on 27 August 2016, featuring the University of California Golden Bears and the University of Hawaii Rainbow Warriors. This Americana-themed sporting spectacular was attended by 61,247 spectators and was the first time an official National Collegiate Athletic Association (NCAA) college football match had been held in Australia
- The *Liverpool FC v Sydney FC* friendly football match at ANZ Stadium, which celebrated the successful English club's 125th anniversary. The match was played in front of 72,892 spectators
- The *NRL Indigenous All Stars v World All Stars* match was held at Newcastle's McDonald Jones Stadium on 10 February 2017. The NRL Indigenous All Stars won the match which was played in front of a crowd of 20,241
- 2018 *FIFA World Cup Qualifier* – the Socceroos played the United Arab Emirates at Allianz Stadium on 28 March 2017, with the Socceroos winning the important fixture, 2-0, in front of 27,328 fans.



NRL Grand Final

Event Development CONTINUED

Supercars

2016 Coates Hire Sydney 500

The 2016 Coates Hire Sydney 500 event was held at Sydney Olympic Park in December 2016. The event was delivered safely and successfully under the final year of a three-year agreement with V8 Supercars Australia Pty Ltd (V8SC). It was determined that the 2016 event would be the last time that the event would be held at Sydney Olympic Park prior to relocating to Newcastle.

2017 Coates Hire Newcastle 500

Following changes in their classification of eligible vehicles, V8SC was rebranded Supercars Australia (SA).

Destination NSW entered an agreement with SA securing an event in Newcastle for a minimum of five years, with an option for a further five years at Destination NSW's discretion, in consultation with Newcastle City Council. Destination NSW also entered a Memorandum of Understanding with Newcastle City Council (NCC) securing NCC's financial and community relations support.

As with the Sydney 500 event, specific legislation is required to deliver the event. As a result, Destination NSW oversaw an amendment to the *Homebush Motor Racing (Sydney 400) Act 2008*, extending the provisions to include the Newcastle local government area, becoming the *Motor Racing (Sydney and Newcastle) Act 2008*.

Destination NSW is designated under the Act as responsible for issuing authorisations for the works related to, and the conduct of, the motor race. This has included significant civil works required to establish the circuit as well as civic upgrade works on and around the circuit, funded by Newcastle City Council.

World Rally Championships

Destination NSW continues to hold delegated responsibility for the administration of the *Motor Sports (World Rally Championship) Act 2009* and management of the planning and consent processes for the staging of the Australian round of the *World Rally Championship*, in the Coffs Coast region of NSW. As with previous years, this included the preparation of authorisations by the then Minister for Trade, Tourism and Major Events, Stuart Ayres, for the conduct of the rally event and the associated temporary works required to deliver the 2016 event.

Destination NSW has committed to the event for a further three-year term (2018 – 2020) should Rally Australia secure the rights to host a round of the *World Rally Championship*.

Lifestyle Portfolio

A wide variety of lifestyle events featured in the *Sydney & NSW Events Calendar* in 2016-2017, including three new events:

- *Kidtopia*, a family festival held at Parramatta Park
- The *World Surf League World Junior Championships* in Kiama
- The inaugural *L'Étape Australia* by Le Tour de France. Held in the NSW Snowy Mountains, the 2016 event was the largest L'Étape event held outside France, with a total of 3,480 registered riders



Blackmores Sydney Running Festival

Other events in the Lifestyle portfolio during 2016-2017 included:

- The *Australian Boardriders Battle National Final* was another highlight in the Lifestyle portfolio, and the nine-day Australian Open of Surfing saw many of the world's top athletes from surfing, BMX and skateboarding in action at Manly Beach
- Also reflecting Sydney's beach lifestyle were *Bowl-A-Rama Bondi*, featuring the legendary Tony Hawk, and *Volleyfest* at Manly Beach
- The annual *Blackmores Sydney Running Festival* attracted 33,070, which included 9,264 participants from out of the Sydney area
- More than 500 outrigger paddlers, from interstate and overseas, took part in the *Sydney Harbour Challenge* presented by Hawaiian Airlines
- The military-inspired *True Grit* welcomed 1,757 participants to the Hawkesbury Region and the *Atmosphere Nepean Triathlon*, Australia's oldest, was held at Penrith and attracted 1,171 entrants, including over 250 from outside of Sydney
- The annual *Sydney Gay and Lesbian Mardi Gras*, which was attended by almost 250,000 people; an evening concert on *Australia Day* at the Sydney Opera House; and *Yabun*, the annual festival held on the traditional lands of the Gadigal people at Camperdown
- The *Sydney Royal Easter Show* welcomed 922,827 showgoers over 14 successful days, and the *Crown Group Australian Badminton Open* was held at Sydney Olympic Park.

Event Development CONTINUED



Mercedes-Benz Fashion Week Australia

Business Activation Portfolio

Destination NSW's Business Activation portfolio works to identify suitable extension events to leverage the *Sydney & NSW Events Calendar* from both a strategic and visitation perspective.

Particular focus is on positioning Sydney as an internationally recognised leader in innovation and the Asia Pacific hub of the creative services industries. This is in alignment with the NSW Government's Creative Industries Action Plan; to identify, secure and develop business extension events in alignment with major events (e.g. *Vivid Sydney*) to increase visitation.

This portfolio maintains a series of strategic relationships with other NSW Government departments and Business Events Sydney to achieve these objectives.

A highlight in 2016-2017 included the 30th-anniversary celebration of the *Australian Recording Industry Awards (ARIA Awards)* which was broadcast live at primetime on Network Ten, and distributed across Asia through Star World and Channel (V).

To headline the associated consumer program *ARIA Week*, Destination NSW secured four sold-out Sydney-exclusive Crowded House concerts, staged on the Sydney Opera House forecourt. It was the first time the band had performed together since 2010, resulting in the sale

of 24,000 tickets. The final concert broadcast live at primetime on ABC television.

This year also featured the 6th *Australian Academy of Cinema and Television Awards (AACTA Awards)* and *Screen Week*. The *AACTA Awards* were broadcast live at primetime on Network Seven and featured internationally recognised screen talent including Mel Gibson, Geoffrey Rush, Isla Fisher and Sacha Baron Cohen.

The year 2017 marked the second iteration of *Mercedes-Benz Fashion Week Australia's* position as the first resort-focused Fashion Week on the global calendar. Once again it featured the associated consumer extension event, *Mercedes-Benz Fashion Weekend Edition*.

New South Wales design team Romance Was Born was selected to close *Mercedes-Benz Fashion Week Australia*, with an internationally acclaimed showcase of their 2018 Resort Collection.

Destination NSW aligned a series of renowned Creative Industries events with *Vivid Sydney* to drive profile and creative industry visitation for *Vivid Ideas 2017*. This included the 64th *Sydney Film Festival*, one of the world's longest-running film festivals; *Semi Permanent*, a world-leading conference and online platform for design, art and media professionals; and the *Good Design Festival* with its prestigious *Good Design Awards*.

Event Development CONTINUED

Regional Portfolio

Regional events across the State increase visitation and provide unique destination appeal to attract intrastate and interstate visitors.

A number of new events secured for regional NSW were held in 2016-2017 including:

- *ITU Cross Triathlon World Championship and Snowtunes* in the Snowy Mountains
- *Adventure Racing World Championships* in the Shoalhaven and *Harley Days* in Wollongong.

Destination NSW was also proud to have secured and retained a number of key events for regional NSW for future years including:

- *Toyota Country Music Festival* in Tamworth
- *Surfest* in Newcastle
- *Wings Over Illawarra* at Albion Park
- *Port to Port MTB* in the Hunter region
- *NSW Pro Surf Series*, a four-stage World Surf League sanctioned series
- *National Touch League* in Coffs Harbour
- *MTV Beats & Eats* music and food festival in Wollongong
- *Australian Little League and Senior League Baseball Championships* in Lismore
- *Deniliquin Ute Muster*, which was headlined by Keith Urban in 2016.

In 2016-2017 42 regional events received Destination NSW funding through the expanded Regional Flagship Events Program which aims to increase visitation to events held in regional NSW and deliver long-term benefits to destinations. See the full list of Regional Flagship Events supported on page 84.

Business Events Sydney

Destination NSW works in partnership with *Business Events Sydney* to secure international conventions and incentive travel reward programs to grow interstate and international visitation for conferences, exhibitions, incentive events and meetings held in NSW.

Business Events Sydney is a not-for-profit organisation with a membership base that includes venues, attractions, events suppliers and conference organisers.

Destination NSW holds two seats on the *Business Events Sydney* Board, is a principal investor and supports the organisation's promotional activities in domestic and international markets.

Destination NSW's Event Development team meets regularly with the *Business Events Sydney* team to discuss and review business opportunities to acquire and grow events which will extend visitation to Sydney and NSW, including events which will align with Vivid Sydney and other major events.

In 2016-2017 collaborations between Destination NSW and Business Events Sydney included winning seven bids for events that will be attended by more than 10,000 delegates who will spend almost 43,000 delegate days in Sydney. Many bids are still to be determined but events secured to date include:

Event Name	Delegates	Delegate Days
Prudential Hong Kong Convention 2017	1,500	6,000
Semen Indonesia Annual Incentive 2016	1,400	5,600
Nu Skin SEA Success Trip 2018	1,700	8,500
World Angus Forum 2021	800	4,000
International Conference of the Council on Tall Buildings and Urban Habitat – CTBUH 2017	1,000	2,000
3M China Top Sales Incentive 2017	1,000	6,000
Guangzhou Jichuangkeji International Group Incentive 2017	2,700	10,800



Toyota Country Music Festival, Tamworth

Marketing for Tourism and Events

Destination NSW has established itself as a leader in the marketing of Sydney and NSW to key source target markets and audiences at home and overseas.

Implementing highly targeted and proven tourism-led and events-led campaign platforms has resulted in significant and sustained year-on-year increases in overnight visitation and visitor expenditure.

Independent research, and NSW Treasury Cost Benefit Analysis on campaigns validates the importance of Destination NSW marketing programs, making Sydney and NSW the preferred destination to visit or attend an event. This is supported by strong conversion ratios for visits to the Destination NSW consumer-facing websites, and sales leads to industry that drive travel bookings and event ticket sales.

Over the past five years, Destination NSW has achieved an average share of more than 40.5 per cent of all domestic website traffic, making it the number one State Tourism Organisation according to Experian Hitwise. This was supported by strong growth (28 per cent year-on-year growth) and high levels of engagement from the 13.7 million fans and followers in Destination NSW's social media community.

In 2016-2017, Destination NSW delivered a program of more than 137 integrated and collaborative marketing campaigns with tourism industry partners that supported more than 150 event owners, 30 domestic and international industry partners (such as airlines and travel trade), co-operative campaigns and multiple regional NSW stakeholders.

Destination NSW Marketing specifically aligns all programs to the target of doubling overnight visitor expenditure by 2020. This is implemented via the strategic imperatives in the *Visitor Economy Industry Action Plan* (for both the domestic and international key source markets), to ensure that Destination NSW contributes to the delivery of measurable growth and economic benefits for the NSW Visitor Economy.

Highlights for the past year include:

- A new state-wide campaign called *What I Love About Holidays in NSW*. This three-phase, user-generated content campaign delivered 1.8 million video views, 119,000 website visits and 11,200 leads to the NSW Tourism Industry
- Several successful regional NSW campaigns and programs (digital activities, social media and *It's ON!* in NSW) during the transition period to establish the six new Destination Networks
- Development of a new Destination NSW Regional NSW



Sydney & NSW in Summer – newspaper magazine insert

Conferencing website

- 13 new international websites, including a focus on the dedicated sydney.cn website in China, and growth of digital assets across social media channels, including Weibo and WeChat
- Refreshed creative and content for Destination NSW's campaign platforms *Love Every Second* and *It's ON!*
- Implemented campaign-related film and photo shoots to secure dedicated content across the Snowy Mountains region during Spring and Summer, additional content for a broader range of experiences on the South Coast, and supported activities to secure content for multiple Sydney and regional NSW Events
- The in-house Design Studio managed over 1,400 projects including Vivid Sydney, print/digital ads, brochures, guides, event submissions, and multiple activities to support each Destination NSW Business Unit.

Marketing for Tourism and Events CONTINUED

Campaign achievements

Love Every Second in Sydney

Now in its sixth year, the Love Every Second in Sydney seasonal campaign platform for Summer and Winter has been established as a proven program, creating strong visitation and brand equity for Sydney.

Independent research has confirmed that the target audience responds positively to the key message that there is always something to see and do in Sydney / NSW. Research also confirms that the campaign significantly increases the intention to travel to Sydney and likelihood to attend events, driving high levels of action taken and bookings by the relevant target audiences.¹

During 2016-2017, a creative refresh of the *Love Every Second* branding and campaign assets was undertaken. Work also continued on content development, focusing on mobile and social channels, looking at the ways in which travellers gain travel inspiration and the changing media landscape.

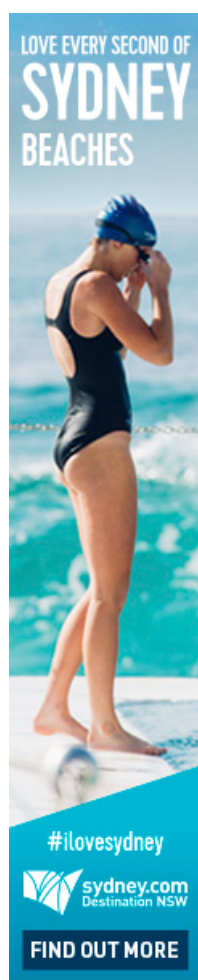
These campaigns also provide a platform for industry partners to leverage travel packaging and tactical retail offers for dedicated sales campaigns.

The Summer 2016-2017 campaign delivered:²

- 4.3 million visits to sydney.com
- 1.2 million leads to the NSW tourism industry
- Independent research results confirmed that the Summer campaign drove direct action by the target audience, with more than half of those who saw the campaign actively planning a trip, and 10 per cent making a booking.

The Winter 2017 campaign delivered:³

- 2.7 million visits to sydney.com (a 6 per cent increase year on year)
- 735,000 leads to the NSW tourism industry (a 3 per cent increase year on year).



Love Every Second – digital creative

¹ Source: DNSW Program Insights & Reporting, Campaign Evaluations - July 2016 & March 2017

² Source: DNSW Program Insights & Reporting, Campaign Evaluation - March 2017, Google Analytics

³ Source: Google Analytics

Marketing for Tourism and Events CONTINUED

Vivid Sydney

Vivid Sydney 2017 integrated campaign delivers record Vivid sponsorship and visitation.

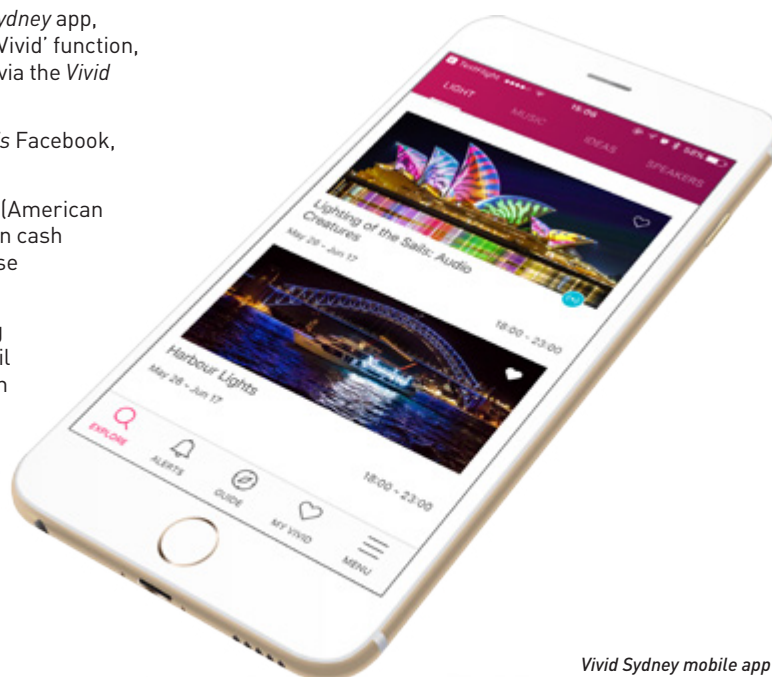
Vivid Sydney marketing activities included dedicated digital campaigns focused on event leveraging and ticket sales. For *Vivid Music* and *Vivid Ideas* events activities included targeted print activity; transport messaging, retail and business activation in Vivid Precincts; a comprehensive digital and social media schedule, implementation of new beacon technology, and the updated *Vivid Sydney* mobile app.

Analysis of *Vivid Sydney* 2017 indicates:⁴

- The dedicated 36-page newspaper liftout (8 extra pages from 2016) had a distribution of more 2.4 million across Australia and New Zealand, and included information on new precincts, event content, travel packages and trip planning tools. It also featured dedicated Sydney and NSW experiences and events to drive dispersal into the greater metro area and state. The content was repurposed across all the digital and social media channels, plus translated into Mandarin for the important Chinese target audience
- *Vivid Sydney* content reached 390 million people via #vividssydney, 11 million people via #vividideas and 2.6 million people via #vividmusic
- More than 2.02 million visits to vividssydney.com and more than 158,000 leads delivered to industry (with 26,000 guides downloaded)
- More than 475,000 *Vivid Sydney* Facebook fans (a 17 per cent year on year increase) with more than 57.5 million people reached from *Vivid Sydney* Facebook (the 57 videos used generating 2.8 million views)
- More than 59,000 downloads of the *Vivid Sydney* app, with up to 400,000 items added to the 'My Vivid' function, and 58,000 beacon audio tour files played via the *Vivid Sydney* app
- 577 posts were generated on *Vivid Sydney*'s Facebook, Instagram and Twitter channels
- Secured two new top-level Vivid Partners (American Express and Ford) a 60 per cent increase in cash contributions year-on-year, and an increase in the number of official Vivid supporters
- The event activation included city dressing including over 720 city banners, 1,100 retail activation kits, 85 light boxes, 10 projection tower hoardings, 3 information booths, 4 km of *Vivid Sydney* branded scrim, 150,000 *Vivid Sydney* maps, 45,000 *Vivid Ideas* guides, 45,000 *Vivid Music* guides and 3,600 Access & Inclusion maps (distributed through the *Vivid Sydney* information booths and online).



Vivid Sydney – newspaper inserted magazine



Vivid Sydney mobile app

⁴ Source: DNSW Research, Google, Facebook, Twitter and Instagram Analytics

Marketing for Tourism and Events CONTINUED

Marketing events to drive attendance and visitation

Destination NSW campaigns promoted the *Sydney & NSW Events Calendar*, covering sporting, arts and cultural events to drive attendance and visitation.

Destination NSW worked closely with more than 150 event owners, to deliver record-breaking crowds at ANZ Stadium (sold out State of Origin, Arsenal FC and other sporting matches), successful ticket/travel package sales across musicals and opera, sport, lifestyle, regional events and key *Vivid Sydney* stakeholders.

These high-quality and integrated marketing programs had a major impact on driving incremental overnight visitor expenditure.

It's ON! Event campaigns

In its eighth year, the proven *It's ON!* campaign platform has successfully established the *Sydney & NSW Events Calendar* as the best in Australia. The catchy soundtrack, and television and digital ads with a clear call to action, have assisted in delivering increased ticket sales, event travel packages, and co-operative partner funding.

The *It's ON!* campaign platform is integrated in most event owner marketing activities, significantly extending the marketing reach, impact and effectiveness of the campaign. Industry partners also use the *It's ON!* branding to sell travel packages, and make special ticket sales offers to drive incremental visitation for both free and ticketed events in Greater Sydney and across all areas of regional NSW.

It's ON! in Sydney

The *It's ON! in Sydney* campaign delivers strong increases in the likelihood and intention to attend events for those who see the campaign. It delivers strong annual increases in website visits and leads to Event Owners.

Key events promoted through *It's ON! in Sydney* in 2016-2017 include:

- HSBC Sydney 7's
- Emirates Australian Open of Golf
- Aladdin
- My Fair Lady
- Sydney International Arts Series
- Handa Opera on Sydney Harbour
- Australia Day
- Arsenal FC games
- College Football.

Independent research has indicated that almost half of those who saw these campaigns were actively planning a leisure trip to Sydney; 23 per cent had visited relevant websites, 7 per cent have made a booking, and 6 per cent have purchased tickets to event in Sydney.⁵

It's ON! in NSW

The *It's ON! in NSW* campaign was launched in 2015-2016, and has proved to be very effective in driving increased interest, likelihood to attend events, and ticket sales while showcasing visitor experiences in regional NSW. The *It's ON! in NSW* 2016-2017 campaign promoted a calendar of more than 70 events, such as:



It's ON! in Sydney – digital creative



It's ON! in NSW – digital creative

- Parkes Elvis Festival
- Vanfest
- Deni Ute Muster
- Surfest
- Australian Bowl-riding Championships
- Orange Food Week
- Wings over Illawarra
- Sail Port Stephens.

These events delivered:⁶

- More than 1.98 million visits to visitnsw.com
- More than 525,000 leads to the NSW tourism industry.

Independent campaign research indicated that those who saw the campaign were significantly more likely to visit regional NSW for a short break or holiday, 18 per cent of campaign recognisers have decided to visit regional NSW, 15 per cent have made a booking and 15 per cent have purchased tickets to event in regional NSW.

⁵ Source: DNSW Program Insights & Reporting, Campaign Evaluations - March 2017

⁶ Source: Google Analytics, DNSW Program Insights & Reporting, Campaign Evaluation - May 2017

Marketing for Tourism and Events CONTINUED

Delivering for Regional NSW

Destination NSW implemented a unique campaign inviting Australians and New Zealanders to share what they love about holidaying in NSW. Over the three phases of the campaign, Destination NSW received more than 16,000 photos and 630 videos of much-loved NSW holiday destinations and short breaks.

The *What I Love About Holidays in NSW* campaign used the videos and photos submitted by travellers to create eight videos showcasing the vast array of experiences, landscapes and attractions on offer across NSW.

The campaign also delivered more than:⁷

- 1.8M video views
- 119,000 visits to visitnsw.com
- 11,600 leads to the NSW Tourism Industry.

In addition to campaign delivery, Destination NSW supported regional NSW through its extensive digital and social media assets including the results in the table below:⁸

ASSETS	MEASUREMENT CRITERIA
Visits to visitnsw.com	11.75M (+1% year on year)
Leads to industry	3.58M (+3% year on year)
Get Connected listings	17,465
Social media communities (visitnsw on facebook, twitter, instagram, Google+, YouTube)	2.67M fans and followers (+8% increase for regional NSW fans & followers year on year)
Organic social posts	651 posts (248% increase year on year) – generating more than 1.1 million engagements on the VisitNSW social channels and an engagement rate of over 11% (compared to the industry averages of 2-4%)
Escapes articles	24 articles and 72 events about regional NSW destinations and events – each with an average reach of over 272,000 subscribers
Destination NSW website – content page updates	534 regional content pages updates

WHAT I LOVE ABOUT HOLIDAYS IN NSW

Share videos and photos that highlight what you love about holidays in NSW at visitnsw/ilovensw

#ilovensw



What I Love About Holidays in NSW – Twitter advertising

⁷ Source: DNSW research, Google Analytics, Facebook, Twitter and Instagram Analytics

⁸ Source: DNSW research, Google Analytics, Facebook, Twitter and Instagram Analytics

Marketing for Tourism and Events CONTINUED

Regional NSW Campaigns

Destination NSW also delivered several successful co-operative campaigns across regional NSW, including the South Coast, Snowy Mountains and Lord Howe Island, plus partner activity with the Caravan and Camping Industry Association NSW.

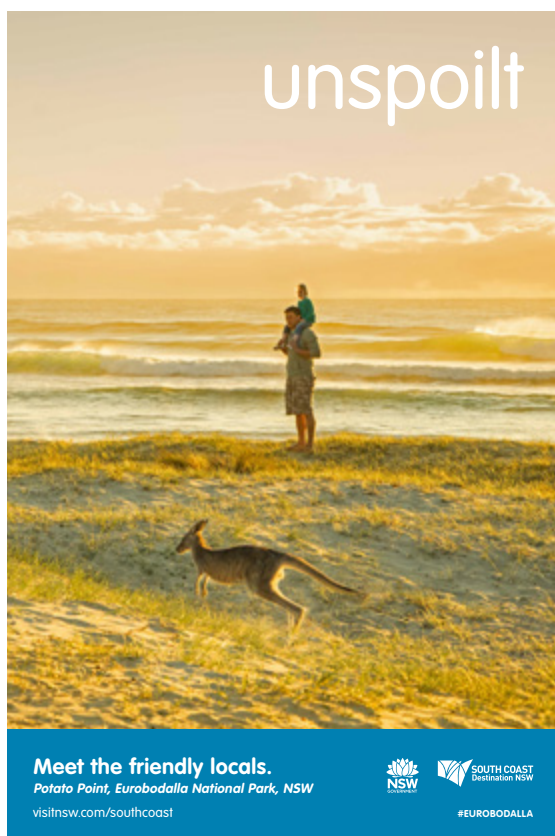
The regional NSW campaign highlights include:

South Coast:

Destination NSW continued to work collaboratively with South Coast LGAs to implement the highly successful *Unspoilt* campaign, delivering:⁹

- 1,299,000 website visits to visitnsw.com (a 11 per cent year on year increase)
- 475,000 leads to the NSW Tourism Industry (a 4 per cent year on year increase)
- Independent campaign research indicated that half of those who saw the campaign were actively planning a leisure trip to the South Coast, 31 per cent have decided to go and 10 per cent have made a booking.

Destination NSW continues to work with the Sydney Surrounds South, the Southern NSW Destination Networks and five South Coast LGAs as part of a continuation of the *Unspoilt* campaign for 2017.



South Coast 'Unspoilt' campaign

Lord Howe Island

In collaboration with the Lord Howe Island Tourism Association, Qantas and travel agents, to package several inclusive offers, Destination NSW implemented the third year of the successful *Just Paradise* Winter campaign, delivering increased bookings and more than:¹⁰

- 43,000 visits to visitnsw.com
- 5,400 leads to the local tourism operators.

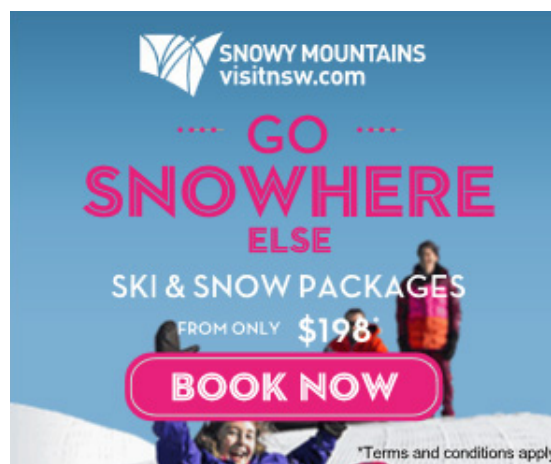
Snowy Mountains

In collaboration with Tourism Snowy Mountains, the 2016 Go Snowwhere Else campaign delivered more than:¹¹

- 313,000 visits to visitnsw.com (a 27 per cent increase year on year)
- 86,000 leads to the local tourism industry (a 14 per cent increase year on year).



Lord Howe Island 'Just Paradise' campaign



Snowy Mountains 'Go Snowwhere Else' campaign

⁹ Source: DNSW research, Google Analytics, DNSW Program Insights & Reporting, Campaign Evaluations – August, December 2016 & March 2017

¹⁰ Source: DNSW research, Google Analytics

¹¹ Source: DNSW research, Google Analytics

Marketing for Tourism and Events CONTINUED

Caravan and Camping Industry Association (CCIA) Campaign

In partnership with the Caravan and Camping Industry Association NSW, the 2017 campaign generated more than:¹²

- 156,000 visits to pages on visitnsw.com
- 78,000 leads to the Caravan and Camping Industry.

Youth Sector: Work Study Play

Leveraging Tourism Australia's global working holiday maker campaign, the *Work Study Play* campaign aimed to encourage working holiday makers to stay and work in Sydney and NSW.

The campaign was targeted at key international source markets including UK, US, France, Germany, Singapore, Japan and Korea, with digital activity to drive potential travellers to sydney.com/workstudyplay.

The campaign generated more than:¹³

- 46,000 visits to related pages on sydney.com
- 8,500 leads to NSW Tourism Industry.



CCIA campaign

Destination NSW Digital & Social Media

In 2016-2017, Destination NSW continued its market-leading strategy in the tourism and events sectors, by delivering one of the most innovative and progressive digital and social media consumer platforms in the Australian and Asia-Pacific travel industry sector.

According to online intelligence agency Experian Hitwise, as at 30 June 2017, Destination NSW maintained its number one position as the top performing state tourism website in Australia, with an average annual 40.5 per cent share of the total Government tourism industry website traffic market.

The combined Destination NSW consumer-facing websites were also ranked in the top 10 largest destination and accommodation websites in Australia (against global operators such as Trip Advisor, Airbnb, booking.com and hotels.com).¹⁴

Destination NSW has continued to invest and expand the reach of its top-performing domestic websites (sydney.com, visitnsw.com and vididsydney.com) to include 13 international versions of sydney.com (launched in the United States, United Kingdom, New Zealand, India, Malaysia, Singapore, Indonesia, Hong Kong Taiwan, Japan, Korea and Germany), as well as a custom-designed website and content, hosted in mainland China (sydney.cn). In FY2017/17, the international websites contributed more than 1.4 million website visits and 140,000 leads to industry.

During 2016-2017, Destination NSW's social media owned and earned social media channels were used extensively to promote Sydney, regional NSW and Vivid Sydney to global target audiences, reaching a combined fan and follower community of over 13.7 million people.

While 18 per cent of Destination NSW's social media audience comes from Australia, the remainder of the audience is from India, Indonesia, Malaysia, United States, United Kingdom, New Zealand, Singapore, Hong Kong and Canada.

They are the largest consumer-focused social media channels in the NSW Government and continue to deliver strong reach and engagement to potential holidaymakers, which are on average, more than double the industry benchmarks.

Highlights of the digital programs include:¹⁵

- Increased year-on-year growth for website visits and leads to NSW industry target, with 25.8 million website visits (3 per cent year-on-year growth) and 6.6 million leads to industry (4 per cent year on year growth)
- More than 66 per cent of consumers now visit the Destination NSW consumer websites via mobile devices (55 per cent using smartphones and 11 per cent using tablets)
- Search continues to be the primary website traffic source, contributing over 73 per cent of all website visits (with 62 per cent from organic search and 11 per cent from paid search)

¹² Source: DNSW research, Google Analytics

¹³ Source: DNSW research, Google Analytics

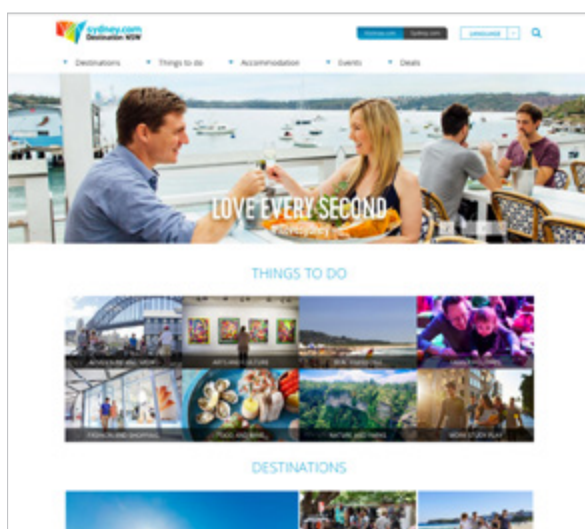
Marketing for Tourism and Events CONTINUED

- Delivered over 115,000 leads to bookable inventory and almost 3,000 online accommodation bookings from August 2016 to June 2017 via the HotelsCombined Affiliate platform (at an average sale price of \$274 per transaction on behalf of the travel industry)
- Consumer social media channels successfully achieved a 28 per cent year-on-year growth rate for the community reaching 13.7 million followers across Facebook, Twitter, Instagram, YouTube and Google+
- Independent analysis confirmed that the value of all the Destination NSW consumer owned and earned channels have continued to increase in commercial media value, contributing to more than 50 per cent of the marketing in kind deliverables for events and programs that the organisation invests in annually
- Arrival and Holiday Guides for Sydney and NSW were viewed on average 212,000 times per month and almost 60,000 Vivid Sydney apps were downloaded in 2017.
- The Digital Marketing Projects team worked on 157 production tasks a month; delivered 13 new international websites with an inbuilt translation tool including six non-English websites (for China, Japan, Korea, Taiwan, Hong Kong, Germany); managed ongoing improvements to sydney.com and visitnsw.com, including updates to 534 regional NSW pages; rolled out enhancements to the *Vivid Sydney* website (including updates deals, menu and search, Vivid EOI functionality, improvements to *MyVivid*, (the Accessibility section and Book Now buttons); delivered a new *Vivid Sydney* app (iPhone & Android), including beacon technology, triggering additional information for all *Vivid Sydney* light installations; and supported the transition to the new Regional Flagship Events Program, Incubator program and Regional Tourism Fund delivering technology to enable online submission of EOIs
- The social media team managed 25 social channels, 5,140 posts and 48 blogs per year to support campaigns, events and publicity activations. In addition, the social media team also managed 732 posts and 12 blogs for *Vivid Sydney* in 2017
- Destination NSW's Get Connected team processed more than 7,616 new products, 12,400 enquiries and over 20,823 updates to products from the NSW tourism industry each year. The Get Connected team manage the largest collection of tourism product data in the Australian Tourism Data Warehouse (ATDW), with over 17,465 product listings for NSW (giving the State a 41 per cent of the total number of tourism products in the national ATDW).

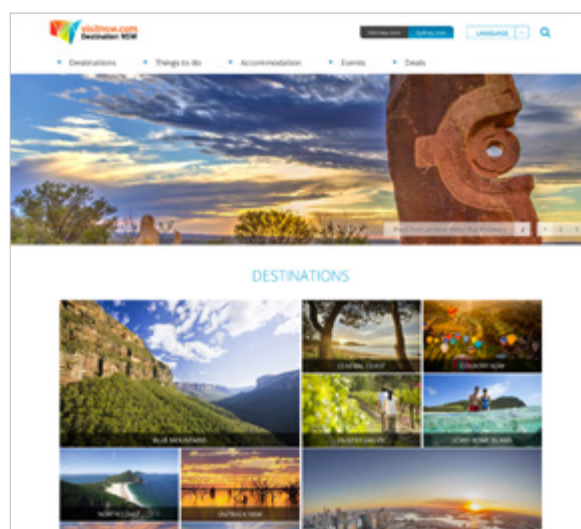
Creative and Content Focus

During 2016-2017 the Marketing Business Unit delivered an extensive portfolio of creative assets and outputs:

- Artwork approvals (TV, print/magazine and radio advertising, collateral, video production, library collections, signage and industry partner and Event Owner) increased by 9 per cent (from 5,634 in 2015-2016 to 6,156 in 2016-2017 – not including the thousands of creative advertising items used in the Destination NSW paid search, DoubleClick, digital display, native and social media)



sydney.com homepage



visitnsw.com homepage

¹⁴ Source: Hitwise STO/GTO Website Traffic Market Share Monthly Reports; June 2017, Hitwise Top 10 Destination & Accommodation Websites in Australia Monthly Report - June 2017

¹⁵ Source: DNSW research, Google Analytics, Facebook, Twitter and Instagram Analytics

Partnership Programs



Handa Opera on Sydney Harbour

Destination NSW works with a wide range of industry partners to maximise opportunities to grow visitation to Sydney and NSW. These include airline partners, wholesale and retail travel partners, tour operators, hotel groups, online travel agencies and Tourism Australia.

In 2016-2017, Destination NSW secured a series of strategic partnerships totalling \$32.7 million, with 20 airlines and 140 other travel trade partners.

This represented a joint investment domestically of \$9.4 million and a joint investment internationally of \$23.3 million in co-operative marketing investment, inclusive of value-in-kind. Destination NSW invested and assisted in the development and implementation of 260 campaigns in international markets and 35 campaigns domestically.

Key focus areas for 2016-2017 included:

- Continuing to develop opportunities for inclusion of export-ready regional NSW destinations and experiences in partnership activity
- Securing partnerships with new airline carriers to Sydney e.g. Hainan Airlines and Air China
- Further developing opportunities to package and promote visitation to NSW events, including increasing *Vivid Sydney* distribution partnerships.

Destination NSW undertook the first year of activity under a new three-year Memorandum of Understanding (MOU) with Qantas Airways. Marketing activities were carried out both domestically and across agreed priority international markets.

Key Qantas Airways MOU Partnership Successes:

- In the USA, two successful partnership campaigns were undertaken, as well as additional *Always On* digital activity. Campaigns promoted tactical fares from the USA (New York, Dallas, San Francisco, and Los Angeles) to Sydney as well as 16 Sydney and regional NSW packages. The campaigns delivered an estimated \$8 million in incremental visitor expenditure for NSW

- Co-operative campaign activity was undertaken in China, with eight key trade partners who developed Sydney and NSW packages inclusive of a Qantas airfare, which were promoted in the greater Shanghai and Guangdong regions. Destinations featured in the campaigns included the Blue Mountains, Hunter Valley, Central Coast, Port Stephens, Wollongong, Kiama, Jervis Bay and Lord Howe Island, as well as travel packages to events including *Vivid Sydney*, *the Sydney Royal Easter Show*, *Handa Opera on Sydney Harbour* and the *Sydney Running Festival*. The campaign resulted in an estimated incremental overnight visitor expenditure of \$14.6 million
- Destination NSW partnered with Qantas to promote the new Beijing to Sydney services that commenced in January 2017. The campaign in partnership with six travel trade partners promoted packages inclusive of Qantas flights from Beijing to Sydney and regional NSW destinations and events
- Joint activity in the domestic market leveraged both the *Love Every Second in Winter* and *Love Every Second in Summer* campaigns. The campaign promoted exclusive sale fares to Sydney from Brisbane, Melbourne, Adelaide and Perth. The campaigns delivered an estimated incremental visitor expenditure of more than \$7.2 million to NSW
- In the United Kingdom, Destination NSW partnered with Qantas in a campaign that targeted consumers during the shoulder booking period in May/June 2017. The campaign delivered an estimated incremental visitor expenditure of more than \$2.4 million to NSW
- In Singapore, Qantas and Destination NSW undertook two campaigns promoting travel to Sydney and NSW which was extended through two online travel agents. The campaign delivered an estimated incremental visitor expenditure of more than \$3.2 million to NSW.

Partnership Programs CONTINUED

2016-2017 Successes – International

In addition to the Qantas partnership activity, in 2016-2017 Destination NSW undertook Partnership Programs in 13 source markets.

Activity included continuing to develop and expand relationships and networks with key trade partners, airlines, online travel agents and Tourism Australia as well as with the NSW tourism industry to deliver on Destination NSW's strategic goals.

Key Highlights:

- Undertook 260 international partnership campaigns with 140 partners across the 13 priority international markets, to promote travel to Sydney and regional NSW
- Worked in partnership with Sydney Airport Corporation to secure seven new airline services to Sydney increasing air capacity from China: Hainan Airlines from Xi'an and Changsha, Air China from Chengdu, China Eastern Airlines from Kunming, Hangzhou and Wuhan and Qantas Airways from Beijing
- In 2016-2017, Destination NSW entered into new partnerships with: Qantas Airways, Singapore Airlines, Hainan Airlines, China Southern and American Airlines
- Increased resources in China, appointing a new Business Development Manager Southern China based in Guangzhou. This role is in addition to the existing Regional Manager China, Business Development Manager Eastern China and Marketing Executive based in Shanghai, Business Development Manager Northern China based in Beijing and the Business Development Manager Western China based in Chengdu
- Appointed a Business Development Manager for Germany and France, based in Frankfurt, to develop and implement trade marketing and business development plans to increase overnight visitation and expenditure to NSW
- In China, Destination NSW developed several major co-operative partnership campaigns with airlines including China Southern, Qantas, Air China, XiamenAir, Sichuan Air and Hainan Airlines, which were extended by working in partnership with more than 28 travel trade partners to develop and promote new packages to Sydney and NSW
- Worked in partnership with online travel agents across all markets including Ctrip in China as well as with Expedia in the United Kingdom, USA, New Zealand, Japan and India, and Cheap Tickets in Singapore
- Destination NSW developed a new partnership with Mafengwo, the largest online user-generated content travel platform in China, with 100 million registered users as well as Fliggy, an online travel platform of the Chinese e-commerce giant Alibaba Group, with over 200 million registered users, to promote travel to Sydney and regional NSW destinations.

2016-2017 Successes – Domestic

Destination NSW worked with multiple partners to promote Sydney, regional NSW and key events in the primary interstate markets of South East Queensland, ACT and Melbourne as well as regional NSW.

Partners included Accor Hotels, TFE hotels, Qantas Airways, QantasLink, Qantas Holidays, Helloworld, Tiger Airways, lastminute.com.au, wotif.com, Expedia Inc., Hooroo, Stayz, Virgin Australia Airlines, Virgin Australia Holidays, Flight Centre, Webjet, Ticketek, Ticketmaster and Travelzoo.

Key Highlights:

- Destination NSW continued to partner with online travel agent partner Expedia to promote Summer and Winter in Sydney and regional NSW. The partnership included a dedicated *Vivid Sydney* campaign to extend the length of stay over the festival period
- A co-operative marketing campaign with Webjet promoting Sydney in Summer achieved year-on-year growth in bookings to Sydney resulting in an ROI of 27:1 and incremental overnight visitor expenditure estimated at \$2million
- A campaign in partnership with Ticketek promoted travel to Sydney to attend key sporting and cultural events taking place between November 2016 and February 2017, including the *APIA, Fast Four, HSBC Sydney 7s*, and *Ancient Lives: Egyptian Mummies*. The campaign resulted in an estimated incremental overnight visitor expenditure of \$1.5 million
- Destination NSW partnered with Qantas Airways in a campaign to promote travel to Sydney and regional NSW during Summer. The campaign was supported with sale fares to Sydney and regional NSW. The campaign resulted in an estimated incremental overnight visitor expenditure of almost \$3.5 million
- Destination NSW worked in partnership with Accor Hotels in a campaign to promote travel to Sydney during the Summer period. The campaign promoted key events held during the Summer months such as *Sydney Festival*, *Australia Day* and *Handa Opera on Sydney Harbour*. The campaign achieved significant year-on-year growth in hotel room nights resulting in an ROI of 45:1 and an estimated incremental overnight visitor expenditure of \$5.6 million.

Partnership Programs CONTINUED

2016-2017 – Vivid Sydney

Destination NSW worked with key partners to promote and package *Vivid Sydney* in key domestic and international markets. As an iconic event in the overall NSW events calendar, *Vivid Sydney* is a key driver for visitation to Sydney and NSW and has seen significant year-on-year-growth in visitor numbers into Sydney.

International Partnership Activity

Destination NSW promoted *Vivid Sydney* across all 13 source markets with strong results reported across all markets. More than 65,000 *Vivid Sydney* travel packages to Sydney were sold in international markets as a result of Destination NSW joint partnership campaigns which also featured regional NSW destinations. This included 23,009 visitors from China with overall package growth across all markets increasing by more than 48 per cent year on year.

Key Highlights:

- *Vivid Sydney* was promoted by 195 travel trade partners internationally. Destination NSW provided training and assets to travel trade partners as well as investing in partnership marketing programs with key partners to promote travel packages. Activity included international consumer and trade promotion across a range of media including outdoor billboards, on-train video and bus advertising, national television and print advertising, digital advertising, retail in-store activation and marketing collateral produced in a number of languages
- Destination NSW continued to focus on increasing awareness and sales of travel packages by delivering sales training to almost 5,000 agents which included almost 1,000 in China in the lead up to the 2017 event; this included a focus on tier two and three cities in China
- Package sales from India increased by 431 per cent. Substantial growth was achieved in other markets with 5,500 packages sold in the USA and Singapore and 5,062 packages in Japan to *Vivid Sydney* 2017.

Domestic Partnership Activity

Key Highlights:

- Destination NSW partnered with Qantas Airways to promote *Vivid Sydney* to key interstate and regional NSW markets. The campaign resulted in an estimated incremental overnight visitor expenditure of \$3.69 million
- Destination NSW partnered with Virgin Australia in a digital campaign to promote *Vivid Sydney* by offering special festival sale fares and packages. The campaign resulted in an estimated incremental overnight visitor expenditure of \$1.5 million
- Destination NSW partnered with distribution partners to sell packages to *Vivid Sydney* and tickets to *Vivid Music* and *Vivid Ideas*. These partners included Ticketmaster, Ticketek, Qantas Holidays and Virgin Australia Holidays. More than 70,000 domestic *Vivid Sydney* packages were sold to *Vivid Sydney* 2017.



Vivid Sydney



Vivid Sydney

Partnership Programs CONTINUED

2016-2017 – Regional NSW Partnership Activity

In 2016-2017, a key focus was to continue to increase the inclusion of regional NSW destinations promoted by travel trade partners across both domestic and international partnership activity.

International Partnership Activity

Internationally, Destination NSW activity focused on increasing the inclusion of export-ready regional NSW products and experiences, and to develop quality itineraries and packages with the aim to increase international visitors to regional NSW and increase the length of stay in the State.

This included Destination NSW facilitating trade education and sales training on regional NSW export-ready offerings, hosting familiarisation visits, developing new itineraries and packages, and undertaking co-operative partnership activity.

Key Highlights:

- Of the 260 co-operative campaigns with partners in the international markets, more than 80 per cent included the promotion of regional NSW destinations and experiences in packages or content
- In China, a campaign with four major wholesale agents promoted packages to Sydney and regional NSW including the Blue Mountains, Central Coast, Hunter Valley, Grand Pacific Drive, Port Stephens, Newcastle, Port Macquarie, Coffs Harbour, Byron Bay, Wollongong, Jervis Bay and Kiama. The campaign achieved an incremental overnight visitor expenditure of close to \$5.6 million for NSW
- In Singapore, Destination NSW partnered with a leading agent to promote packages for the first time, inclusive of the new Singapore Airlines services to Canberra, to drive travel to southern regional NSW. Featured destinations included the Grand Pacific Drive, Snowy Mountains, Jervis Bay/Shoalhaven, Kiama, Southern Highlands, Wollongong, Batemans Bay as well as Sydney

- Developed new travel packages with a key travel agent partner in Hong Kong which featured Dubbo and Mudgee as well as with All Nippon Airlines in Japan who promoted travel to *Orange Food Week* for the first time
- Destination NSW partnered with Swain Destinations in the USA to promote Sydney and NSW only packages. The campaign featured the Blue Mountains, Hunter Valley, Byron Bay, and Lord Howe Island. The campaign delivered an incremental visitor expenditure of more than \$1.2 million to NSW.

Domestic Partnership Activity

The aim of domestic partner activity is to increase the promotion of regional NSW destinations in domestic campaign activity and to integrate food and wine product and experiences as an additional driver of overnight visitation.

Key Highlights:

- Co-operative campaign with Expedia promoted travel to key food and wine regions including Byron Bay, Port Stephens, Blue Mountains, Newcastle and the Hunter Valley. The campaign overall generated year-on-year growth for bookings, and an estimated incremental overnight visitor expenditure of \$4.7million
- Destination NSW partnered with Flight Centre, which included promotion in 700+ Flight Centre stores nationally, to promote travel packages over Summer to regional NSW including Byron Bay, Kingscliff, Coffs Harbour, Hunter Valley, Blue Mountains and Wollongong. Activity included TV, radio and outdoor advertising, as well as digital and instore merchandising, resulting in almost \$1.13 million in incremental visitor expenditure to NSW
- Destination NSW developed a partnership campaign with Sunlover Holidays to promote travel packages to regional NSW. The campaign featured Byron Bay, Blue Mountains and Hunter Valley in print advertising and digital content. The campaign resulted in an incremental overnight visitor expenditure of \$1.2 million.

Partnership Programs CONTINUED



Crowded House concert during ARIA Week

Selling Events through Partnerships

In 2016-2017, the Destination NSW Partnership Programs team worked with over 40 event partners to distribute event content and packages through partner distribution channels.

In addition to *Vivid Sydney*, events included :

- Bledisloe Cup
- NRL State of Origin Series
- Sydney 7s
- Arsenal FC vs Sydney FC and Western Sydney Wanderers
- Australian Open of Surfing
- College Football
- Sydney International Art Series
- Aladdin the Musical
- AACTA Awards
- ARIA Awards and ARIA Week
- Handa Opera on Sydney Harbour
- My Fair Lady
- Australia Day Concert Series
- Sydney Mardi Gras
- Blackmores Sydney Running Festival.

Key Highlights:

- Destination NSW continued a strategic partnership with both Ticketek and Ticketmaster to promote events in targeted interstate and intrastate markets
- Destination NSW partnered with 11 trade partners in key international markets and three domestic partners, to sell tickets and packages to *Handa Opera on Sydney Harbour*. These partnership campaigns resulted in over 1,600 interstate and international visitors travelling to Sydney for this event
- Destination NSW worked with a number of key trade agents to promote the *Arsenal in Sydney* tour including Qantas Holidays, Virgin Australia Holidays, Sportsnet, Keith Prowse Travel, Events Worldwide Travel and ATPi. Over 900 international and domestic travel packages were sold through the partners.

Regional NSW

Destination, product development and event funding programs

Destination NSW works closely with regional destinations, product suppliers and event organisers throughout New South Wales, providing advice, research, skills development and grant opportunities to help grow visitation to the State.

Regional Tourism Reforms

In July 2015, the Destination NSW Board was tasked with undertaking a review into the structure of regional tourism in NSW (the Review).

The terms of reference for the Review were:

- To review the current Regional Tourism Organisation (RTO) structure in NSW including issues associated with their operations, marketing programs, funding sources, and Destination NSW's RTO servicing requirements and activity
- To discuss and create options for an enhanced RTO system in NSW
- To undertake a review of Destination NSW's regional tourism funding program, the Regional Visitor Economy Fund (RVEF), including issues, constraints, successes, and opportunities.

On 6 July 2016, in response to the recommendations as part of the Review, the NSW Government announced an investment of \$43 million over four years to support a major overhaul in the way regional and rural areas attract visitors. The recommendations included:

- The establishment of six new Destination Networks to replace the previous Regional Tourism Organisations. The Destination Networks represent and co-ordinate their respective region's tourism industry, deliver destination management plans, build capacity in their tourism industries and support the development of visitor experiences and products in their regions
- The establishment of a Regional NSW division within Destination NSW to facilitate tourism growth and improve engagement between regional NSW, the Destination Networks and Destination NSW
- The creation of a Regional Tourism Fund which provides \$13 million over three years to support co-operative marketing and product development initiatives in regional NSW. The Regional Tourism Fund replaces the previous Regional Visitor Economy Fund which ceased in June 2016
- The expansion of the Regional Flagship Events Program, with increased funding of \$4 million over four years, to include new funding streams for new events and the strategic development of events that have completed the existing fund.



Emirates OneandOnly Wolgan Valley

Destination Networks

During 2016-2017, Destination NSW established the corporate governance models for the six Destination Networks, including their constitutions and codes of conduct.

The Destination Networks are companies limited by guarantee, are subject to the Corporations Act and administered by the Australian Securities and Investment Corporation.

Applications for the Destination Network Boards opened in July 2016 and Board appointees were announced in December 2016. Each Board subsequently commenced recruitment of Destination Network staff positions, including General Managers.

An Expression of Interest to host the Destination Network offices was opened to local Councils in March 2017. The six Destination Networks and their locations are as follows:

- **Destination North Coast**
Lismore
- **Destination Sydney Surrounds North**
Gosford
- **Destination Sydney Surrounds South**
Wollongong and Nowra
- **Destination Southern NSW**
Merimbula and Queanbeyan
- **Destination Riverina Murray**
Wagga Wagga
- **Destination Country & Outback NSW**
Dubbo.

Regional NSW CONTINUED

Regional NSW Division

In 2016-2017, to facilitate the delivery of the recommendations of the Review, the existing Industry Partnerships & Government Policy division of Destination NSW was restructured to become the Regional NSW division reporting to the Chief Executive Officer.

Following the restructure, the Industry Partnerships team now operates as a standalone Division reporting to the Chief Executive Officer.

The Regional NSW Division comprises the following units:

- Regional Tourism Funding Programs, responsible for administering the Regional Tourism Fund
- Regional Event Development, responsible for administering the Regional Flagship Events Program and the major regional event portfolio
- Regional Tourism Development, which works with Destination Networks and regional stakeholders to drive visitation across the State
- Regional Conferencing, a new unit responsible for the delivery of Destination NSW's Regional Conferencing Strategy and Action Plan
- Visitor Services, with responsibility for administering the NSW Accredited Visitor Information Centre network and Sydney Tourist Information Program and a member of the Tourist Attractions Signposting Assessment Committee
- Sector Development, which works with industry and informs the direction of Destination NSW activity in the high-yield sectors of Cruise, Food & Wine, Aboriginal and Youth tourism
- Trade & Industry Development, which works with industry to build skills, develop product and showcase NSW to the tourism trade.

Regional Tourism Fund

The two streams of the Regional Tourism Fund opened for applications in December 2016 and applications are accepted throughout the year.

Up to \$4 million was available in 2016-2017 with \$4.5 million available in both 2017-18 and 2018-19. Unallocated funds from one financial year will be carried over into the available funds in the subsequent financial years.

The Regional Co-operative Tourism Marketing stream provides matched dollar-for-dollar funding between \$100,000 and \$500,000 for co-operative marketing for regions or destinations which will be developed and implemented by Destination NSW in partnership with the investing partners. The marketing must focus on addressing a tourism need or delivering an opportunity identified by the investment partners.

The Regional Tourism Product Development stream provides matched dollar-for-dollar funding between \$15,000 and \$150,000 for a range of product development activities in regional NSW including new accommodation, infrastructure, interpretive or pedestrian wayfinding signage, itinerary tour development, and new attractions and experiences that address gaps in supply or are relevant to target markets identified in the region's Destination Management Plan.

Since its launch, Destination NSW has received 134 enquiries regarding the Regional Tourism Fund and has provided one-on-one advice and support to potential applicants to assist them in developing their applications and refining the proposed projects. The enquiries relate to the two streams as follows:

- 13 enquiries for the Regional Co-operative Tourism Marketing Program
- 115 enquiries for the Regional Tourism Product Development Program
- six general enquiries.

In 2016-2017, four applications were submitted and two were successful. A total of \$530,000 was granted across the two projects. Refer to the Regional Tourism Fund 2016-2017 table on pages 84-85.

The establishment of the six Destination Networks and appointment of Destination NSW's Regional Tourism Development Managers will provide enhanced support and advice services to prospective applicants to the Regional Tourism Fund in 2017-2018.

Regional Flagship Events Program

The Regional Flagship Events Program offers grants to events in regional NSW that have the potential to act as tourism events for their area by attracting overnight visitation and delivering long-term benefits to the host destination.

From 2017, the Regional Flagship Events Program makes \$1.5 million per year available to regional events across three streams:

- Incubator Event Fund, which offers grants of up to \$20,000 to support the establishment of new events being held for the first or second time
- Flagship Event Fund, which offers annual grants of \$20,000, or triennial grants of \$27,500 per year for three years, to support the marketing of emerging events that have been held at least twice before to increase their profile and encourage visitation
- Event Development Fund, which supports the strategic development of events that have completed the Flagship Event Fund as drivers of tourism.

A total of 42 events received funding in 2016-2017. Refer to the Regional Flagship Events Program 2016-2017 table on pages 84-85.

Regional NSW CONTINUED



Orange F.O.O.D Week

Regional Tourism Development

The Regional Tourism Development team, which replaced the previous Zone Management team, works closely with Destination Networks and a wide range of stakeholders in regional NSW to drive tourism across the State and help the NSW Government meet its goal of doubling overnight visitor expenditure by 2020.

Recruitment for six Regional Tourism Development Managers, one with responsibility for each of the six Destination Networks, commenced in early 2017 and five of the six appointments were made in June 2017.

The Regional Tourism Development Managers act as a conduit, providing a direct link between Destination NSW and its key regional stakeholders, particularly the Destination Networks. One of their major roles is to facilitate information exchange and provide guidance and advice on Destination NSW's services and funding programs, including the Regional Tourism Fund and Regional Flagship Events Program. These regional stakeholders include Local Tourism Organisations, local government, industry associations and individual industry operators.

Regional Conferencing

The development and implementation of a Regional Business Conference Strategy is identified as a key action in the Visitor Economy Industry Action Plan (VEIAP).

Throughout 2016-2017, Destination NSW completed its planning for the strategy which included research of the conferencing sector together with comprehensive stakeholder consultation with Government, Industry and its regional networks.

The NSW Regional Conferencing Strategy and Action Plan 2017-2021 was completed in June 2017 and plans confirmed for an announcement in August 2017. The Strategy and Action Plan aims to build capability, improve NSW's competitive position, stimulate demand and return the sector to growth.

The new Regional Conferencing Unit within Destination NSW leads the implementation of the strategy and supports regional NSW in effectively targeting opportunities for business event creation and attraction, sector capability building and undertaking promotional activities to grow the market.

Recruitment for the Manager, Regional Conferencing commenced in March 2017 and an appointment was made in June 2017.

Visitor Services

The Visitor Services team works with a variety of Government and industry stakeholders to deliver projects that will improve visitor servicing and wayfinding. In 2016-2017, the Visitor Services team represented Destination NSW on the following working groups and committees:

National State Tourism Organisation Visitor Information Working Group Representatives from each State and Territory meet at least twice a year to discuss the trademark of the italicised “i” for visitor servicing, state licensing of the trademark and other visitor servicing matters. The primary objective of the group is to ensure that relevant Visitor Information Centre issues are addressed on a national basis and to ensure a consistent Australia-wide approach across accredited centres

Destination Ambassador Program Working Group Members of this group include the City of Sydney, Port Authority of NSW, Inner West Council and TAFENSW. The aim of the group is to improve the visitor experience via enhanced meet-and-greet facilities at the Overseas Passenger Terminal and White Bay Cruise Terminal. Throughout 2016-2017, the pool of meet-and-greet volunteers was increased significantly from six to more than 70. Training for the new Destination Ambassadors was provided by TAFENSW. In addition to increasing the number of volunteers the Working Group also updated the signage and welcome desks located inside the cruise ship terminals. The number of cruise ships met in 2016-2017 increased by 56 per cent from 34 cruise ships to 56

Sydney CBD Visitor Services Working Group Comprises Destination NSW, Property NSW and the City of Sydney. The aim of the group is to improve visitor servicing within the Sydney CBD. Pilot programs delivered in 2016-2017 included stationing Roving Ambassadors within high visitation areas of the Sydney CBD such as The Rocks and Darling Harbour

Sydney CBD Wayfinding Co-ordination Group Provides a co-ordinated approach to wayfinding in the Sydney CBD and, in particular, addresses sections of Action 21A of the Visitor Economy Industry Action Plan: “the provision of consistent and improved wayfinding, signage and transport information”

Visitor Services also provided advice and feedback to the City of Sydney and Transport for NSW on their new Wayfinding and Signage strategies, and to Roads and Maritime Services to improve visitor signage at rest areas on the upgraded Pacific Highway in Northern NSW

Visitor Services also manages:

Sydney Tourist Information Program (STIP) A collaborative marketing group that includes Destination NSW, Property NSW and the City of Sydney. An initiative under STIP is delivery of the Official Sydney Guide which is printed twice a year in English, Chinese, Japanese and Korean. The yearly print run is more than one million copies and the guides are available at a variety of locations including Sydney Airport, Overseas Passenger Terminal and White Bay Terminal, CBD hotels and Visitor Information Centres throughout NSW. The contract to publish the Guides was re-tendered in 2016-2017 with Citrus Media being the successful tenderer



Visitor Information Centre, Albury

NSW Accredited Visitor Information Centre (AVIC) program In 2016-2017, Destination NSW re-tendered the AVIC Program Manager contract. The AVIC Program Manager oversees the accreditation of Visitor Information Centres on behalf of Destination NSW. The accreditation process is designed to continually improve industry standards within Visitor Information Centres to meet the increasing demands of domestic and international visitors and stakeholders. The contract was secured by the Tourism Group, which was awarded a three-year contract

The total number of NSW AVICs in 2016-2017 was 162; 76 of the centres were successfully audited for re-accreditation. This is a 69 per cent increase on the number of AVICs audited in 2015-2016.

The Tourist Attractions Signposting Assessment Committee (TASAC) is a joint initiative between Destination NSW and Roads and Maritime Services. TASAC's primary role is to assess applications for tourist signposting on the State road network. In 2016-2017, TASAC met monthly, with seven meetings held in regional NSW, to discuss and evaluate signposting applications. Of the 31 applications received, 24 were approved, an approval rate of approximately 77 per cent. TASAC also managed 110 enquiries for information on signposting.

Visitor Services CONTINUED

Additional Visitor Services projects undertaken throughout 2016-2017 include:

ATE 2017 Student Volunteer Program Visitor Services managed the student volunteer program for the 2017 *Australian Tourism Exchange*. Fifty students from TAFE Ultimo, TAFE Loftus and William Blue College of Hospitality Management attended the event to assist delegates with event registration and wayfinding and to provide information services

Regional NSW Ambassador Program initially conceived to provide services to cruise passengers, the Destination Ambassador Program in Sydney has been developed in a way that provides opportunities to trial the project in other destinations irrespective of whether they have port facilities

The Regional NSW Ambassador volunteer training is primarily focused on enriching and enhancing ambassador skills and knowledge to enable them to provide a quality customer experience. TAFENSW and Destination NSW introduced the Regional Destination Ambassador Program into 10 NSW locations, eight of which are in Regional NSW. Locations included Sydney, Coffs Harbour, Parramatta, Newcastle, Ballina, Port Macquarie, Blue Mountains, Orange, Shellharbour and Tenterfield. Overall, there were 17 training sessions conducted in 10 locations with 265 AVIC staff participating in the training

Visual Merchandising workshops TAFENSW, in conjunction with DNSW, offered NSW AVICs the opportunity to participate in fee-free visual merchandising workshops. This training provided AVIC staff with the skills and knowledge to successfully showcase the local arts, crafts and produce of their region. AVIC staff were provided with practical demonstrations on how to:

- Create eye-catching window displays to entice visitors into the AVIC
- Improve AVIC layout and lighting to improve the visitor experience
- Effectively arrange merchandise in AVIC environments
- Blend merchandise and interpretive signage to create a cohesive story and showcase a destination.

In total, there were 10 workshops held throughout NSW with 191 participants from 76 AVICs. Participant feedback on the workshops was positive.



ATE 2017 Student Volunteer Program

Sector Development

The role of the Sector Development team is to focus on specific growth and high-yield sectors including Aboriginal Tourism, Cruise, Food and Wine and Youth tourism as identified in the NSW Government's Visitor Economy Industry Action Plan.

Aboriginal Tourism

The *NSW Aboriginal Tourism Action Plan 2013-2016* outlined Destination NSW's vision to support the development of Aboriginal cultural tourism experiences and businesses in NSW.

All 26 actions have been completed. The final action was the development of a NSW Aboriginal Tourism Toolkit, which was launched in March 2017.

Consultation on the next iteration of the Plan has commenced, and initial discussions were conducted at a NSW Aboriginal Tourism Workshop, held in Wagga Wagga in June 2017.

Since the launch of the *NSW Aboriginal Tourism Action Plan 2013-2016*, the number of export-ready Aboriginal cultural tourism experiences in the State has grown by more than 300 per cent (from five products in 2013 to 17 products in 2017) and there are now more than 30 new market-ready products in regional NSW.

The NSW Aboriginal Tourism Toolkit profiles the State's export-ready Aboriginal cultural tourism experiences together with Aboriginal festivals and events, galleries and exhibitions, performance groups, and suppliers of bush food products. The Toolkit also contains information on cultural considerations in tourism and how to obtain authentic souvenirs and artefacts.

Since the launch of the *NSW Aboriginal Tourism Action Plan 2013-16*, the number of domestic and international visitors participating in NSW Aboriginal cultural tourism experiences has continued to rise.

The most recent figures from Tourism Research Australia (YE June 2017) show that there were 476,600 international and domestic overnight visitors who participated in an Aboriginal cultural tourism experience in NSW (up 31 per cent on YE June 2016). These visitors stayed 12.2 million nights (up 48 per cent on YE June 2016) and contributed \$1.5 billion in visitor expenditure to the State (up 45 per cent on YE June 2016).

In addition, the research also shows that NSW is now the most popular state in Australia for international travellers to experience Indigenous tourism (350,000), having overtaken Queensland (327,000). The sector saw a 20 per cent increase in international visitor participation across Australia in the year ending June 2017.

Destination NSW continues to promote awareness, understanding and appreciation of Aboriginal culture in NSW through the NSW Aboriginal Tourism Workshop Program. The workshops provide a platform for NSW Aboriginal cultural tourism operators to come together with regional tourism stakeholders and Government representatives to build networks, share ideas and promote awareness of the State's Aboriginal cultural tourism experiences.

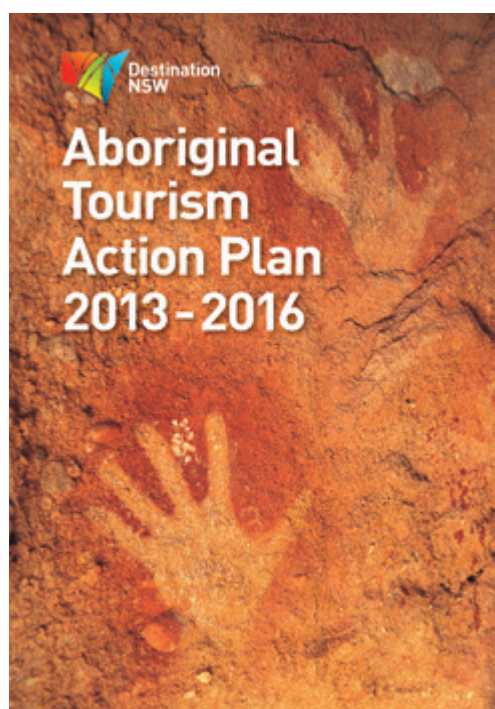
Since the launch of the *NSW Aboriginal Tourism Action Plan 2013-2016*, Destination NSW has held seven Aboriginal Tourism Workshops in metropolitan and regional locations with a total of more than 420 participants.

One of the key achievements of the workshop program has been the development of the NSW Aboriginal Tourism Operators Council (NATOC), an advisory body of Aboriginal-owned tourism businesses with a focus on working with Government and industry to ensure NSW Aboriginal cultural tourism is developed in a sustainable manner.

Seven Aboriginal cultural tourism experience providers participated in an Aboriginal Tourism Product Showcase in June 2017. Staff from different Destination NSW teams participated in 12-minute appointments to provide an opportunity for the new businesses to present their products in a trade show format for the first time and also to discuss opportunities to work with Destination NSW.

Also in June 2017, Destination NSW delivered a webcast on Aboriginal cultural tourism as part of the NSW First Program to promote the NSW Aboriginal Tourism Toolkit and provide industry with an overview of working with the Aboriginal community. The webcast included a panel of experts comprising Clarence Slookee (Barangaroo Delivery Authority) and Dwayne Bannon-Harrison (Ngaran Ngaran Culture Awareness).

In September and December 2016, Destination NSW offered cultural awareness training for Destination NSW staff as part of the delivery of the *NSW Aboriginal Tourism Action Plan 2013-2016*. Delivered by Ngaran Ngaran Culture Awareness, the training focused on understanding the protocols and procedures required for developing and marketing NSW Aboriginal culture and tourism products.



Aboriginal Tourism Action Plan publication

Sector Development CONTINUED



Cruise ship in Sydney Harbour

Cruise Ship Tourism

With another successful season in 2016-2017, NSW continued to reinforce its position as a major international cruise destination, welcoming 367* cruise ship visits to Sydney and the regional ports of Newcastle, Eden and Wollongong (Port Kembla) compared with 322 in 2015-2016.

Sydney continued to lead the way in the development of the sector by hosting 344* cruise ships (304 in 2015-2016), again demonstrating the city's popularity and pre-eminence as a cruise destination.

Sydney's position as a global cruise destination was further underscored in September 2016 when it was named Best Cruise Destination in Australia and New Zealand in the first-ever Cruisers' Choice Destination Awards. The accolade, awarded by *Cruise Critic*, the world's leading cruise review website, was based on port reviews and opinions of passengers to Sydney over the previous year.

Also in September 2016, Destination NSW was co-sponsor, with the Port Authority of NSW, of the Australian Cruise Association's 20th Anniversary Cruise Conference, held at Sydney's Four Seasons Hotel. Destination NSW delivered a product showcase as the official Welcome Function that featured more than 25 NSW food, wine, craft beer and spirits products to profile the premium nature of NSW produce and facilitate procurement of on-shore cruise excursions. In conjunction with the conference, Destination NSW hosted an Introduction to Cruise workshop to help local tourism operators in Sydney and regional NSW better understand and engage with the cruise sector.

In October 2016, Destination NSW supported the successful delivery of cruise tourism for Wollongong (Port Kembla) during the maiden visit of Royal Caribbean Cruise Line's *Radiance of the Seas*. This visit coincided with the Destination NSW supported event *Harley Days*, which featured two days of activities and a Thunder Run parade of Harley Davidson motorcycles. Destination NSW, in partnership with Destination Wollongong, the *Illawarra Mercury*, Ports Authority of NSW and Harley Davidson, developed an eight-page wrap-around supplement in the *Illawarra Mercury*, which was distributed to passengers and promoted the event and a range of on-shore activities in the region.

This inaugural visit also marked the start of Wollongong (Port Kembla's) first cruise season with subsequent visits taking place in both December and January. In addition,

the Port hosted an unexpected call in February 2017 by the *Norwegian Star*. Wollongong (Port Kembla) is now the fourth official cruise port in NSW and features in Destination NSW's cruise promotions.

Destination NSW worked closely with City of Sydney, Inner West Council, the Port Authority of NSW and TAFE NSW on the delivery of a Destination Ambassador program to improve the arrival experience for passengers disembarking from cruise ships.

Training was provided through TAFE NSW to 75 volunteer ambassadors who commenced meeting ships at the Overseas Passenger Terminal and White Bay Cruise Terminal in October 2016. To June 2017, the Ambassadors met 56 ships and welcomed 13,935 passengers. The response to the program has been excellent and plans are in place to expand the program in 2017-18.

Destination Ambassadors also contributed to the success of the *Norwegian Star*'s port call in Wollongong (Port Kembla); 700 shore excursions were sold to the 1,200 passengers who disembarked the vessel. This 60 per cent uptake is significantly higher than the 20-40 per cent average and feedback suggests that much of this was in direct response to the Ambassadors who farewelled the passengers in Sydney.

In September 2016, the NSW Government announced funding of \$12.7 million to construct a dedicated cruise terminal and adjoining car park in Newcastle, and to expand existing wharf infrastructure to support larger cruise ships. This, together with the \$44 million wharf extension project being undertaken by Port of Eden, will deliver increased capacity for the NSW cruise sector and provide significant opportunities for these regional destinations.

Destination NSW continues to co-ordinate support for its cruise stakeholders through its program of destination and industry development, destination marketing, visitor information services and the integration of cruise calls with regional events, where possible.

Destination NSW continued to provide ongoing support to the NSW Department of Premier and Cabinet in the development of *Cruise 2040*, the NSW Cruise Development Plan.

*Figures supplied by Port Authority of NSW

Sector Development CONTINUED

Food and Wine Tourism

Throughout 2016-2017, Destination NSW worked with, and provided strategic guidance to, key stakeholders, media and trade partners to develop and raise awareness of NSW's unique food and wine experiences and products, along with associated visitor experiences.

Destination NSW continued to support the development of the *NSW Wine Strategy 2028* as a member of the project's Strategy Working Group. This included attending planning meetings and workshops, hosted by the NSW Department of Premier and Cabinet and the NSW Wine Industry Association, to review and provide feedback into the draft Strategy.

Destination NSW worked collaboratively with Tourism Australia to leverage the opportunities presented as part of the *World's 50 Best Restaurant Awards*, which were held in the southern hemisphere for the first time in April 2017. Destination NSW hosted media including members of the World's 50 Best Restaurant Academy, food influencers and journalists throughout 2016 and in the lead-up to the awards ceremony, showcasing the best of NSW to the world.

NSW's food and wine destinations and products were showcased to more than 1,000 international and domestic travel trade at the 2017 *Australian Tourism Exchange*, hosted in Sydney at the International Convention Centre. Destination NSW hosted a food and wine tasting for delegates that included wines from Orange, the Southern Highlands and Mudgee, as well as beers brewed in Sydney, and showcased the State's best food and wine to international travel buyers at a cocktail party held at the Overseas Passenger Terminal.



Cupitt's Winery, Ulladulla

Destination NSW also hosted two Sydney food and wine trade famils for 23 ATE buyers that featured key venues including Messina, The Grounds and the Sydney Fish Markets, and also integrated food and wine products and experiences as part of trade visits throughout the year to regional destinations including Mudgee and Orange.

NSW food and wine product was also leveraged through a number of Destination NSW-supported major events throughout the year. Sector team staff provided advice and support to MTV Australia to develop the food and wine content for the second *MTV Beats & Eats* event held in Wollongong in November which attracted 6,000 attendees. This included the production of short videos for broadcast on MTV's digital channels featuring NSW providers such as Fratelli Fresh and Burgers by Josh demonstrating the creation of dishes available at the event.

For the second year, Destination NSW facilitated the promotion of premium NSW food and drink products and experiences to leading domestic and international fashion and media audiences through a Delicious NSW pop-up at *Mercedes-Benz Fashion Week Australia* in Sydney. The stand featured talks and taste sessions from producers such as Malfroy Honey, Black Star Pastry and The Cooks Co-Op.

Food and wine tourism presentations, as part of the NSW First Workshop Program, continued in 2016-2017 with workshops held in Wagga Wagga, Port Macquarie and Orange. The workshops supported the development of the industry's food and wine tourism offering assisting operators to become market- and/or export-ready.

Destination NSW continued to promote NSW's regional food and wine offering and events through domestic and international media activities; 153 food and wine media were hosted across 50 individual visits to Sydney and regional destinations resulting in features in media including the *New Zealand Herald*, *Elle Singapore*, *Elle Gourmet Japan*, *Cosmopolitan Online*, *Vogue Travel China*, *Sydney Taste*, *Gourmet Wine* and *Sunday Magazine*.

Detailed sections on food, wine and dining were included in both the *Sydney in Summer & NSW Magazine*, inserted in *The Sunday Telegraph* in September 2016, and the *Official Sydney Guide Autumn/Winter 2017* edition, a million copies of which were published in English, Chinese, Japanese and Korean.

Destination NSW partnered with the producers of *Andy & Ben Eat Australia* to feature key food producers and restaurants in Sydney and the North Coast. Filming took place in October 2016 in Sydney, Port Stephens, Coffs Harbour and the Byron Bay region and the series was screened in February and March 2017 on SBS and Qantas Inflight Entertainment.

Sydney was also the backdrop for the filming of the semi-final round of *Masterchef India*, which brought its judges and contestants to Australia in late 2016. The visit combined experiences such as visiting the Sydney Cricket Ground and shopping for local produce at Bondi Beach with cooking beside Sydney Harbour. The *Masterchef India* crew showcased some of New South Wales' quintessential produce such as South Coast oysters, macadamias, John Dory and lemon myrtle.

Sector Development CONTINUED



MTV Beats & Eats, Wollongong

Youth Tourism

The Youth segment continues to be a key tourism sector for NSW, with a quarter of all visitors to the State being in the 15-29 year age group.

Destination NSW works with the industry to develop partnerships and integrated campaigns under the three pillars of Work, Study and Play to increase awareness and motivate young visitors to travel to Sydney and regional NSW.

In 2016-2017, Destination NSW continued its fruitful relationship with MTV Australia and collaborated on the filming of three video episodes to help promote the *MTV Beats & Eats* music festival held in Wollongong. The *24 Hours in Wollongong* segments encouraged overnight visitation by showcasing activities in the region such as Wollongong nightlife, eating out, brewery tours, surf lessons and local attractions.

In 2016-2017, Destination NSW partnered with Youth Hostels Australia on a campaign targeting international students studying on the eastern seaboard of Australia. The campaign, which was in market in November and December 2016, was distributed through social media, the YHA website, third-party newsletters and Destination NSW channels. It also included a competition, *Win a Trip to Sydney and Beyond – Yours to Explore*, that attracted more than 1,000 entries. Tactical promotions associated with the partnership continued to July 2017.

Also in November 2016, Destination NSW partnered with JUCY Rentals to develop an Instameet campaign to leverage its support of the *Vanfest* music festival in Forbes. Six Instagrammers were engaged to showcase the best of regional NSW, promoting self-drive holidays and youth travel experiences on a road trip to the event. The successful campaign generated almost 35,000 likes and more than 1,300 comments.

Destination NSW's industry development program in 2016-2017 included three workshops as part of its NSW First Workshop series. A presentation, *How to Market to the Youth Traveller*, was given to industry stakeholders in Port Stephens in August 2016, Broken Hill in September 2016, and Jindabyne in November 2016. A webcast of the presentation was broadcast in June 2017 and is available on the NSW First website.

The Sector Specialist, Youth, in partnership with Study NSW, attended the *International Consultants for Education and Fairs (ICEF) Australia and New Zealand Agent Workshops* in April 2017 which brought together educational agents from around the world. These agents provide advice and recommendations to international students in relation to their decisions around places of study.

Business Support Programs

Product Development

During the year, the Industry Development team assisted 1,109 tourism businesses (365 Sydney businesses and 744 regional businesses) in addition to 46 Government agencies or industry organisations. Assistance included general business and product development advice, the provision of resources such as the Tourism Business Toolkit and business fact sheets, introductions to Destination NSW's partnership programs, and the *NSW First Workshop Program*.

A new Inbound Guide to assist tourism businesses to become export-ready was created to complement the *NSW First Program*.

A suite of 19 export-ready product fact sheets for the travel trade were created for *Australian Tourism Exchange (ATE) 2017*, eight of which were translated into Simplified Chinese.

Product Showcases and Seller Training

The Trade and Industry Development team continued to deliver Product Showcases for industry in 2016-2017. Product Showcases are events that offer NSW tourism businesses the opportunity to present their product to Destination NSW staff in a trade-show style environment. The showcase gives new businesses a chance to improve their sales skills and learn about the wide range of opportunities which Destination NSW offers that may be of benefit to their business. Five Product Showcases, featuring 30 tourism businesses or organisations, were held during 2016-2017.

In March 2017, Destination NSW's Industry Development team held two half-day Seller Training sessions in Sydney for tourism businesses registered to attend upcoming trade events. The targeted group sessions were designed to ensure that each tourism business understood how to prepare for a trade event, present to the travel trade, maximise the results from their appointment time and manage follow-up effectively. A session for Destination NSW New Product Workshop registrants was held on 9 March with 20 operators in attendance. A session for Australian Tourism Exchange 2017 registrants was held on 30 March with 26 operators in attendance.

NSW First – Industry Development Program

In 2016-2017, Destination NSW continued the *NSW First Program* for NSW tourism businesses, with a schedule of 16 workshops in 14 locations around NSW. Online, on-demand content was also delivered through four webinars and four webcasts. This format has proven to be popular with a growing number of attendees choosing to participate online.

The 2016 program, divided into market-ready and export-ready stream content, was delivered to NSW tourism business operators and destination marketers by Destination NSW staff. The content for each workshop was tailored to the needs and interests of the tourism industry in each location.

In 2017, the program content continued to fall into either market-ready or export-ready development streams, and each event related to one of the following themes: Develop, Promote and Sell.

The program features an on-going schedule including the following elements:

- In-location workshops – Seller Training and Inbound Strategy workshops
- A series of webcasts and webinars across a range of topics providing online and on-demand content with topics including sector marketing, Destination NSW funding programs and inbound distribution.

A total of 1,042 participants attended the NSW First Program in the 2016-2017 financial year.

New Product Workshop

Destination NSW again held a full-day New Product Workshop for 20 new export-ready NSW tourism businesses to meet with 20 Inbound Tour Operators (ITOs) and inbound industry representatives in Sydney on 27 April 2017. This event remains popular, as evidenced by the growth in attendees. The workshop format included trade-show style appointments to introduce the businesses to the inbound market. The workshop appointments were followed by an ITO site visit of the Hyatt Regency Sydney and a networking function.

Industry Sponsorships and Events

Destination NSW works in partnership with a range of industry associations. In 2016-2017 partnerships included:

Caravan and Camping Industry Association and Consumer Shows

The *Caravan and Camping Industry Association (CCIA)* Awards of Excellence were held in Sydney on 11 October 2016. Destination NSW sponsored the Awards for Excellence and Best of the Best Award Parks and Best of the Best Award Trade.

Destination NSW also worked with the Caravan and Camping Industry Association (CCIA) to co-ordinate NSW exhibitor participation at the Sydney Caravan and Camping consumer show. The 2017 Caravan and Camping Show was held in Sydney from 25-30 April.

Local Government NSW

The *Local Government NSW Tourism Conference* was held in Taree from 12-14 March 2017 with 224 delegates attending themed sessions relating to the theme of *Tourism is Everyone's Business*. Destination NSW was the major sponsor for the conference which was managed by Local Government NSW.

Business Support Programs CONTINUED



Australian Tourism Exchange

Minister's Student Achiever Awards 2016

This event has been held annually since 1991 to acknowledge academically high-achieving tourism and hospitality students at a *Minister's Student Achiever Awards* ceremony. NSW education institutions (public and private) offering degrees, diplomas and certificate courses in tourism and hospitality studies are invited to participate in the program by nominating their most outstanding student to receive an award. Sixteen awards in total were presented by the then Minister for Trade, Tourism and Major Events, The Hon. Stuart Ayres during a function at Parliament House on 26 September 2016.

NSW Tourism Awards

The *2016 NSW Tourism Awards* were held on 24 November at Luna Park Sydney. The *NSW Tourism Awards* recognise and celebrate the diverse range of tourism product throughout NSW and the outstanding individuals who promote and support the industry. Destination NSW was the major sponsor of these awards which were managed by the NSW Business Chamber.

Tourism Accommodation Australia

The *Tourism Accommodation Australia (NSW) Awards for Excellence* were held on 21 July 2016 in Sydney. These awards are recognised as the most prestigious hospitality awards, honouring the achievement of excellence in a wide range of categories in the accommodation industry. Destination NSW sponsored the award for Sydney Deluxe Hotel of the Year.

The International Business Development Program (IBDP) and International Trade Missions

As Sydney was the host destination for *Australian Tourism Exchange (ATE)* in May 2017, and, given the scale of this event and the access to buyers it brings to experience our tourism offering directly, ATE replaced the IBDP in 2016-2017. The IBDP program will recommence in 2017-2018.

Australian Tourism Exchange (ATE) 2017 Sydney

The *Australian Tourism Exchange (ATE)* is Australia's largest annual travel and tourism business-to-business event. The event was held in Sydney from 12-18 May 2017 at the newly opened ICC Sydney. Over 700 key international buyers and 1,500 Australian sellers participated in the event.

Destination NSW assisted 86 NSW operators with their applications and co-ordinated all booth and exhibition requirements for the NSW exhibition area to deliver a cohesive and prominent presence at the event. Destination NSW also designed and delivered a NSW café and networking area which hosted additional events such as daily breakfasts and afternoon teas catering to both Eastern and Western markets as well as a Happy Hour function at the café to attract buyers to the NSW area and generate additional networking opportunities for NSW Sellers. Destination NSW also offered NSW Sellers and National Sellers with NSW product the exclusive opportunity to participate in the Fun and Fitness program and access to the *ATE Sydney 2017 New South Wales Discount Offers* booklet, allowing further networking opportunities for NSW Sellers.

During the event, Destination NSW staff met with key airline, wholesale and retail decision makers in relation to future co-operative partnership activities.

The annual Destination NSW ATE networking function was held for ATE delegates including NSW sellers and international buyers and media. The function, showcasing NSW talent, food, wine and produce, was well received by all attendees.

International Trade Familiarisation Visits

The year 2016-2017 was another busy period for hosting travel trade agents and buyers. Destination NSW conducted 79 trade familiarisations, hosting more than 695 travel trade. Trade familiarisations help agents to gain the latest knowledge about Sydney and regional NSW and increase their support, advocacy and selling of the State as a tourism and events destination.

Destination NSW hosts familiarisation tours around Sydney and Regional events, taking travel trade buyers from retail, wholesale and inbound sectors, along with product managers who are able to package events with accommodation, travel and tours.

In the past 12 months, highlights have included famils around events such as the *Blackmores Sydney Running Festival*, *Sydney Royal Easter Show*, *Handa Opera on Sydney Harbour* and *Vivid Sydney*.

With ATE 2017 being held in Sydney, there were 36 familiarisation visits for 265 ATE buyers in Sydney and regional NSW showcasing food and wine, aquatic and coastal and self-drive themes.

The Destination NSW familiarisation program continues to focus its efforts on priority international markets identified in the Visitor Economy Industry Action Plan. The program is closely aligned with Destination NSW's international marketing campaigns.

Communications

The Communications Division comprises a multi-disciplined team working across the three areas of Ministerial and Corporate, Publicity, and Editorial and Content. Communications activity supports and leverages campaigns and major events with the objective of promoting NSW as the number one visitor destination in Australia.

The integrated Communications Division continues to drive results and generate media coverage and awareness of Sydney and regional NSW destinations, experiences and events, which will contribute to achieving the goal of doubling overnight visitor expenditure by 2020.

2016-2017 Achievements

Destination NSW achieved significant results across all areas of Communications, with 24,457 articles generated, delivering an equivalent advertising value in excess of \$367 million.

The Ministerial and Corporate Communications function comprises a highly specialised team that delivers a wide range of outputs with very quick turnaround time. In 2016-2017, there were 275 media releases drafted for the NSW Government in relation to tourism and major events; 405 briefing notes; 129 Parliamentary briefing notes; and 170 items of correspondence.

In addition, 100 Destination NSW corporate media releases and editions of the industry newsletter Insights were produced featuring stories on tourism-related activities and events in Sydney and regional NSW as well as Destination NSW's strategic marketing and industry partnerships, trade development opportunities, visitor research publications and events secured by Destination NSW.

This function also provided regular updates to Government reports and inputs to Inquiries, Cabinet submissions, policy advice and information in order to support Ministerial visits and trade missions.

The Publicity team promotes Sydney and regional NSW destinations to media globally to inspire travel bookings.

The Publicity team serviced 3,088 media enquiries, an increase of almost 300 per cent on the previous year; 266 media visits for 985 domestic and international participants; 109 consumer media releases; and 20 media launches.

The Editorial and Content function commissions and undertakes photography and video shoots with the aim of building a strong inventory of assets for use in marketing, publicity and partnership campaigns, and also services requests from industry for images and footage of Sydney and NSW.

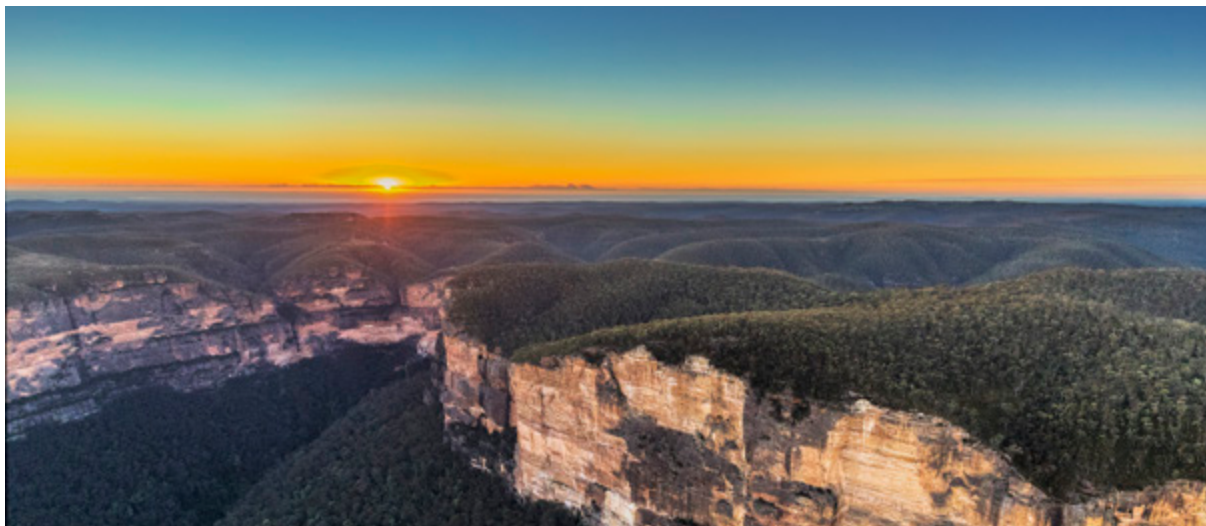
In 2016-2017, 125 film and photography shoots were undertaken across the State. This included capturing major events, media calls and lifestyle shoots in the Blue Mountains and Newcastle, and seasonal campaign shoots in the Snowy Mountains and Sydney.

More than 3,800 new images were added to the Destination NSW Image Library bringing the total number of assets held in the Library to 20,766. A total of 5,141 image library requests were serviced resulting in 35,053 images downloaded from the Destination NSW Image Library for use by media, government agencies, industry and Destination NSW.

In addition, the Editorial and Content team managed the Destination NSW corporate website which had more than 336,400 visits with key searches relating to media releases, facts and figures, employment, Destination Networks and the Regional Flagship Events Program.

Adapting to the changing media landscape, the Editorial and Content team has developed newsroom capabilities to film, and edit in-house following the procurement of video equipment and training to commercially operate a drone.

In addition to imagery, more than 100 content requests were researched, written and edited by the team, ranging from major projects including the Vivid Sydney magazine insert, the monthly Escapes newsletter which is distributed to 130,000 subscribers, annual event calendars and campaign focused trade and media fact sheets.



Blue Mountains National Park

Communications CONTINUED

Regional

The Communications Division delivers media and public relations activities to raise awareness of and increase visitation to destinations, experiences and events across regional NSW. These activities include facilitating outside broadcasts and media familiarisations.

In 2016-2017, Destination NSW secured two broadcasts from regional NSW of Channel Nine's *Today Show*. Karl Stefanovic, Lisa Wilkinson, Sylvia Jefferies, Ross Greenwood, Richard Wilkins and Tim Gilbert hosted the entire 3.5-hour shows live on location in Thredbo and in the Southern Highlands, with a number of local tourism products and experiences featured. These destinations were promoted to a national audience of two million people, with an Advertising Value Equivalent (AVE) of more than \$1.4 million. The broadcast also generated multiple posts shared via the *Today Show* social media channels to an audience of almost two million Facebook and Instagram followers.

Additional broadcasts were secured with *Weekend Sunrise* to promote the Snowy Mountains in Summer and Broken Hill. Six *Destination NSW Special* episodes appeared on *Sydney Weekender* to promote visitation across the State. These episodes had a total AVE of \$1,858,560.

The 2016-2017 financial year was bumper year for media visits with 203 visits (76 per cent of all visits) heading to destinations in regional NSW. Regional food and wine tourism was supported with familiarisation visits to the *Narooma Oyster Festival*, *Taste Riverina*, *Orange Wine Festival* and *Orange F.O.O.D Week*, *Tastings on Hastings*, and through supporting SBS Food Network Program *Andy and Ben Eat Australia* which secured national and international coverage.

The Communications Division worked collaboratively with Destination NSW's Marketing Division to amplify the #ILoveNSW campaign to encourage domestic travellers to share their favourite NSW holiday moments. Destination NSW generated seven Ministerial and local member media releases which delivered significant local media coverage as well as a *Daily Telegraph* story. Destination NSW also supported 35 media and influencers who travelled throughout NSW to capture and share content using the hashtag. The communications campaign generated more than 532 clips with a circulation of 16,932,616 and an AVE of \$1,066,485.

Support for regional events continued with the Communications Division driving media coverage and consumer awareness of Regional Visitor Economy Fund (RVEF) supported events such as *Tastings on Hastings*, *FIM Asia Supermoto Championships*, *Orange Wine Festival*, *Parkes Elvis Festival*, *Tamworth Country Music Festival*, *Deni Ute Muster*, *Taste Riverina* and the *Central Coast Sevens* amongst other events. Coverage of regional events secured by Destination NSW reached an audience of more than 96,293,823 and had an AVE of more than \$4,120,733.

In December 2016, Destination NSW launched the Regional Tourism Fund, replacing the previous Regional Visitor Economy Fund. Destination NSW co-ordinated the announcement and prepared supporting media materials



Parkes Elvis Festival



Kosciuszko National Park

which generated local media coverage across the State. The coverage highlighted the increased investment in regional tourism, while promoting the growth in visitor numbers for regional NSW. During this month, the Boards of the six Destination Networks were also announced. Seven media releases were co-ordinated to announce the 39 successful applicants for the Destination Network Chair and Director roles.

The NSW Government also announced the expanded Regional Flagship Events Program, comprising three pillars of funding – the Incubator Event Fund, the Flagship Event Fund and the Event Development Fund. Destination NSW produced five Ministerial releases and 22 shell and/ local MP releases promoting the three Funds, generating local print, online and radio media coverage across rural and regional NSW.

Destination NSW generated almost 160 Ministerial, local member, corporate and publicity media releases promoting rural and regional NSW.

Content was filmed by the Editorial and Content team featuring event suppliers and attractions across the State including Coffs Harbour, Albury, Central Coast, Port Stephens, Port Macquarie, Broken Hill and the Snowy Mountains.

Communications CONTINUED



Vivid Sydney 2017

Supporting major events

All major events secured by Destination NSW are actively supported by the activities of the Communications Division across the key portfolio areas of arts and entertainment, business activation, business activation, sport and lifestyle, *Vivid Sydney* and regional NSW destinations.

Vivid Sydney

Media interest in the world's largest festival of light, music and ideas continues to grow. In 2016-2017, more than 17,146 articles were secured, with a circulation of 28,614,307,731 and an AVE of more \$223,019,623. Leading markets for international coverage included the USA, China, South-East Asia and New Zealand.

More than 10 media calls were held to announce the program, share precinct previews, and showcase highlights in the Music and Ideas programs.

Multimedia news releases continued to be a powerful tool in gaining global coverage, with video and stills of the festival featured in more than 3,000 international outlets. Some highlights included Chinese celebrity Jevon Wang at Vivid Sydney, which, secured by Destination NSW, further drove coverage in China. Artist Ash Bolland, whose Audio Creatures work appeared on the Sails of

the Sydney Opera House, was interviewed and featured heavily throughout international and domestic media.

Notable coverage came from a bespoke piece of artwork created by *Vivid Ideas* Game Changer Shepard Fairey appearing nationally on the cover of Fairfax's *Spectrum* section. Other highlights included the front page on *The Sydney Morning Herald*, nightly TV news coverage for week prior to the festival, and syndicated artist profile stories.

Vivid Sydney hosted its biggest-ever media familiarisation program facilitating 44 media visits for more than 168 media.

The Communications Division was recognised for delivering an extensive communications campaign for Vivid Sydney 2016, receiving the award for Media Relations Campaign of the Year at the PR Awards Asia 2017.

The Editorial and Content team undertook an extensive filming and photography program to capture vision of Vivid Sydney for media, social, marketing and partnership campaigns. During the Festival more than 90 hours of footage and more than 6,300 images were captured, including drone footage filmed by CASA accredited DNSW staff.

Communications CONTINUED

Arts and Entertainment

The pipeline of musical theatre productions, exhibitions and cultural events was leveraged in order to gain extensive media coverage for Sydney and drive visitation. Highlights included the run of Sydney-exclusive musicals *Aladdin* and *My Fair Lady*, as well as the world-premiere of *Dream Lover – The Bobby Darin Musical*. Media familiarisations, interviews and photo calls were organised for each event. As a result, 244 articles appeared with a reach of 4,993,538 and an AVE of more than \$550,896.

The announcement of The Rolling Stones' *Exhibitionism*, a multimedia exhibition celebrating 50 years of the iconic band, generated 43 articles including a story broadcast nationally on the TODAY Show, with an AVE of more than \$94,829.

Announcements of events secured by Destination NSW which drove media coverage and promoted the state as a destination for art and culture included the Australian return of the blockbuster musical *Jersey Boys*, the world premiere of *Muriel's Wedding The Musical* and the Sydney International Art Series exhibitions *Pipilotti Rist: Sip my Ocean* and *Rembrandt and the Dutch Golden Age: Masterpieces from the Rijksmuseum*.

The Sydney International Art Series received strong media coverage domestically and internationally. Journalists from New Zealand publications *The Listener*, *The National Business Review*, *New Zealand Herald* and *Urban List Auckland* attended the event, producing stories that promoted the exhibitions as well as Sydney's dynamic art and culture scene. Media briefings with curators from each exhibition and interstate media journalists from *The Courier Mail*, *West Australian* and *Canberra Time* were held to secure coverage of the exhibitions ahead of the official openings.



Dream Lover – The Bobby Darin Musical



Aladdin

Communications CONTINUED

Sports & Lifestyle

NSW boasted a jam-packed calendar of sporting events in 2016-2017 including the inaugural *L'Etape Australia* by le Tour de France. The cycling event held in the Snowy Mountains was featured with a full-page travel story in the *Australian Financial Review Life & Leisure*, *The Canberra Times*, and the *New Zealand Herald*. More than 39 articles were secured on the event with an AVE of more than \$350,598. Destination NSW also supported sponsored content on cycling breaks with niche online site, Bike Exchange which secured more than 2,704 article views.

Held in Sydney for the first time in August 2016, the *College Football Sydney Cup* received extensive media attention within Australia and internationally. The event featured the full NFL Gridiron experience including marching bands, cheerleaders, American food, players and coaches. Event ambassador Colin Scotts, the first Australian to play professional NFL in the USA, undertook media interviews to explain the game and promote visitation. Players from the Universities of California and Hawaii promoted Sydney experiences to the US media and on social media. American coverage included the *Honolulu Star Advertiser*, San Francisco's *KRON TV*, *Up Roxx*, *Los Angeles Times*, and *Mercury News*. ESPN broadcast the event live plus footage of Sydney's iconic attractions globally. More than 227 pieces of media and social coverage appeared including 35 television stories. The coverage reached a potential cumulative audience of 157,426,825 with an AVE of \$5,543,722.

For the second year Sydney played host to the *HSBC Sydney 7s* which once again received strong media attention with *The Sunday Star Times* (New Zealand), *The Sunday Telegraph*, *Canberra Times*, *Daily Telegraph* and *Sky News* all running full-page stories. Morning breakfast television program, Sunrise featured the event in six pre-event weather crosses. More than 106 clips appeared with an AVE of \$1,873,064.

The Liverpool FC v Sydney FC game in May resulted in a spike in media coverage. The game was announced at a press conference with Liverpool Legend Ian Rush, NSW Premier Gladys Berejiklian, Minister for Tourism and Major Events, Adam Marshall and Sydney FC player, Josh Brillante. Liverpool Legends Gary McAllister, Jason McAteer and Craig Johnston also travelled to Sydney and took part in a series of media events including lifesaving lessons on Bondi Beach, and experiencing indigenous culture at Barangaroo. Liverpool FC shared video of the experience across their social media channels reaching an audience of more than 30 million. Media coverage included interviews with *7 News*, *10 News* and *Fox Sports* resulting in an AVE of \$2,945,058.



L'Etape Australia



HSBC Sydney 7s



College Football Sydney Cup

Communications CONTINUED

Australian Tourism Exchange

The *Australian Tourism Exchange (ATE)* and accompanying International Media Marketplace event offered an opportunity for Destination NSW to promote the State when it was hosted in Sydney from 14 to 18 May 2017. More than 92 media attended a series of events including media briefings and a welcome function which showcased regional food and wine at The Calyx, the Royal Botanical Garden Sydney's new event space.

Media took part in one of nine different one-day itineraries, highlighting experiences and attractions in Sydney and surrounds. Media also participated in 13 pre- and post-ATE itineraries to reveal regional NSW destinations including the South Coast Oyster Trail, Byron Bay and the Tweed, Outback NSW, and the Snowy Mountains amongst others. Feature articles have already run in the *Wall Street Journal*, *Forbes*, *Cosmo Brazil*, *Singapore Weekender* with more coverage still to appear.

A visit to ATE by the Minister for Trade and Industry Niall Blair, was covered exclusively by *7 News* and *The Land*, with both outlets profiling NSW tourism business. Eighteen media releases were prepared which generated media coverage across various travel trade outlets and regional papers and a daily, special edition of the Destination NSW Insights industry newsletter was produced for ATE.

Business Activation

Mercedes-Benz Fashion Week 2017 offered another opportunity to promote Sydney as the hub of the creative industries in Asia Pacific with key Sydney fashion identities becoming ambassadors for the event, and for Sydney itself. These ambassadors included Editor-in-Chief for *Vogue Australia* and Chair of the Australian Fashion Chamber Edwina McCann, Creative Director and stylist Mark Vassallo, Founder and Director, Parlour X Eve Galambos, model and creative director Margaret Zhang, influencer Carmen Hamilton, emerging model Kawani Prenter, photographer Jake Terrey, Romance was Born designers Anna Plunkett and Luke Sales, Albus Lumen designer, Marina Afonina, hair and makeup artist Filomena Natoli, and model activist, Ollie Henderson. These ambassadors were profiled in a full page story in *The Sunday Telegraph*, in *Vogue* online, and *Buro 24/7*.

The ARIA Awards further promoted Sydney as a cultural hub and music continued to drive media interest and visitation in November 2016 when Crowded House played on the steps of the Sydney Opera House as part of ARIA Week. Consumer competitions were organized with regional media, and the event drew international attention with *The New Zealand Herald* filing a feature story.



Australian Tourism Exchange

Communications CONTINUED

International Publicity

More than 5,600 articles were generated in international media aligned to Destination NSW's priority markets. Of the coverage received, 34 per cent appeared in North Asia, 18 per cent in the North America, 12 per cent in South East Asia, 5 per cent in New Zealand, 11 per cent in the United Kingdom and Europe, 3 per cent in India and 1.5 per cent in Japan.

Opportunities to promote Sydney and regional NSW in international broadcasts were secured including *Masterchef India* who filmed at Circular Quay overlooking Sydney Harbour, with the broadcast generating more than \$1 million of coverage. Internationally syndicated, American soap opera, *The Bold and the Beautiful* filmed its 30th anniversary episodes at Sydney Opera House, the Royal Botanic Garden Sydney and at Shelly Beach, near Manly. As well as iconic locations, *The Bold and the Beautiful* also featured Sony artists Jess + Matt performing the *Sydney to Me* anthem. The program reached more than 34,918,000 viewers in Australia and the USA alone with an AVE in excess of \$15,671,524.

American breakfast television program, *KTLA* partnered with Destination NSW to promote Vivid Sydney and regional NSW. The fully integrated campaign included television, digital, social media and a sweepstakes opportunity to visit Vivid Sydney. The program visited the Hunter Valley and created content features to promote the region to US travellers.

Corporate Communications

The NSW Government announced several partnerships with key industry players, including agreements with *Air China*, *Hainan Airlines*, *Qantas* and *Singapore Airlines* which generated media coverage across various travel trade outlets.

NSW attracted record numbers of domestic and international visitors during the financial year – which was demonstrated by the State's performance in the National and International Visitor Surveys. To align with the publication of Tourism Research Australia's survey data, the NSW Government announced these results on a quarterly basis, with a major highlight being international visitation for the year ending June 2017. NSW broke a series of Australian and NSW all-time records, welcoming just over four million overseas visitors who spent \$10.1 billion in the State – the strongest result ever achieved by an Australian State.

During the financial year, Destination NSW also achieved a number of important milestones for Aboriginal tourism, including the release of a NSW Aboriginal Tourism Toolkit. An important initiative in the *NSW Aboriginal Tourism Action Plan 2013-2016*, the toolkit features more than 50 NSW Aboriginal tourism products and experiences and was announced by Destination NSW in March 2017.



Jess + Matt with the cast of 'The Bold and the Beautiful', Manly

Corporate Services

The Corporate Services Division brings together specialist support services including finance, strategic workforce planning, human resource management, workplace health and safety, database administration and technology support, record-keeping, general administration, facilities management and property maintenance.

It also undertakes numerous projects related to each of these functional areas, and manages the relationship with the cluster agency, Department of Industry, and its Shared Services function (which includes Finance, Procurement, Payroll and ICT)

Achievements

The Corporate Services team has continued to provide operational and business support across the organisation. Highlights include:

Senior Executive Reform

Destination NSW successfully completed the Senior Executive GSE transition and implementation by the end of October 2016, with all Senior Executive positions meeting GSE and assessment requirements. Importantly, these processes are now embedded across the organisation and supported and practiced through the Senior Executive

Customer Relationship Management

During the year, the Corporate Services Project Team commenced the planning, design, implementation and procurement of a Customer Relationship Management (CRM) System to be rolled out throughout the organisation in FY2018

Work Health and Safety

Destination NSW continues to promote and educate staff in the identification and management of workplace health and safety. There was one compensation case and lost time injury recorded for 2016-2017, which was managed through the appropriate channels including involvement of our cluster agency, Department of Industry

Aboriginal Employment Strategies

Work is currently underway for the Destination NSW Aboriginal Action covering the period 2017-2020 and this will incorporate Aboriginal employment strategies such as the potential for joint programs with other major tourism providers. Destination NSW will continue to improve the Aboriginal traineeship program which remains a focus for the next period

Diversity and Inclusion

DNSW is committed to ensuring the sector reflects the NSW community it serves. Diverse workforces are more innovative, productive and increase the delivery of high-quality services. We welcome and encourage applications from diverse community groups including Aboriginal and Torres Strait Islander people, LGBTI, people with disability, women and other diversity groups

Disability Inclusion Action Plan

Destination NSW continues to promote a number of Diversity and Inclusion initiatives including updating the Disability Inclusion Action Plan 2016-2018. This update details programs and initiatives adopted throughout Destination NSW to increase awareness and inclusion regarding members of the community with a disability

Multicultural Policies & Services Plan

The organisation continues to promote social and economic participation through the Multicultural Policies & Services Plan (MPSP) 2016-2018. DNSW proactively pursues multicultural inclusion and one of these initiatives included Harmony Day (21 March), a day of respect for everyone who calls Australia home, when we celebrate our cultural diversity

Grievance Management

A series of policies and procedures in relation to Grievance Management have been approved, and these policies and procedures outline the process for the resolution of Complaints, Grievances, Issues and/or Problems. Another initiative is to increase support surrounding the management of grievances for Destination NSW employees

Wages Policy Outcome

A 2.5 per cent increase to salaries was approved by the NSW Wages Policy Taskforce and was paid to Destination NSW employees, effective from the first full pay period after 1 July 2016. This is aligned with the NSW Public Sector Wages Policy

Performance Review and Learning and Development

The revised Performance Review process was conducted for the period 2016-2017, with all staff completing the relevant cyclical review. In addition, a review was completed in regards to Learning and Development opportunities and this will form a key part of the Performance Review process to further support capability development and workforce planning. In 2016-2017, 95 training activities were provided to Destination NSW staff

Record Keeping

All employees have access to an Electronic Document Records Management System (RM8). A major focus in 2016-2017 was to increase the take up by other Destination NSW divisions in the management of their information via the provision of support and expertise for RM8. This support will continue to be provided in 2017 - 2018 as well as the facilitation and delivery of training in the use and application of RM8

NSW Treasury Financial Management Transformation System – PRIME

During 2016-2017, NSW Treasury implemented Prime, an Information Technology (IT) solution component of the FMT program, replacing a number of historical systems. Prime consolidates functions within a single platform, for use by all NSW Government agencies. Destination NSW successfully completed the transition to this new system

Contractor Central System

During 2016-2017, Destination NSW completed the transition to NSW Government Contractor Central, an online tool to manage the recruitment, administration, invoicing and management of contingent workers.

Appendices

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Blackmores Sydney Running Festival

Destination NSW Senior Executive (as at 30 June 2017)

Sandra Chipchase, B. Bus Comm, GAICD
Chief Executive Officer

Tamsyn Alley, MBA, BA (Communications) (Appointed May 2017)
General Manager, Communications

Julie Bishop, BA Arts, Grad Dip Arts (Resigned February 2017)
Group Director Destination Development

Neville D'Costa, B. Com, LL.B. (Hons)
Director, Procurement and Legal

Peter Doran, BA MA QPMR AMSRS TASA AFAM MAICD MISPI
Director, Program Performance and Assessment

Sue Doyle, BA Tourism Management
Director, Partnership Programs

Libby Ellis, B. Education
Event Development Manager, Arts and Entertainment

Rhys Haynes, (Resigned August 2016)
Acting Director, Ministerial and Executive Communications

Holly Hearne, BA Communication (Journalism)
Director, Ministerial and Executive Communications

Raechelle Inman, Bachelor of Economics (Resigned February 2017)
General Manager, Communications

Diana Kahui, B. Com
Director, Digital Strategy

Steve Keogh, B. App Sc
Event Development Manager, Sport and Strategic Events

Anthony Laver, B. Com (Marketing)
General Manager, Marketing

Allison Lee, Bachelor of Arts Honours, FPRIA
Director, Media & Public Relations

Theresa Mejia, Master of Industrial Engineering, BSc Statistics
Manager, Visitor Insights and Performance

Kylie-Jane Menzies, AdvDip Travel and Tourism Marketing
Director Trade and Industry Development

Caroline Miller, CPA
Director, Finance and Administration

Anna McInerney, B. Bus (Marketing) (Resigned October 2016)
Director, Event Development

Sonia McIvor, BA, Master of Tourism
Director, Marketing

Ross Pearson, BA (Accounting), FCPA and MAICD
Chief Operating Officer

Michelle Rowe (Resigned May 2017)
Director, Editorial and Content

Simonne Shepherd, B. Bus (Marketing & International Business) (Employment ended April 2017)
General Manager, Industry Partnerships and Government Policy

Julie Turpie, BA Hons Leisure & Recreation Management (Appointed January 2017)
Director, Event Development – Arts, Lifestyle & Entertainment

Phil Ventham, BSc Physiology
Acting Group Director, Destination Development

Human Resources

Destination NSW Staff Profile (as at 30 June 2017)

The following tables cover staff of Destination NSW (rounding applied).

PERCENTAGE OF STAFF BY GRADING: FULL-TIME EQUIVALENT (FTE)						
Total staff on 30 June	2016-2017	Men	Women	Total %	% Men	% Women
Trainee, Internship	0	0	0	0	0	0
Grade 1-2 \$58,687-\$63,801	0	0	0	0	0	0
Grade 3-4 \$65,608-\$71,839	8	1	7	4.1	0.5	3.6
Grade 5-6 \$77,448-\$85,455	21	1	20	10.8	0.5	10.3
Grade 7-8 \$88,015-\$97,426	40	5	35	20.6	2.6	18.0
Grade 9-10 \$100,330-\$110,560	32	3	29	16.5	1.5	14.9
Grade 11-12 \$116,042 - \$134,202	15	4	11	7.7	2.1	5.7
Senior Executives Band 1-3	18	6	12	9.3	3.1	6.2
Overseas Contractors	22	4	18	11.3	2.1	9.3
Contingent	38	13	25	19.7	6.7	12.9
Total	194	37	157	100	19.1	80.9

STAFF PROFILE BY EMPLOYMENT BASIS				
Total staff on 30 June	2016-2017	2015-2016	2014-2015	2013-2014
Permanent Full-time (includes international staff)	117	98	82	86
Permanent Part-time	14	11	10	9
Temporary Full-time	7	21	26	20
Temporary Part-time	0	0	6	0
Senior Executives	18	20	20	17
Contingent	38	46	44	33
Training Positions	0	0	0	1
Total staff on 30 June	194	196	188	166

Senior Executive Profile

24.97 per cent of Destination NSW's employee-related expenditure in 2016-2017 was related to Senior Executives.

This is compared with 23.67 per cent in 2015-2016.

SENIOR EXECUTIVE PROFILE				
Band	2015-2016		2016-2017	
	Female	Male	Female	Male
Band 3	1	0	1	0
Band 2	2	2	1	2
Band 1	12	3	10	4
Totals	15	5	12	6
	20		18	

SENIOR EXECUTIVE PROFILE – REMUNERATION			
Band	Range	\$ Average Remuneration 2015-2016	\$ Average Remuneration 2016-2017
Band 3	320,901 – 452,250	441,200*	452,250*
Band 2	255,051 – 320,900	300,300	301,083
Band 1	178,850 – 255,050	197,777	204,122

Exceptional movements in remuneration

A salary increase of 2.5 per cent, effective from the first full pay period after 1 July 2016, was paid to clerical officers and senior officers in accordance with the Crown Employees (Public Sector – Salaries) Award.

The Statutory and Other Offices Remuneration Tribunal determined a performance-based increase of 2.5 per cent for Senior Executive officers, effective from the first full pay period after 1 July 2016.

All increases were subject to satisfactory assessment of performance. No adjustments were made to the recruitment and retention allowances.

These statements apply to all head office-based Destination NSW staff. Various international based staff received cost of living increases in accordance with their individual contracts.

*Does not include allowances

Corporate Governance

Destination NSW Board of Management

Method of appointment and term of board members

Under the terms of the Destination NSW Act 2011, members of the Board of Management of Destination NSW were appointed by the responsible Minister. The responsible Minister is the Minister for Tourism and Major Events, and Assistant Minister for Skills, Adam Marshall, MP.

The Board consists of a Chairperson (also appointed by the Minister), individuals with relevant skills and experience and the Chief Executive Officer. Each member holds office for the term specified in his or her instrument of appointment. If they are otherwise qualified, members are eligible for reappointment for additional term(s).

Board Members

John Hartigan (Chairman)

Russell Balding AO, B Bus, DipTech (Comm), FCPA, MAICD (Deputy Chairman)

David Baffsky AO

Leslie Cassar AM, KSJ, MOM (*Resigned August 2016*)

Sandra Chipchase B Bus Comm, GAICD (CEO, Destination NSW)

The Hon. Patricia Forsythe BA, DipEd, GAICD

Margaret Jack

Rod McGeoch AM, LLB

Wendy Machin BA (Comms), M (Comm)

Simon Smith BA (Economics) Hons

Board Meetings

Destination NSW Board met on six occasions during 2016-2017. The attendance record of the members was John Hartigan (5/6), Russell Balding (6/6), Leslie Cassar (1/1), The Hon. Patricia Forsythe (6/6), Wendy Machin (5/6), Rod McGeoch (4/6), Margaret Jack (5/6), David Baffsky AO (4/6) Simon Smith (1/6) and Sandra Chipchase (6/6).

Board Committees

Audit and Risk Committee

The Committee has an important role in risk management and audit through endorsement of internal and external audit plans, review of audit reports and the review of risk assessment and management.

This Committee also ensures the sound financial position of Destination NSW through regular reviews of its budget performance. The Destination NSW Audit and Risk Committee met on five occasions during 2016-2017.

Members on the Audit and Risk Committee at 30 June 2017 were Russell Balding (Committee Chairman) (5/5), John Hartigan (5/5), Wendy Machin (4/5) and Sandra Chipchase (5/5).

Business Events Sydney

Destination NSW has two Board members on the Business Events Sydney Board:

The Hon. Patricia Forsythe and Ms. Sandra Chipchase.

Legal Change

As per the Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2017, from 1 April 2017, Destination NSW is no longer part of the Department of Premier and Cabinet cluster. Destination NSW is now aligned with the Department of Industry cluster.

Consultants

Consultants equal to or more than \$50,000: NIL

Consultants less than \$50,000:

Consultant	Number	Funding \$	Title/Nature
Property Beyond	1	22,000	CBD Facility Plan

Disclosure of Controlled Entities

Destination NSW has the following controlled entities:

Destination NSW Staff Agency

The Destination NSW Staff Agency is classified as an Executive Agency pursuant to Part 2 of Schedule 1 of the Government Sector Employment Act 2013 and falls within NSW Department of Industry of the public service. The head of the agency is the Chief Executive Officer of Destination NSW. The Chief Executive Officer of Destination NSW is responsible for general and employer functions.

The Staff Agency's objective is to provide personnel services to Destination NSW. The Staff Agency has responsibility for the employees and employee-related liabilities of Destination NSW.

Disclosure of subsidiaries

Destination NSW does not have any interest in any public sector subsidiaries.

Corporate Governance CONTINUED

Government Information (Public Access) Act 2009

In 2016-2017, Destination NSW received 12 valid access applications under the Government Information (Public Access) Act 2009.

Pursuant to the Government Information (Public Access) Act 2009, Destination NSW reviews each year its release of Government information.

As a result of this review, Destination NSW will continue to do the following:

1. Produce a corporate annual report as part of its Government reporting requirements
2. Distribute a regular e-newsletter which outlines upcoming events and insights in the events and tourism industry in NSW to industry stakeholders. The e-newsletter is free for subscribers
3. Distribute a regular e-newsletter which outlines upcoming events and tourism initiatives to subscribers. The e-newsletter is free for subscribers
4. Maintain a media centre on our website www.destinationnsw.com.au which provides media releases and media kits for downloading free of charge. The media centre also provides event fact sheets, destination media kits, reports, product fact sheets, product updates, videos, speeches and presentations, annual reports, image library and media visit details
5. Provision of reports, tourism strategies and plans
6. Produce letters to stakeholders
7. Provision of statistics and research insights
8. Provision of Partner Opportunities via a prospectus
9. Briefings with accommodation providers
10. Workshops with industry.

Destination NSW aims to strike a balance to provide information to the public whilst acknowledging the resources and commerciality of Destination NSW. There was no adverse impact upon the activities of Destination NSW and no major issues arose in connection with Destination NSW's compliance with the Government Information (Public Access) Act 2009 requirements.

The table below details the total number of access applications received by the agency during the reporting year (1 July 2016 to 30 June 2017) including withdrawn applications but not including invalid applications.

Valid Formal Applications	Invalid Formal Applications
12	0

During the reporting year the agency received 12 access applications and has no information to disclose as required by Schedule 1 and Schedule 2 of the Government Information (Public Access) Regulation 2009 and the Government Information (Public Access) Act 2009.

Destination NSW has one application from 2014-2015 which is still being assessed.

Privacy and Personal Information Protection Act 1998

Destination NSW respects the privacy of members of the public who use our services and of our employees. As a NSW Public Service Executive Agency, Destination NSW must comply with NSW State and Commonwealth Privacy legislation.

No complaints have been received regarding the privacy management of Destination NSW.

Destination NSW has a privacy policy which is reviewed regularly.

Destination NSW advises members of the public of its privacy obligations in various media i.e. website and terms and conditions. Destination NSW also outlines its privacy obligations in contracts with third parties and requests those third parties also to be aware and comply with privacy legislation.

Requests for access to personal information held by Destination NSW may be made to the Privacy Officer at Level 2, 88 Cumberland Street, The Rocks, NSW, 2000 or by telephone on (02) 9931 1111.

In compliance with the provisions of the Privacy and Personal Information Protection Act 1998, Destination NSW has a Privacy Management Plan and has a designated Privacy Officer. Mechanisms have been established to make Destination NSW staff aware of the Privacy and Personal Information Protection Act 1998 and other privacy obligations.

In all staff contracts, staff are encouraged to exercise confidentiality in their dealings with third parties and in the execution of their duties.

Corporate Governance CONTINUED

Public Interest Disclosures

The Public Interest Disclosures Act 1994 was amended to require Agencies to report every six months to the Ombudsman on Public Interest Disclosures (PIDs) and to include this information in Annual Reports.

This report covers those PIDs received during the period from 1 July 2016 to 30 June 2017.

Number of public officials who have made a disclosure to the Agency – (0)

Number of the public interest disclosures received by the Agency relating to:

- Corrupt conduct – (0)
- Maladministration – (0)
- Serious & substantial waste – (0)
- Government information contravention – (0)

Total number of public interest disclosures received – (0)

The number of public interest disclosures finalised to 30 June 2017 – (0)

The Destination NSW PID Reporting Policy and Procedure was developed in accordance with the requirements of the Public Interest Disclosures Act 1994 and approved effective from June 2012.

The following action has been taken to ensure that staff are aware of the contents of the Policy and the protections available, as required under s6E (1)(b) of the Public Interest Disclosures Act 1994: Destination NSW staff have access to the Public Interest Disclosures policy from the staff intranet.

Internal Management Audits

Destination NSW conducted an internal audit program during the year. The program was undertaken by Deloitte. Four audits were completed in the reporting year:

- Event Funding – Sports Portfolio
- Event Funding – Regional Portfolio
- Event Funding – Lifestyle Portfolio
- P-cards and Employee Expenditure.

Destination NSW is implementing the agreed recommendations from these audits.

Destination NSW has developed a risk management program to identify and manage risks consistent with NSW Government guidelines and policy. Risk management aims to safeguard the public, staff, buildings and related assets.

Risk controls include:

- Assessing corporate risk and conducting internal audits
- Managing ongoing risk, including maintaining registers for various classes of assets, and conducting fire and safety audits
- Valuing assets
- Developing risk strategies
- Maintaining appropriate insurance cover with the Treasury Managed Fund that covers all classes of risk
- Reviewing financial management processes.

Insurance

Destination NSW is insured through the Treasury Managed Fund. The coverage provided by the scheme is all inclusive and policies are held for Workers Compensation, Motor Vehicles, Property, Miscellaneous and Public Liability.

Corporate Governance CONTINUED

NSW Digital Information Security Policy

Compliance Attestation Statement 2016-2017 Financial Year for Destination NSW

I, John Hartigan, am of the opinion that the security controls in place to mitigate risks to the digital information of the NSW Department of Industry, as part of its Shared Service delivery to Destination NSW for the past year were adequate. There has been continuous effort and targeted investment in Digital Information Security and digital transformation to ensure that the Department progresses its digital government agenda.

Information security management arrangements, in place during the financial year, were consistent with the core elements set out in the Digital Information Security Policy for the NSW Public Sector and ISO 27001 Standard. Given the scale and complexity of new types of cyber threats that have become prevalent, effort and investment will need to be ongoing to ensure reliable, secure and cyber resilient digital information.

Specific work to address these areas is to be led by the NSW Department of Industry Chief Information Officer and the Digital Information Security Manager.



John Hartigan

Chairman

Dated: 19 September 2017

Corporate Governance CONTINUED

Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year for Destination NSW

The Board of Destination NSW are of the opinion that Destination NSW has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition Description of Practicable Alternative Measures Implemented
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent and Audit and Risk Committee with appropriate expertise has been established	Compliant (with Minister's Exception)
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- [Independent] Chair, Mr. Russell Balding AO, (Appointment to August 2017)
- [Independent] Member 1, Ms. Wendy Machin, (Appointment to August 2019)
- [Independent] Member 2, Mr. John Hartigan, (Appointment to March 2018).

Corporate Governance CONTINUED

Departures from Core Requirements

The Board of Destination NSW advise that the internal audit and risk management processes for Destination NSW depart from the following core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector:

1. The circumstances giving rise to these departures have been determined by the Portfolio Minister and Destination NSW has implemented the following practicable alternative measures to meet the core requirements:

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
Non-Compliance	
<ul style="list-style-type: none"> Core Requirement 3.1.4 – Independent members from Prequalification Scheme 	<ul style="list-style-type: none"> Independent Members are individuals who do not hold positions within the agency and are not employees of the NSW Government. They collectively possess all skill and knowledge requirements set out in the policy and also satisfy other TPP 15-03 criteria prohibiting conflicts of interest. Loss of industry knowledge, adequate skills of current members and administrative burden
The determination by the Portfolio Minister for Destination NSW in respect of this departure, is dated 12 September 2016	

These processes, including the practicable alternative measures being implemented, demonstrate that the Destination NSW has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the agency.

Signed in accordance with the resolution of the Board of Destination NSW:



John Hartigan

Chairman

Dated: 14 September 2017

Operations

Name of Officer	Purpose of Visit	Country Visited	Date From	Date To
Nathan Pei	To attend orientation in Sydney – four days of meetings in the Sydney head office with different departments, a two-day famil to Blue Mountain, Port Stephens, Bridgeclimb and Opera House tour.	Australia	30/07/2016	7/08/2016
Nerissa Lee	To attend Corroboree in Perth, Western Australia for five days. Attended a post-event familiarisation program for Sydney, Central Coast, Port Stephens and Hunter Valley for six days.	Australia	4/09/2016	15/09/2016
Gin Woo	To co-host the Corroboree Familiarisation trip for the Singapore group to the Snowy Mountains and to attend orientation in Sydney.	Australia	11/09/2016	18/09/2016
Jinko Narita	To attend meetings in Head Office in Sydney and host a famil group for Sydney Running Festival, Blue Mountains and Sydney.	Australia	14/09/2016	20/09/2016
Michelle Fu	To attend orientation in Sydney and meetings in head office and to attend Sydney Running Festival.	Australia	16/09/2016	22/09/2016
Sandra Chipchase	To meet with key event owners, industry partners and stakeholders including airlines and wholesalers to develop opportunities to promote Sydney and NSW.	United Kingdom & United States of America	17/09/2016	28/09/2016
Penny La Belle	To escort Air New Zealand/DNSW Great Aussie famil to Sydney and Blue Mountains.	Australia	10/10/2016	14/10/2016
Sue Doyle	To meet with newly formed in-market team to help build the foundation of a cohesive sales and marketing program to deliver maximum results from the China market.	China	23/10/2016	29/10/2016
Samantha Cameron	To escort Air New Zealand/DNSW VIP Great Aussie famil to Byron Bay and North Coast region.	Australia	30/10/2016	1/11/2016
Angel Zhang	Escorting Premier Agents famil from China co-organized by Tourism Australia (SYD + regional NSW).	Australia	30/10/2016	5/11/2016
Michelle Fu	To escort Western China key agents mono-NSW familiarisation tour with Air China Chengdu-Sydney inaugural flight.	Australia	11/11/2016	16/11/2016
Shirley Pereira	To attend meetings in the Head Office with different departments and escorting the Malaysian Airlines Indian Trade Famil.	Australia	14/11/2016	23/11/2016
Paramjit Bawa	To attend head office meetings for business planning and participate in a familiarisation trip to regional NSW (Dubbo and Mudgee).	Australia	29/11/2016	9/12/2016
Paul Hawes	To attend head office meetings for business planning and participate in a familiarisation trip to regional NSW (Dubbo and Mudgee).	Australia	29/11/2016	13/12/2016
Haruhiko Niihori	To attend head office meetings for business planning and participate in a familiarisation trip to regional NSW (Dubbo and Mudgee).	Australia	29/11/2016	14/12/2016
Nathan Pei	To attend head office meetings for business planning and participate in a familiarisation trip to regional NSW (Dubbo and Mudgee).	Australia	29/11/2016	9/12/2016
Siew Hoon Tan	To attend head office meetings for business planning and participate in a familiarisation trip to regional NSW (Dubbo and Mudgee).	Australia	29/11/2016	9/12/2016
Jennifer Tung	To attend head office meetings for business planning and participate in a familiarisation trip to regional NSW (Dubbo and Mudgee).	Australia	29/11/2016	9/12/2016
Samantha Cameron	To attend head office meetings for business planning and participate in a familiarisation trip to regional NSW (Dubbo and Mudgee).	Australia	30/11/2016	9/12/2016
Sandra Chipchase	To meet with key event owners, industry partners and stakeholders to develop opportunities to promote Sydney and NSW.	United Kingdom	7/01/2017	14/01/2017

Operations CONTINUED

Name of Officer	Purpose of Visit	Country Visited	Date From	Date To
Jennifer Tung	To attend ATE in Sydney to meet with NSW product suppliers to convey market intelligence, receive product updates and make introductions to key wholesalers as well as to host VIP famils. Also visit Head Office to undertake business planning and performance reviews, escorting pre & post ATE VIP famils from South Korea, HK & Taiwan respectively.	Australia	6/05/2017	23/05/2017
Michelle Fu	To attend ATE in Sydney to meet with NSW product suppliers to convey market intelligence, receive product updates and make introductions to key wholesalers as well as to host a pre VIP famils.	Australia	9/05/2017	19/05/2017
Nathan Pei	To escort Qantas Airways trade famil and attend Vivid Sydney.	Australia	1/06/2017	7/06/2017
Nathan Pei	To attend ATE in Sydney to meet with NSW product suppliers to convey market intelligence, receive product updates and make introductions to key wholesalers as well as to host a VIP famils. Also visit Head Office to undertake business planning and performance reviews.	Australia	5/05/2017	23/05/2017
Nerissa Lee	Escort trade famil of Qantas China Beijing Campaign to make partners in Northern China know more about new itineraries and activities that they could develop in the market.	Australia	1/06/2017	7/06/2017
Nerissa Lee	To attend ATE in Sydney to meet with NSW product suppliers to convey market intelligence, receive product updates and make introductions to key wholesalers as well as to host a pre ATE VIP famils.	Australia	9/05/2017	19/05/2017
Rita Kwan	Escort Qantas Airways trade famil and get familiarised on events including Vivid Sydney.	Australia	1/06/2017	7/06/2017
Irene Morgan	Attend Down Under Answers Travel Exchange trade event in Auckland, New Zealand 1-6 May 2017. Attend International Manager's Meeting in Sydney, Australia 7-13 May 2017. Attend Australian Tourism Exchange in Sydney, Australia 14-18 May 2017. Escort DNSW ATE buyers' famil Sydney, Hunter Valley and Central Coast 19-23 May 2017.	New Zealand & Australia	1/05/2017	23/05/2017
Haruhiko Niihori	To attend ATE in Sydney to meet with NSW product suppliers to convey market intelligence, receive product update and make introductions to key wholesalers as well as host VIP famils, also visit Head Office to undertake business planning and performance reviews.	Australia	6/05/2017	25/05/2017
Jinko Narita	To attend meetings and planning with Head Office. To host a famil group for Vivid Sydney, Port Stephens, Hunter Valley and Sydney.	Australia	7/06/2017	13/06/2017
Siew Hoon Tan	To attend ATE in Sydney to meet with NSW product suppliers to convey market intelligence, receive product updates and make introductions to key wholesalers and to host a VIP famil. To visit Head Office to undertake business planning and performance reviews.	Australia	6/05/2017	23/05/2017
Gin Woo	To host the ASP Familiarisation trip for Vivid Sydney, Sydney & NSW, be familiarised with Sydney & NSW products & events	Australia	29/05/2017	3/06/2017
Penny La Belle	To escort Air New Zealand Vivid Sydney top-seller agent famil.	Australia	12/06/2017	15/06/2017
Samantha Cameron	To attend ATE in Sydney and host post ATE VIP Famil.	Australia	7/05/2017	20/05/2017
Paramjit Singh Bawa	To attend ATE in Sydney, host one VIP famil and Head Office to undertake business planning and performance reviews.	Australia	6/05/2017	19/05/2017
Pooja Razdan	To attend ATE in Sydney and host two famils.	Australia	10/05/2017	23/05/2017
Barbara Samoilenko	To attend ATE in Sydney, host one VIP famil and attend Head Office meetings.	Australia	4/05/2017	24/05/2017

Management Activities

Integrated Marketing Activities

The Destination NSW Marketing Business Unit continues to provide quality marketing services across campaigns, digital media, digital development and distribution, social media, Get Connected industry services and an in-house design studio.

The team works closely with the other Destination NSW Business Units to provide advice and support for the six new Destination Networks, co-operative industry partners, event owners, collaborative NSW Government agency programs and other key stakeholders, to ensure the organisation optimises funding and resources to deliver incremental overnight visitor expenditure.

Content for Destination NSW's campaigns including the *Love Every Second* and *It's ON!* campaign platforms continues to be refreshed and updated, ensuring our campaigns achieve cut through in high impact media environments (including digital and social media, out of home (digital and static) and television) and can influence the consideration set and target audience behaviour to take action and visit Sydney and increase dispersal to NSW.

During 2016-17, the Marketing Business Unit also oversaw the successful implementation of a new whole-of-state campaign *What I Love About Holidays in NSW* which utilised user generated content to deliver a strong proposition for the diversity of Regional NSW holidays experiences. The focus for the Marketing team will be to take all these learnings and build momentum for Regional NSW campaigns, events and experiences working in collaboration with the six new Destination Networks and regional and rural stakeholders.

The Marketing Business Unit continues to build and extend on the significant market presence and reach of our industry-leading digital and social media platforms including the 13 international websites and international social media channels to support direct to consumer activity particularly for China, India and other fast growing key source markets across the Asia Pacific region.

Research and Development

Along with the Commonwealth Government and other States and Territories, Destination NSW co-funds two national surveys that provide detailed information on the size of the visitor economy and trends in visitor behaviour (including length of stay, accommodation used, purpose of trip, day trips, transport used, activities taken, expenditure, travel party, demographics, destinations visited, source markets, etc.)

The International Visitor Survey is conducted in the exit lounges of airports around Australia, sampling 40,000 departing visitors each year. The National Visitor Survey interviews 120,000 Australian residents aged 15 years and over. From January 2014, half of the survey sample has been interviewed via fixed-line and half via mobile phones.

Destination NSW uses the results of these two surveys internally to inform campaign activities as well as externally to share insights with industry. In 2016-2017, Destination NSW published 464 visitor snapshots and time series and research reports for use by industry and other stakeholders.

Consumer response

All requests made to Destination NSW for information or assistance are met directly and promptly and/or are referred to the most appropriate officer as required. Destination NSW stakeholders and the community have a number of avenues through which they can offer feedback regarding the level of consumer response and customer service, including contacting the Destination NSW principle office or international offices, or by providing comments in writing or by email.

Destination NSW received no significant consumer complaints during the reporting period. Consequently, no changes to the Department's programs and services were warranted on the basis of adverse consumer response. Destination NSW remains committed to providing professional, courteous and prompt assistance to its clients and the public in general.

Economic and other factors affecting achievement of operational objectives

The performance of the NSW visitor economy is affected by a wide range of economic, industry and consumer factors.

Global economy

The overall picture of the world economy remains positive. The global economy is forecast to grow by 3.5 per cent in 2017 and 3.6 per cent in 2018 according to the International Monetary Fund's World Economic Outlook July 2017.

The outlook for advanced economies is improving as well, with forecast growth of 2.0 per cent for 2017 and 1.9 per cent 2018, slightly above growth for 2016 (1.7 per cent). This growth is underpinned by increasing consumer confidence and an upturn of business investment in major advanced economies such as the United States, Japan and New Zealand.

Emerging economies are expected to grow unevenly over coming years. Resource and energy-exporting economies such as Russia and Brazil are projected to experience low growth and possibly recession. Asian economies, however, including China, India and Indonesia, are performing relatively well with annual rates of growth in excess of 5.0 per cent over the forecast period. In net terms, emerging economies are forecast to grow by 4.6 per cent in 2017 and 4.8 per cent in 2018.

Australian economy

The Australian economy is expected to rebound from lower than expected growth of 1.8 per cent in 2016-2017 to approach its trend rate of growth over the next two years. The Treasury forecast real GDP to grow by 2.75 per cent in 2017-2018, increasing to 3.0 per cent in 2018-2019. The improved growth prospects are supported by increases in household consumption and non-mining business investment, plus greater exports due to a more competitive exchange rate. Tourism Australia visitor forecasts assume that the Australian dollar will average US\$0.72 in 2017/2018 and US\$0.74 in 2018/2019. The lower value of the Australian dollar is also expected to continue driving the growth of international visitor expenditure in Australia in the coming years.

Management Activities CONTINUED

Australian dollar

In 2016-2017, Australia continued to be a comparatively cheaper destination for international visitors than prior to May 2013 when the Australian dollar traded above parity with the US dollar.

The Australian dollar has fallen against the US dollar, from US \$0.94 in June 2014 to a low of US\$0.77 in June 2015 and to US \$0.76 in June 2017.

Global confidence

Global consumer confidence increased in 41 of the 63 markets measured in the online survey conducted by The Nielsen Company (US). Global average is 104 index points. Consumer confidence in North America remained higher than any other regions globally, with an index of 117 points while confidence in Europe continued on an upward trajectory for the ninth consecutive quarter, as 22 of 33 countries posted index increases, resulting in a regional score of 85 index points. Asia-Pacific is amongst the world's most confident region with index score rising three index points to 114.

Australian confidence

There is growing optimism among Australians with consumer confidence well above the low levels recorded during the Global Financial Crisis. Consumer sentiment in 2016-2017 averaged at around 115.4 index points, up on 2015-2016 (113.6 index points).

World oil prices

Following four years of record high prices, the average annual Brent crude oil price declined 47 per cent during 2015 and a further 16 per cent during 2016 to a 12-year low of US\$43.7 a barrel. The US Energy Information Administration expects the average Brent crude oil prices to increase over the next two years but to remain relatively low, forecasting crude oil prices of US\$52.6 per barrel in 2017 and US\$57.1 in 2018. Forecast increases in global crude oil production are expected to limit upward price pressure over the next year.

Aviation (Source: Bureau of Infrastructure, Transport and Regional Economics, 2016-2017)

Domestic seat capacity to Australia declined by 0.4 per cent for the year. NSW domestic capacity accounted for 49 per cent of domestic seat capacity in Australian competitive routes and capacity grew by 1.3 per cent in the year ending June 2016.

Domestic air capacity influences the business travel segment more than any other travel segment. The growth of domestic air capacity has been low since 2013/2014, following strong growth during the peak of the mining boom. In more recent years, major domestic carriers have reduced seat capacities in order to increase passenger loads and maintain yields. In this context, Tourism Research Australia expects flat capacity growth for 2017/2018 before growth picks up to 4.0 per cent in 2018/2019.

International seat capacity to Australia increased by 7.8 per cent for the year. International seat capacity to NSW accounted for 40 per cent of international seat capacity in Australia and increased by 8.4 per cent for the year.

Based on the Northern Summer Timeline 2017 and other market intelligence, Tourism Research Australia expects Australia's inbound air capacity to grow 5.6 per cent in 2017/2018 and 5.5 per cent in 2018/2019, on the back of the improved financial performance of major international airlines, buoyant passenger demand, and lower oil prices.

Accommodation (Source: STR Global 2016-2017)

There were 1,421 establishments and more than 77,800 rooms in NSW as at June quarter 2017. There was a slight increase in the number of NSW accommodation establishments (up 51 establishments) and in the number of rooms (up 2,137 rooms or 2.8 per cent).

Occupancy rates in NSW grew from 77 per cent in 2015-2016 to 78 per cent in 2016-2017 with the occupancy rate in the Sydney region increasing from 86.4 per cent to 87.4 per cent for the year.

According to Deloitte Access Economics Tourism and Hotel Market Outlook 2017, strong growth in tourism demand is expected to continue to deliver positive results for the accommodation sector, heavily dominated by supply expectations. Australian room stocks are expected to expand by 15,800 rooms by December 2019, with 122 establishments in the supply pipeline. The development pipeline remains relatively large for Sydney, Melbourne, Brisbane and Perth, with these markets expected to drive room supply. While the supply-demand differential is notably lower than observed in previous years, it is expected that some of this excess demand will be supported by other non-traditional accommodation options, including the sharing economy.

Infrastructure investment

Tourism Research Australia's *Tourism Investment Monitor 2017* reported that the value of the Australian tourism investment pipeline in 2016-2017 was \$37.8 billion. The arts, recreation and business services sector accounted for the majority of the pipeline (45 per cent), followed by accommodation (29 per cent) and aviation (27 per cent). There has been a shift in investor focus to pursue mixed-use developments rather than standalone hotels.

NSW had the greatest share of the tourism investment pipeline in 2016-2017 at \$13.7 billion or 36 per cent share. By sector, the State captured 27 per cent of accommodation investment, 41 per cent of aviation infrastructure and 32 per cent of arts, recreation and business services infrastructure.

A recent Tourism Australia study about business delegates revealed that conferences which successfully manage to integrate the program of events with the destination are the most appealing. This places Sydney in a strong position to capitalise on the \$1.5 billion International Convention Centre development which opened in December 2016.

Grants

Regional Flagship Events Program 2016-2017

The program supports regional events that have the potential to become tourism flagships for their region, building its image and boosting visitation from outside the region. All grants are provided for under the Destination NSW – Regional Flagship Events Program.

Event	Organisation	Amount
Australian Longboard Surfing Championships (Kingscliff)	Island Style Promotions	\$27,500
Ballina Fine Wine & Food Festival (Ballina)	Rotary Club of Ballina-on-Richmond	\$10,000
Bangalow Music Festival (Bangalow)	Southern Cross Soloists Music Ltd	\$10,000
Barellan Working Clydesdales and Heavy Horses Good Old Days Weekend (Barellan)	Barellan Working Clydesdales	\$10,000
Bateman's Bay Paddle Challenge (Batemans Bay)	Batemans Bay Chamber of Commerce & Industry	\$20,000
Hi-Tec Oils Bathurst 6 Hour (Bathurst)	Bathurst Regional Council	\$20,000
Batlow Cider Fest (Batlow)	Batlow Development League	\$27,500
Boggabri Drovers Campfire Weekend (Boggabri)	Boggabri Lions Club	\$27,500
Burradise Festival (Culburra Beach)	Love Culburra Beach Festival Inc.	\$20,000
Byron Spirit Festival (Byron Bay)	Spirit Festival Pty Ltd	\$20,000
Canowindra Balloon Challenge (Canowindra)	Canowindra Challenge Inc	\$27,500
Carcoar Cup Running Festival (Carcoar)	EnviroMio Pty Ltd	\$10,000
Cobargo Folk Festival (Cobargo)	Yuin Folk Club Inc.	\$20,000
Coffs Harbour Running Festival (Coffs Harbour)	Village Sport Coffs Harbour Pty Ltd	\$10,000
Coffs Tri (Coffs Harbour)	Village Sport Coffs Harbour Pty Ltd	\$20,000
Curryfest (Woolgoolga)	Woolgoolga Chamber of Commerce Industry & Tourism Inc.	\$20,000
Dubbo Stampede (Dubbo)	Dubbo Running Festival Inc.	\$10,000
Harvest Festival (Peats Ridge)	Central Coast Council	\$20,000
Huskisson Long Course Triathlon Festival (Huskisson)	Elite Energy Pty Ltd	\$27,500
Latin Spirit – The Sounds of Tango & Flamenco (Bermagui)	Four Winds Concerts Inc.	\$20,000
Murrumbateman Moving Feast (Yass Valley)	Makers of Murrumbateman	\$20,000
Narooma Oyster Festival (Narooma)	Narooma & District Chamber of Commerce Inc.	\$27,500
Newcastle Writers Festival (Newcastle)	Newcastle Writers Festival Inc.	\$20,000
Opera By The Lake (Tuncurry)	Great Lakes Rotary Club Inc.	\$20,000
Orange Wine Festival (Orange)	Orange Region Vignerons Association Inc.	\$20,000
Peak Festival (Perisher)	Perisher Resorts Chamber of Commerce	\$27,500
Real Juice Company Citrus Sculptures (Griffith)	Griffith City Council	\$10,000
River of Art Festival (Durras Lakes to Tilba Tilba)	River of Art Inc	\$27,500

Grants CONTINUED

Sculptures in the Vineyards (Wollombi)	Sculptures in the Vineyards	\$20,000
Sculpture at Scenic World (Katoomba)	Katoomba Scenic Railway Pty Ltd	\$20,000
Snowtime in the Garden (Pokolbin)	Roche Group Pty	\$10,000
Taste Riverina (Wagga Wagga, Griffith, Leeton etc.)	Riverina Regional Tourism Inc.	\$10,000
Tastes at the Bay (Port Stephens)	Nelson Bay and District Business Association	\$20,000
Tastings on the Hastings (Port Macquarie)	Port Macquarie Hastings Council	\$10,000
Tenterfield Oracles of the Bush (Tenterfield)	Tenterfield United Organisations Inc.	\$20,000
The Riverboats of Music Festival (Echuca-Moama)	Echuca Moama District Tourism Association Inc.	\$27,500
The Roaring 20s Festival & All That Jazz (Blue Mountains)	Blue Mountains Accommodation & Tourism Association Inc	\$20,000
Toast the Coast (Gosford)	Rotary Club of Gosford City	\$19,750
Trundle Abba Festival (Trundle)	Trundle Abba Festival Inc.	\$20,000
Ultra Trail Australia (Katoomba)	AROC Sport Pty Ltd	\$27,500
Wollongong Triathlon (Wollongong)	Elite Energy Pty Ltd	\$20,000
Wingham Akoostik Music Festival (Wingham)	Manning Valley Neighbourhood Services Inc	\$20,000
Total (All Amounts are GST Exclusive)		\$814,750

Regional Tourism Fund 2016-2017

REGIONAL TOURISM FUND 2016-2017		
Organisation	Project	Amount
Regional Co-operative Tourism Marketing		
Shoalhaven City Council	Unspoilt South Coast	\$380,000
<i>Subtotal</i>		\$380,000
Regional Tourism Product Development		
Ross Hill Wine Group Pty Ltd	Function Centre and Cooking School Project**	\$150,000
<i>Subtotal</i>		\$150,000
Total		\$530,000

**Funding not announced until 2017-18.

Financial Management

PAYMENT OF ACCOUNTS					
Quarter	Current (within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
All Suppliers					
September 2016	33,447,516	902,158	6,600	31,459	5,628
December 2016	40,240,922	1,933,614	526,629	65,221	172
March 2017	29,011,364	771,680	353,765	0	96
June 2017	63,453,112	244,332	2,255	66	2,582
Total All Suppliers	166,152,914	3,851,784	889,249	96,746	8,478
Small Business					
September 2016	31,169	NIL	NIL	NIL	NIL
December 2016	25,021	NIL	NIL	NIL	NIL
March 2017	7,175	NIL	NIL	NIL	NIL
June 2017	70,052	NIL	NIL	NIL	NIL
Total Small Business	133,417	NIL	NIL	NIL	NIL

All Suppliers	September 2016	December 2016	March 2017	June 2017
Total no. of accounts due for payment	1,941	1,662	1,270	2,180
No. of accounts paid on time	1,913	1,637	1,226	2,145
% of account paid on time (based on no. of accounts)	98.6%	98.5%	96.5%	98.4%
\$ amount of accounts due for payment	34,393,361	42,766,558	30,136,905	63,702,347
\$ amount of accounts paid on time	33,447,516	40,240,922	29,011,364	63,453,112
% of accounts paid on time (based on \$ amount of accounts)	97.2%	94.1%	96.3%	99.6%
Number of payment for interest on overdue accounts	NIL	NIL	NIL	NIL
Interest paid on overdue accounts	NIL	NIL	NIL	NIL

Small Business	September 2016	December 2016	March 2017	June 2017
Total no of accounts due for payment	7	6	4	16
No of accounts paid on time	7	6	4	16
% of account paid on time (based on no of accounts)	100%	100%	100%	100%
\$ amount of accounts due for payment	31,169	25,021	7,715	70,052
\$ amount of accounts paid on time	31,169	25,021	7,715	70,052
% of accounts paid on time (based on \$ amount of accounts)	100%	100%	100%	100%
Number of payment for interest on overdue accounts	NIL	NIL	NIL	NIL
Interest paid on overdue accounts	NIL	NIL	NIL	NIL

Note: Small business must be registered to be able to be reported on for the payment of account statistics.

Financial Management CONTINUED

Accumulated Funds

The reduction in accumulated funds is mainly due to NSW Treasury cash management reforms which reduced agency cash balances in 2016-2017 via reduction in cluster grants.

Investment Performance

Refer Financial Statements: Financial Instruments Note 18.

Liability Management Performance

Destination NSW has no debt greater than \$20 million.

Financial Management

In FY 2016-2017 there are no after Balance-Day events which have a significant effect on the financial or other operations of Destination NSW.

Budgets

Refer Financial Statements: Note 16.

Implementation of Price Determination

Destination NSW is not subject to the Tribunal.

Credit Card Certification

Destination NSW has a policy for the use of corporate credit cards by staff that is in accordance with the Premier's memorandum 99-05 and the Treasurer's Directions 205.01 to 08.

No irregularities in the use of corporate credit cards have been recorded during the year.

In accordance with Treasurer's Direction 205.01, I certify that credit card use in the reporting period by officers of Destination NSW was in line with Government requirements.



Ross Pearson

Chief Operating Office & Chief Financial Officer

Additional Matters

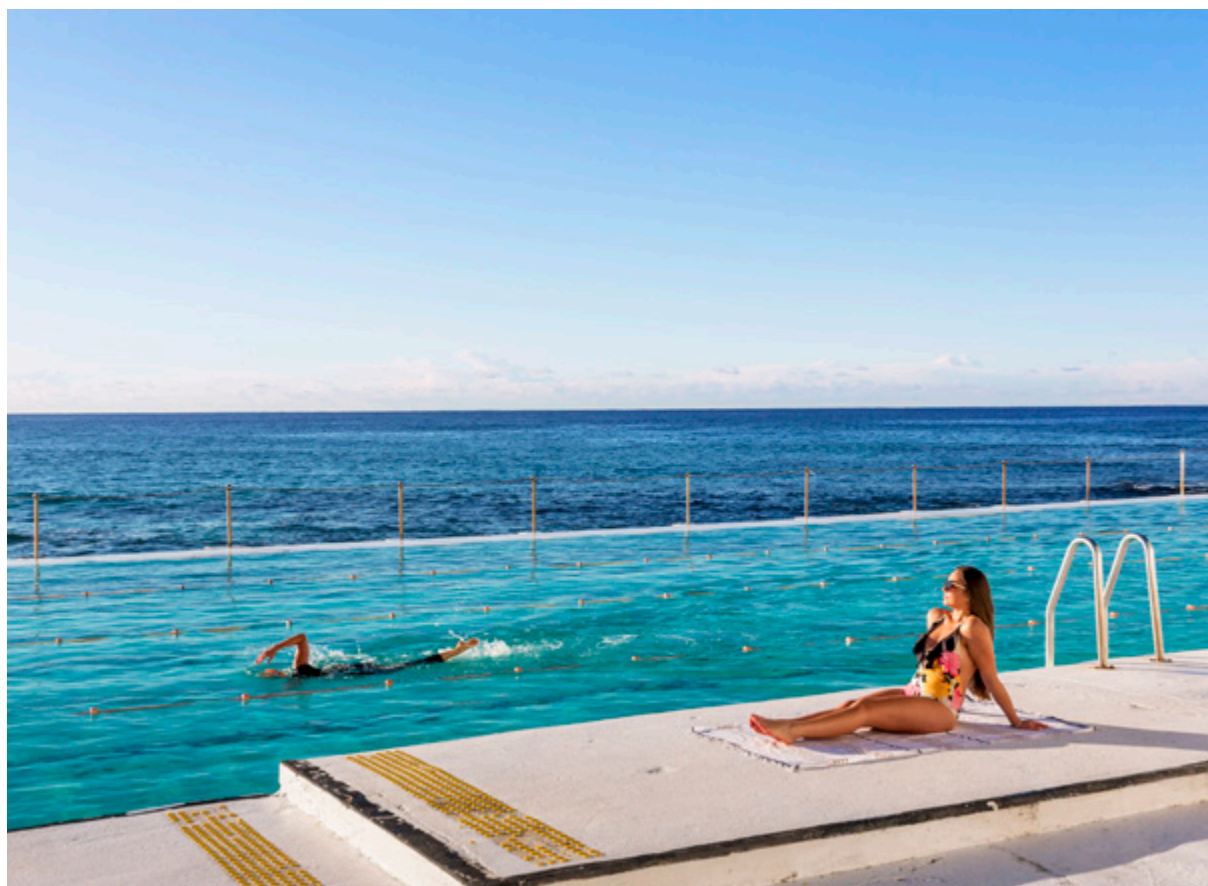
Annual Report Costs

Nil. Annual report produced in-house by Destination NSW Communications division. All images and other collateral included in the document were existing images sourced from the Destination NSW image library and existing resources. Printing of required compliance copies was undertaken in-house.

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Bondi Beach, Sydney

Destination NSW Financial Statements

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Destination NSW Financial Statements

STATEMENT BY THE CHAIR AND CHIEF EXECUTIVE OFFICER

Pursuant to section 41C (1C) of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of Destination NSW, we state that:

- (a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions mandated by the Treasurer;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of Destination NSW for the year ended 30 June 2017;
- (c) at the date of signing we are not aware of any circumstances that would render the financial statements misleading or inaccurate.



John Hartigan

Chairman

14 September 2017



Sandra Chipchase

Chief Executive Officer

14 September 2017

Auditor's Report – Destination NSW



INDEPENDENT AUDITOR'S REPORT

Destination New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Destination New South Wales (DNSW), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of DNSW and the consolidated entity. The consolidated entity comprises DNSW and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of DNSW and the consolidated entity as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of DNSW and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Auditor's Report – Destination NSW CONTINUED

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the ability of DNSW and the consolidated entity to continue as a going concern except where operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the DNSW or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



C J Giumelli
Director, Financial Audit Services

20 September 2017
SYDNEY

Destination NSW: Financial Statements for the year ended 30 June 2017

Beginning of the Financial Statements

DESTINATION NSW STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated			Parent	
		Actual	Budget	Actual	Actual	Actual
		2017	2017	2016	2017	2016
		\$000	\$000	\$000	\$000	\$000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	20,412	20,295	19,040	-	-
Personnel services	2(b)	-	-	-	20,412	19,040
Other operating expenses	2(c)	150,334	140,231	140,059	150,334	140,059
Depreciation and amortisation	2(d)	1,576	1,946	2,029	1,576	2,029
Grants and subsidies	2(e)	4,127	12,700	4,437	4,127	4,437
Total Expenses excluding losses		176,449	175,172	165,565	176,449	165,565
Revenue						
Sale of goods and services	3(a)	-	-	412	-	412
Investment revenue	3(b)	-	-	2	-	2
Grants and contributions	3(c)	159,406	161,676	156,036	159,406	156,036
Other revenue	3(d)	205	-	165	205	165
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	50	325	40	50	40
Total Revenue		159,661	162,001	156,655	159,661	156,655
Gain / (loss) on disposal	4	(4)	-	(79)	(4)	(79)
Other gains / (losses)	5	11	-	(124)	11	(124)
Net result	17	(16,781)	(13,171)	(9,113)	(16,781)	(9,113)
Other comprehensive income						
Other comprehensive income		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		(16,781)	(13,171)	(9,113)	(16,781)	(9,113)

The accompanying notes form part of these financial statements.

Destination NSW: Financial Statements for the year ended 30 June 2017

CONTINUED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	Consolidated			Parent	
		Actual	Budget	Actual	Actual	Actual
		2017	2017	2016	2017	2016
		\$000	\$000	\$000	\$000	\$000
ASSETS						
Current Assets						
Cash and cash equivalents	7	12,417	9,934	28,315	12,417	28,315
Receivables	8	5,974	5,310	4,603	5,974	4,603
Total Current Assets		18,391	15,244	32,918	18,391	32,918
Non-Current Assets						
Property, plant and equipment	9					
- Plant and equipment		1,050	1,330	1,924	1,050	1,924
- Infrastructure systems		-	1,608	2,676	-	2,676
Total property, plant and equipment		1,050	2,938	4,600	1,050	4,600
Intangible assets	10	83	111	97	83	97
Total Non-Current Assets		1,133	3,049	4,697	1,133	4,697
Total Assets		19,524	18,293	37,615	19,524	37,615
LIABILITIES						
Current Liabilities						
Payables	12	25,432	21,272	27,315	25,432	27,315
Provisions	13	3,316	2,805	2,851	3,316	2,851
Total Current Liabilities		28,748	24,077	30,166	28,748	30,166
Non-Current Liabilities						
Provisions	13	904	919	796	904	796
Total Non-Current Liabilities		904	919	796	904	796
Total Liabilities		29,652	24,996	30,962	29,652	30,962
Net Assets		(10,128)	(6,703)	6,653	(10,128)	6,653
EQUITY						
Accumulated funds	1n(i)	(10,128)	(6,703)	6,653	(10,128)	6,653
Total Equity		(10,128)	(6,703)	6,653	(10,128)	6,653

The accompanying notes form part of these financial statements.

Destination NSW: Financial Statements for the year ended 30 June 2017

CONTINUED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

Consolidated Entity	Notes	Accumulated Funds	Total Equity
		\$000	\$000
Balance at 1 July 2016		6,653	6,653
Net result for the year		(16,781)	(16,781)
Total comprehensive income for the year		(16,781)	(16,781)
Balance at 30 June 2017		(10,128)	(10,128)
Balance at 1 July 2015		15,766	15,766
Net result for the year		(9,113)	(9,113)
Total comprehensive income for the year		(9,113)	(9,113)
Balance at 30 June 2016		6,653	6,653

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

Parent Entity	Notes	Accumulated Funds	Total Equity
		\$000	\$000
Balance at 1 July 2016		6,653	6,653
Net result for the year		(16,781)	(16,781)
Total comprehensive income for the year		(16,781)	(16,781)
Balance at 30 June 2017		(10,128)	(10,128)
Balance at 1 July 2015		15,766	15,766
Net result for the year		(9,113)	(9,113)
Total comprehensive income for the year		(9,113)	(9,113)
Balance at 30 June 2016		6,653	6,653

The accompanying notes form part of these financial statements.

Destination NSW: Financial Statements for the year ended 30 June 2017

CONTINUED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated			Parent	
		Actual	Budget	Actual	Actual	Actual
		2017	2017	2016	2017	2016
		\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(19,786)	(19,970)	(19,354)	-	-
Personnel services expense		-	-	-	(19,786)	(19,354)
Grants and subsidies		(4,127)	(12,700)	(4,437)	(4,127)	(4,437)
Other		(160,458)	(145,731)	(143,709)	(160,458)	(143,709)
Total Payments		(184,371)	(178,401)	(167,500)	(184,371)	(167,500)
Receipts						
Sale of goods and services		1	-	415	1	415
Interest received		-	-	282	-	282
Grants and contributions		156,002	156,176	154,229	156,002	154,229
Other		12,627	11,170	12,581	12,627	12,581
Total Receipts		168,630	167,346	167,507	168,630	167,507
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	(15,741)	(11,055)	7	(15,741)	7
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of land and buildings, plant and equipment and infrastructure systems		(157)	(60)	(151)	(157)	(151)
Purchases of intangibles		-	(100)	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(157)	(160)	(151)	(157)	(151)
NET INCREASE/(DECREASE) IN CASH		(15,898)	(11,215)	(144)	(15,898)	(144)
Opening cash and cash equivalents		28,315	21,149	28,459	28,315	28,459
CLOSING CASH AND CASH EQUIVALENTS	7	12,417	9,934	28,315	12,417	28,315

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Destination NSW is a NSW statutory body, established pursuant to the *Destination NSW Act 2011*. The Destination NSW Group (the Group) comprises Destination NSW and the entity under its control namely the Destination NSW Staff Agency (the Agency).

The Group is a body corporate with a board of management that has a statutory position of Chief Executive Officer (CEO) who is responsible for the day to day management of the Group in accordance with the directions of the Board. The Group is a not-for-profit entity (as profit is not its principal objective).

The Group is consolidated as part of the NSW Total Sector Accounts and falls within the Department of Industry cluster of the NSW Public Service.

On 15 March 2017 - Administrative Arrangements (Administrative Changes - Public Service Agencies) Order 2017 outlined the responsibility for Destination NSW (including the Staff Agency) was transferred from the Department of Premier and Cabinet to Department of Industry effective 1 April 2017.

The Group's main aim is to achieve economic and social benefits for the people of New South Wales by developing tourism and securing major events.

Under the *Destination NSW Act 2011* Destination NSW cannot employ any staff but may arrange for the use of the services of any staff (whether by way of secondment or otherwise) to enable the Group to exercise its functions. The Agency provides personnel services to Destination NSW.

The Agency has as its head the CEO of Destination NSW and all staff reporting to the CEO.

Where reference in these notes is made to 'Group' it refers to the total activities of Destination NSW and the Destination NSW Staff Agency. A reference to the 'Parent' relates to the activities of Destination NSW only.

These consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Chair and Chief Executive Officer on the date the accompanying Statement by the Chair and Chief Executive Officer was signed.

(b) Basis of preparation

Separate financial statements have been prepared for the Destination NSW Staff Agency.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entity, all inter-entity transactions and balances have been eliminated.

The Group's financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance & Audit Regulation 2015* and
- Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

Judgements, key report assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

Valuation of Long Service Leave is measured at present value in accordance with AASB 119 *Employee Benefits* as stated in Note 1(l)(ii).

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Going concern

Destination NSW has a deficit in accumulated funds at 30 June 2017. These consolidated financial statements have been prepared on a going concern basis, as the group will receive Recurrent Cluster Grants from the State via the Department of Industry as outlined in the NSW Budget Papers for 2017-2018 and the forward years. It is expected that these grants will allow the group to continue to operate as a going concern.

(d) Statement of compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(e) Insurance

The Group's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Group as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

(g) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Grants

Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

(ii) Sale of goods and services

Revenue from the sale of goods is recognised as revenue when the Group transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

(iii) Rendering of services

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion.

(iv) Investment revenue

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

(h) Property, plant and equipment

(i) Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost. Also refer to Note 11 for further information regarding fair value.

The Group re-values each class of property, plant and equipment with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except, to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost, where depreciated replacement cost is also fair value.

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Group.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Each class of asset has a default life which may be varied as a result of management review either at acquisition or at any time during the asset life.

Default asset class lives are:

Plant and equipment	1 - 8 years
Infrastructure	8 - 10 years

Depreciation rates are reviewed and determined on an annual basis.

(vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(vii) Maintenance

Day to day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(i) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

The leasing transactions of the Group are restricted to operating leases of building, vehicles and equipment.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(j) Intangible assets

The Group recognises intangible assets only if it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The Group's intangible assets are amortised using the straight line method over a period of 2 - 6 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets (continued)

• Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

• Impairment of financial assets

All financial assets, except those at fair value through profit and loss, are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(ii) Financial Liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

• Financial liabilities at amortised cost (including borrowings and trade payables)

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the Group and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(iii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Group transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Group has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Group has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(l) Employee benefits

(i) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Long service leave and superannuation

The Agency's liability for defined benefit superannuation are assumed by the Crown Entity. The Agency accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'. The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. The Group has obtained external actuarial advice from a third-party entity with regards to the valuation of Long Service Leave.

(iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(m) Other provisions

Other provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation.

Any provision for restructuring is recognised only when the Group has a detailed formal plan and the Group has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(n) Equity and reserves

(i) Accumulated funds

The category 'accumulated funds' includes all current and prior period retained funds.

The reduction in accumulated funds is mainly due to NSW Treasury cash management reforms which reduced agency cash balances in 2016-17 via reduction in cluster grants.

(o) Fair value measurement and hierarchy

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(p) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 16.

(q) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) New Australian Accounting Standards issues and effective for the first time at 30 June 2017

The following new Australian Accounting Standards have been issued and are now effective for the first time at 30 June 2017

- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit Public Sector Entities*
- AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*

(s) New Australian Accounting Standards issued but not effective

The following new Australian Accounting Standards have been issued but are not yet effective. The Group has not early adopted any of these new standards or amendments. When applied in future periods, they are not expected to have a material impact on the financial position or performance of the Group, unless otherwise detailed below:

- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (1 July 2017)*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non Cash-Generating Specialised Assets of Not-for-Profit Entities (1 July 2017)*
- AASB 9 *Financial Instruments (1 July 2019)*
- AASB 16 *Leases (1 July 2019)*
- AASB 15 *Revenue from Contracts with Customers - the mandatory application date has been deferred for not-for-profit entities (1 July 2019)*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15 - the mandatory application date has been deferred for not-for-profit entities (1 July 2019)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (1 July 2019)*
- AASB 1058 *Income of Not-for-profit Entities (1 July 2019)*
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 cycle (1 July 2019)*

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. The Standard is expected to apply to the consolidated entity for financial periods beginning 1 July 2019. The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Consequential amendments have also been made to AASB 15 by AASB 2016-3.

In addition, AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation guidance on applying the principles in AASB 15 to not-for-profit entities as well as replacing the requirements in AASB 1004 Contributions*.

Management has not yet completed a detailed impact assessment of this new standard and is not currently able to reasonably estimate the possible future impacts of this standard.

AASB 9 Financial Instruments

AASB 9 will apply to the Group for financial periods beginning 1 July 2018. The Standard includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting requirements.

AASB 9 also improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

Management has not yet completed a detailed impact assessment of this new standard and is not currently able to reasonably estimate the possible future impacts of this standard.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases* and is expected to apply to the Group for financial years beginning 1 July 2019.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with terms of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability. For lessors, the Standard provides accounting requirements that a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. (Refer note 14 for current operating lease commitments of \$1,889,000).

Management has not yet completed a detailed impact assessment of this new standard and is not currently able to reasonably estimate the possible future impacts of this standard.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. EXPENSES EXCLUDING LOSSES

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
(a) Employee related expenses				
Salaries and wages (including annual leave)	16,623	15,606	-	-
Superannuation – defined benefit plans	47	38	-	-
Superannuation – defined contribution plans	1,393	1,284	-	-
Long service leave	573	521	-	-
Workers compensation insurance	31	45	-	-
Payroll tax and fringe benefits tax	1,117	1,098	-	-
Redundancy payments	384	148	-	-
Other - miscellaneous	244	300	-	-
	20,412	19,040	-	-
(b) Personnel services				
Personnel services	-	-	20,412	19,040
	-	-	20,412	19,040
(c) Other operating expenses include the following:				
Accommodation expenses	141	146	141	146
Administration fees	202	100	202	100
Advertising	30,994	30,738	30,994	30,738
Auditor's remuneration – audit of financial reports	98	96	98	96
Auditor's remuneration – other services	102	158	102	158
Bad and doubtful debts	-	3	-	3
Consultancy	22	478	22	478
Contractors	5,332	4,287	5,332	4,287
Fees - events	1,246	415	1,246	415
Fees - other	7,051	4,356	7,051	4,356
Maintenance*	52	47	52	47
Motor vehicle expenses	68	89	68	89
Operating lease rental expense – minimum lease payments	2,225	2,341	2,225	2,341
Other operating	3,505	3,244	3,505	3,244
Printing and publication	268	171	268	171
Promotion	95,245	89,519	95,245	89,519
Purchases	186	398	186	398
Telecommunication	163	236	163	236
Travel	1,026	1,318	1,026	1,318
Visiting journalist accommodation and expenses	2,408	1,919	2,408	1,919
	150,334	140,059	150,334	140,059
Maintenance Reconciliation				
* Maintenance expense - contracted labour and other (non-employee related), as above	52	47	52	47
Employee related maintenance expense included in Note 2(a)	-	-	-	-
Total Maintenance expenses included in Note 2(a) + 2(c)	52	47	52	47
(d) Depreciation and amortisation expense				
Infrastructure	535	1,071	535	1,071
Plant and equipment	1,027	944	1,027	944
Amortisation of intangible assets	14	14	14	14
	1,576	2,029	1,576	2,029
(e) Grants and subsidies				
Grant to other non-government bodies	4,127	4,437	4,127	4,437
	4,127	4,437	4,127	4,437

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3. REVENUES

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
(a) Sale of goods and services				
Rendering of services:				
Other services	-	412	-	412
	-	412	-	412
(b) Investment revenue				
Interest	-	2	-	2
	-	2	-	2
(c) Grants and contributions				
Grants – NSW Budget Sector Agencies	705	775	705	775
Grant and contributions - Industry / Private Bodies	6,496	4,977	6,496	4,977
Grants and contributions - Department of Premier and Cabinet	93,000	147,085	93,000	147,085
Grants and contributions - Department of Industry	54,930	-	54,930	-
Capital grant - Department of Premier and Cabinet	-	160	-	160
Capital grant - Department of Industry	160	-	160	-
In kind sponsorship	4,115	3,039	4,115	3,039
	159,406	156,036	159,406	156,036
(d) Other revenue				
Miscellaneous	187	165	187	165
Fees	18	-	18	-
	205	165	205	165
(e) Acceptance by the Crown Entity of employee benefits and other liabilities				
The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:				
Superannuation	47	38	47	38
Payroll tax	3	2	3	2
	50	40	50	40

4. GAIN / (LOSS) ON DISPOSAL

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Gain / (loss) on disposal of property, plant and equipment				
Proceeds from disposal	-	-	-	-
Written down value of assets disposed	(4)	(79)	(4)	(79)
Net gain / (loss) on disposal of property, plant and	(4)	(79)	(4)	(79)

5. OTHER GAINS / (LOSSES)

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Other gains / (losses)				
Impairment of receivables	11	(124)	11	(124)
Net gain / (loss) on disposal of infrastructure	11	(124)	11	(124)

6. SERVICE GROUPS OF DESTINATION NSW

Destination NSW has only one service group. Details of the expenses, income, assets and liabilities for this service group are available in the primary financial statements.

Notes to the Financial Statements

CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Cash at bank and on hand	12,417	28,315	12,417	28,315
	12,417	28,315	12,417	28,315

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, and short term deposits.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the period to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	12,417	28,315	12,417	28,315
Closing cash and cash equivalents (per statement of cash flows)	12,417	28,315	12,417	28,315

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
CURRENT				
Sale of goods and services	1,053	1,416	1,053	1,416
Less: Allowance for impairment	-	(124)	-	(124)
Prepayments	51	29	51	29
Net GST	4,543	3,136	4,543	3,136
Miscellaneous	327	146	327	146
	5,974	4,603	5,974	4,603

Movement in the allowance for impairment

Balance at 1 July	124	-	124	-
Amounts written off during the year	(113)	-	(113)	-
Increase / (decrease) in allowance recognised in profit and loss	(11)	124	(11)	124
Balance at 30 June	-	124	-	124

Details regarding credit risk liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

	Plant and Equipment		Infrastructure		Total	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2016 - fair value						
At fair value	4,329	4,329	9,825	9,825	14,154	14,154
Accumulated depreciation and impairment	(2,405)	(2,405)	(7,149)	(7,149)	(9,554)	(9,554)
Net carrying amount	1,924	1,924	2,676	2,676	4,600	4,600
At 30 June 2017 - fair value						
At fair value	4,476	4,476	-	-	4,476	4,476
Accumulated depreciation and impairment	(3,426)	(3,426)	-	-	(3,426)	(3,426)
Net carrying amount	1,050	1,050	-	-	1,050	1,050

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and Equipment		Infrastructure Systems		Total	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2017						
Net carrying amount at start of	1,924	1,924	2,676	2,676	4,600	4,600
Additions	157	157	-	-	157	157
Transfer to Event Owner	-	-	(2,141)	(2,141)	(2,141)	(2,141)
Disposal	(10)	(10)	-	-	(10)	(10)
Depreciation expense	(1,027)	(1,027)	(535)	(535)	(1,562)	(1,562)
Write back on disposal	6	6	-	-	6	6
Net carrying amount at end of	1,050	1,050	-	-	1,050	1,050

At the end of the 'Homebush Motor Racing Period' in 2016, Destination NSW transferred the Infrastructure assets at their written down value of \$2.141m at non cash consideration to the Event Owner as part of the Newcastle 500 Supercar Race agreement. Please refer to note 2c under Promotion.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

9. NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT (continued)

	Plant and Equipment		Infrastructure Systems		Total	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	\$000	\$000	\$000	\$000	\$000	\$000
At 30 June 2015 - fair value						
At fair value	4,390	4,390	9,825	9,825	14,215	14,215
Accumulated depreciation and impairment	(1,594)	(1,594)	(6,078)	(6,078)	(7,672)	(7,672)
Net carrying amount	2,796	2,796	3,747	3,747	6,543	6,543
At 30 June 2016 - fair value						
At fair value	4,329	4,329	9,825	9,825	14,154	14,154
Accumulated depreciation and impairment	(2,405)	(2,405)	(7,149)	(7,149)	(9,554)	(9,554)
Net carrying amount	1,924	1,924	2,676	2,676	4,600	4,600

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below.

	Plant and Equipment		Infrastructure Systems		Total	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2016						
Net carrying amount at start of	2,796	2,796	3,747	3,747	6,543	6,543
Additions	151	151	-	-	151	151
Disposals	(212)	(212)	-	-	(212)	(212)
Depreciation expense	(944)	(944)	(1,071)	(1,071)	(2,015)	(2,015)
Write back on disposal	133	133	-	-	133	133
Net Carrying amount at end of	1,924	1,924	2,676	2,676	4,600	4,600

Further details regarding fair value measurement are shown in Note 11.

10. INTANGIBLE ASSETS

	Software		Total	
	Consolidated	Parent	Consolidated	Parent
	\$000	\$000	\$000	\$000
At 1 July 2016				
Fair value	140	140	140	140
Accumulated amortisation and impairment	(43)	(43)	(43)	(43)
Net carrying amount	97	97	97	97
At 30 June 2017				
Fair value	140	140	140	140
Accumulated amortisation and impairment	(57)	(57)	(57)	(57)
Net carrying amount	83	83	83	83
Year ended 30 June 2017				
Net carrying amount at start of year	97	97	97	97
Additions / transfers	-	-	-	-
Disposals / revaluations / transfers	-	-	-	-
Amortisation (recognised in 'depreciation and amortisation')	(14)	(14)	(14)	(14)
Net carrying amount at end of year	83	83	83	83
At 1 July 2015				
Fair value	140	140	140	140
Accumulated amortisation and impairment	(29)	(29)	(29)	(29)
Net Carrying amount	111	111	111	111
At 30 June 2016				
Fair value	140	140	140	140
Accumulated amortisation and impairment	(43)	(43)	(43)	(43)
Net Carrying amount	97	97	97	97
Year ended 30 June 2016				
Net carrying amount at start of year	111	111	111	111
Additions / transfers	-	-	-	-
Disposals / revaluations / transfers	-	-	-	-
Amortisation (recognised in 'depreciation and amortisation')	(14)	(14)	(14)	(14)
Net carrying amount at end of year	97	97	97	97

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The fair value of non-financial assets have been measured in accordance with AASB 13 *Fair Value Measurement*. Under AASB 13, fair value is defined 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 the measurement date'.

To increase consistency and comparability in fair value measurements and related disclosures, AASB 13 establishes a fair value hierarchy that categorises into three levels aligned to the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly or indirectly.

Level 3 inputs are unobservable inputs for assets or liabilities. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for assets or liabilities at the measurement date. Where level 3 is adopted a sensitivity analysis shall be included in the assessment of value.

(a) Fair value hierarchy

At 30 June 2017

Consolidated	Level 1	Level 2	Level 3	Total Fair Value
Property, plant and equipment (Note 9)	\$000	\$000	\$000	\$000
Infrastructure systems	-	-	-	-
Total	-	-	-	-

At 30 June 2017

Parent	Level 1	Level 2	Level 3	Total Fair Value
Property, plant and equipment (Note 9)	\$000	\$000	\$000	\$000
Infrastructure systems	-	-	-	-
Total	-	-	-	-

At 30 June 2016 - fair value

Consolidated	Level 1	Level 2	Level 3	Total Fair Value
Property, plant and equipment (Note 9)	\$000	\$000	\$000	\$000
Infrastructure systems	-	-	2,676	2,676
Total	-	-	2,676	2,676

At 30 June 2016 - fair value

Parent	Level 1	Level 2	Level 3	Total Fair Value
Property, plant and equipment (Note 9)	\$000	\$000	\$000	\$000
Infrastructure systems	-	-	2,676	2,676
Total	-	-	2,676	2,676

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (continued)

(b) Reconciliation of recurring Level 3 fair value measurements

At 30 June 2017

Recurring Level 3 fair value measurements	Consolidated	
	Infrastructure Systems	Total Fair Value
	\$000	\$000
Fair value as at 1 July 2016	2,676	2,676
Transfer to Event Owner	(2,141)	(2,141)
Depreciation	(535)	(535)
Fair value as at 30 June 2017	-	-

At 30 June 2016 - fair value

Recurring Level 3 fair value measurements	Consolidated	
	Infrastructure Systems	Total Fair Value
	\$000	\$000
Fair value as at 1 July 2015	3,747	3,747
Revaluation decrement	-	-
Depreciation	(1,071)	(1,071)
Fair value as at 30 June 2016	2,676	2,676

(c) Valuation techniques, inputs and processes

(i) Recurring and non-recurring level 3 fair value measurement - valuation processes

The V8 Supercars Sydney 500 Infrastructure is a combination of assets (such as tyre stacks, debris fences, concrete barriers, pedestrian bridges, overtrack signs, etc) required to host the Sydney 500 Supercar race.

Individually the assets have a relatively low value, however together the assets form an infrastructure support service for such events.

NSW Public Works - Government Architects Office (NSWPW) were engaged to value the infrastructure systems as at 30 June 2015.

Valuation of V8 Supercars Sydney 500 Infrastructure Systems

The asset was valued with a maximum, nine year, total useful life value for the majority of the assets as at 30 June 2015.

NSWPW established rates to be applied to the asset quantities. The unit rates were derived from a combination of the NSWPW database of recent tender prices, other relevant cost database, industry research and their knowledge of current industry trends.

Utilising the aforementioned quantities and rates, NSWPW determined the current replacement cost of each examined asset. This was then escalated to the required valuation date of 30 June 2015 using the Building Price Index. The valuation is adjusted only if the expected increase since 30 June 2015 is material.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

12. CURRENT LIABILITIES - PAYABLES

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
CURRENT				
Accrued salaries, wages and on-costs	330	269	-	-
Unearned income	249	240	249	240
Personnel services	-	-	330	269
Creditors	24,853	26,806	24,853	26,806
	25,432	27,315	25,432	27,315

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 18.

13. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
CURRENT				
Employee benefits and related on-costs				
Annual leave	1,290	1,318	-	-
Long service leave	2,026	1,533	-	-
Personnel services provision	-	-	3,316	2,851
Total current provisions	3,316	2,851	3,316	2,851
NON-CURRENT				
Employee benefits and related on-costs				
Long service leave	422	322	422	322
	422	322	422	322
Other provisions				
Restoration costs	482	474	482	474
	482	474	482	474
Total non-current provisions	904	796	904	796

Note:

1) Provision for Make Good: - Destination NSW has an obligation to 'Make Good' the premise of 88 Cumberland Street, if they vacate the premises. The earliest exit date from the lease is 31 July 2018.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Aggregate employee benefits and related on-costs				
Provisions – current	3,316	2,851	3,316	2,851
Provisions – non-current	422	322	422	322
Personnel services payable (Note 12)	-	-	330	269
Accrued salaries, wages and on-costs (Note 12)	330	269	-	-
	4,068	3,442	4,068	3,442
Movements in provisions (other than employee benefits)				
Restoration costs				
Carrying amount at beginning of financial year	474	466	474	466
Additional provisions recognised	8	8	8	8
Unused amounts reversed	-	-	-	-
Carrying amount at end of financial year	482	474	482	474

Annual leave

The liability at 30 June 2017 was \$1,290,000 (2016: \$1,318,000). This is based on leave entitlements at 30 June 2017.

The value of annual leave expected to be taken within 12 months is \$401,000 (2016: \$396,000) and \$889,000 (2016: \$922,000) after 12 months.

Long service leave

The liability at 30 June 2017 was \$2,448,000 (2016: \$1,855,000). This is based on leave entitlements at 30 June 2017.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

14. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

As at 30 June 2017 Destination NSW had no capital commitments (2016: Nil).

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
(b) Operating lease commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	2,086	2,051	2,086	2,051
Later than one year and not later than five years	110	1,889	110	1,889
Later than five years	-	-	-	-
Total (including GST)	2,196	3,940	2,196	3,940
The total of 'Operating lease commitments' above includes input tax credits that are expected to be recoverable from the Australian Taxation Office.	200	358	200	358

Destination NSW has an operating lease for Levels 1 & 2, 88 Cumberland Street with GP NSW. The earliest exit date from this lease is 31 July 2018.

(c) Finance Lease Commitments

As at 30 June 2017 Destination NSW had no finance lease commitments (2016: Nil).

(d) Partnership Agreement with NSW Department of Industry

Not later than one year	437	437	437	437
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	437	437	437	437
The total of 'Partnership Agreement' above includes input tax credits that are expected to be recoverable from the Australian Taxation Office.	40	40	40	40

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Board is unaware of the existence of any contingent liabilities or contingent assets as at balance date (2016: \$0).

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. BUDGET REVIEW

The budget process is finalised prior to the beginning of each financial year. Events can arise after that date that necessitates variations to the planned activities of the Group for that year. This in turn may cause variations to the financial activities. Major variations between the budget and actual amounts are outlined below.

Net Result

The consolidated actual net result for 2017 was \$3.5m higher than budget. This was primarily due to approved NSW Treasury adjustments for carry overs and asset transfer.

Assets and liabilities

The net assets are (\$3.4m) lower than budget. Non-Current Assets are lower than budget by \$1.9m mainly due to transfer of infrastructure assets (\$2.1m). Current assets are higher than budget (\$3.1m) predominately due to higher cash and cash equivalents (\$12.4m). Higher cash levels provide coverage for a higher than budgeted level of expense accruals (creditors) arising from significant operating activity in the last two months of the financial year as reflected in the level of payables (\$4.2m higher than budget).

Cash flows

The net decrease in cash of \$4.6m is higher than budget. This is primarily due to higher than budgeted payment of 2015-16 payables in 2016-17.

17. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	Consolidated		Parent	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Net Cash used on operating activities	(15,741)	7	(15,741)	7
Depreciation and amortisation	(1,576)	(2,029)	(1,576)	(2,029)
Non-cash expenses	(2,141)	-	(2,141)	-
Decrease / (increase) in provisions	(573)	77	(573)	77
Increase / (decrease) in receivables	1,371	(1,047)	1,371	(1,047)
Decrease / (increase) in creditors	1,883	(6,042)	1,883	(6,042)
Net gain / (loss) in sale of plant and equipment	(4)	(79)	(4)	(79)
Net Result	(16,781)	(9,113)	(16,781)	(9,113)

18. FINANCIAL INSTRUMENTS

The Group's principal financial instruments are outlined below. These financial instruments arise directly from the Group's operations or are required to finance the Group's operations. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's main risks arising from financial instruments are outlined below, together with the Group's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Group, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18. FINANCIAL INSTRUMENTS (continued)

(a) Financial Instrument Categories

Financial Assets	Note	Category	Consolidated		Parent	
			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Class:			2017	2016	2017	2016
			\$000	\$000	\$000	\$000
Cash and cash equivalents	7	N/A	12,417	28,315	12,417	28,315
Receivables ¹	8	Loans and receivables (at amortised cost)	1,380	1,438	1,380	1,438
			13,797	29,753	13,797	29,753
Financial Liabilities	Note	Category	Consolidated		Parent	
			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Class:			2017	2016	2017	2016
			\$000	\$000	\$000	\$000
Payables ²	12	Financial liabilities measured at amortised cost	25,183	27,075	25,183	27,075
			25,183	27,075	25,183	27,075

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility of the Group's debtors defaulting on their contractual obligations, resulting in a financial loss to the Group. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Group, including cash, receivables, authority deposits and advances receivable. No collateral is held by the Group. The Group has not granted any financial guarantees.

Credit risk associated with the Group's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. No interest is earned by Destination NSW on bank balances.

No interest is earned on the overseas advance accounts.

Receivables - trade debtors

All trade debtors are recognised as receivable amounts at balance date. The policy is to review collectability of trade debtors on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand where necessary. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Group is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due \$553,000 (2016: \$776,000) and past due \$500,000 (2016: \$640,000) are not considered impaired. Together these represent 100% (2016: 100%) of the total trade debtors.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18. FINANCIAL INSTRUMENTS (continued)

Consolidated	Total ¹ \$000	Past due but not impaired ¹ \$000	Considered impaired ¹ \$000
2017			
<3 months overdue	500	500	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2016			
<3 months overdue	634	510	124
3 months - 6 months overdue	6	6	-
> 6 months overdue	-	-	-
Parent	Total ¹ \$000	Past due but not impaired ¹ \$000	Considered impaired ¹ \$000
2017			
<3 months overdue	500	500	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2016			
<3 months overdue	634	510	124
3 months - 6 months overdue	6	6	-
> 6 months overdue	-	-	-

Notes

1. Each Column in the table reports 'gross receivables'.

Authority Deposits

The Group has no funds placed on deposit with TCorp.

Other Facilities

The Group has access to the following banking facilities:

	2017 \$000	2016 \$000
MasterCard Limit	950	950

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due. The Group continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year and prior year, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Group's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Board may automatically pay the supplier simple interest. The rate of interest applied during the year was 0% (2016: 0%).

The table below summarises the maturity profile of the Group's financial liabilities, together with the interest rate exposure.

Consolidated	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$000	Interest Rate exposure			Maturity Dates		
			Fixed Int. Rate \$000	Variable Int. Rate \$000	Non-interest Bearing \$000	< 1 yr	1 - 5 yrs	> 5 yrs
2017								
<i>Payables</i>	0.0%	25,183	-	-	25,183	25,183	-	-
		25,183	-	-	25,183	25,183	-	-
2016								
<i>Payables</i>	0.0%	27,075	-	-	27,075	27,075	-	-
		27,075	-	-	27,075	27,075	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

Parent	Weighted Average Effective Int. Rate	Nominal Amount ¹ \$000	Interest Rate exposure			Maturity Dates		
			Fixed Int. Rate \$000	Variable Int. Rate \$000	Non-interest Bearing \$000	< 1 yr	1 - 5 yrs	> 5 yrs
2017								
<i>Payables</i>	0.0%	25,183	-	-	25,183	25,183	-	-
		25,183	-	-	25,183	25,183	-	-
2016								
<i>Payables</i>	0.0%	27,075	-	-	27,075	27,075	-	-
		27,075	-	-	27,075	27,075	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18. FINANCIAL INSTRUMENTS (continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group has no material exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which The Group operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the financial position date. The analysis is performed on the same basis as for 2016. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Group's interest bearing liabilities. The Group does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Group's exposure to interest rate risk is set out below.

Consolidated	Carrying Amount \$000	Result \$000 -1%	Equity \$000	Result \$000 +1%	Equity \$000
2017					
Financial Assets					
Cash and cash equivalents	12,417	-	-	-	-
Receivables	1,380	-	-	-	-
Financial Liabilities					
Payables	25,183	-	-	-	-
2016					
Financial Assets					
Cash and cash equivalents	28,315	-	-	-	-
Receivables	1,438	-	-	-	-
Financial Liabilities					
Payables	27,075	-	-	-	-
Parent	Carrying Amount \$000	Result \$000 -1%	Equity \$000	Result \$000 +1%	Equity \$000
2017					
Financial Assets					
Cash and cash equivalents	12,417	-	-	-	-
Receivables	1,380	-	-	-	-
Financial Liabilities					
Payables	25,183	-	-	-	-
2016					
Financial Assets					
Cash and cash equivalents	28,315	-	-	-	-
Receivables	1,438	-	-	-	-
Financial Liabilities					
Payables	27,075	-	-	-	-

Other price risk - TCorp Hour Glass Investment facilities

The Group holds no units in Hour-Glass investment trusts.

(e) Fair value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

19. RELATED PARTY DISCLOSURE

During the year, the Group incurred \$1,006,000 in respect of the key management personnel services that is provided by Destination NSW Staff Agency, a controlled entity of DNSW.

During the year, the Group did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Group entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the Group's sale of goods / rendering of services / receiving of services.

The following are a list of NSW Government entities with whom the Group had collectively material transactions, but not individually, during the 2017 financial year.

Entity	Nature of Transaction
Ambulance Service of NSW	Provides support services to facilitate events
Art Gallery NSW	Provides sponsorship to events undertaken by Art Gallery
Department of Industry	Provides administrative, secretarial support and operational assistance
Department of Premier and Cabinet	Provides administrative, secretarial support and operational assistance
Department of Finance Services and Innovation	Provides fleet management services
Destination Staff Agency	Provision of personnel services
Fire and Rescue NSW	Provides support services to facilitate events
Sydney Harbour Foreshore Authority (Property NSW)	Provides support services to facilitate events
Government Property NSW	Provides premise/office lease to Destination NSW for its operations
Government Records Repository	Provides record keeping services
Museum of Applied Arts and Sciences (MAAS)	Provides sponsorship to events undertaken by MAAS
NSW Police	Provides support services to facilitate events
NSW Self Insurance Corporation	Facilitates insurance premiums and claims receipts
NSW TAFE Commission	Provides support services to facilitate events
Office of Sport	Provides sponsorship to events undertaken by Office of Sport
Roads and Maritime Services	Provides support services to facilitate events
Sydney Olympic Park Authority	Provides sponsorship to events undertaken by Sydney Olympic Park
Sydney Opera House Trust	Provides sponsorship to events undertaken by Sydney Opera House
The Audit Office of New South Wales	Provides independent audit services of the Group's financial statements
Transport for NSW	Provides support services to facilitate events
Zoological Parks Board of NSW	Provides sponsorship to events undertaken by the Parks
Cluster grants (refer to Note 3c)	
Personnel services (refer to Note 2b)	

20. EVENTS AFTER THE REPORTING PERIOD

There are no events subsequent to the balance that affect the financial information disclosed in these financial statements.

End of the Financial Statements

Destination NSW Staff Agency Financial Statements

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Destination NSW Staff Agency

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

Pursuant to section 41C (1C) of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of Destination NSW, I state that:

- (a) the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983* and the applicable clauses of the *Public Finance and Audit Regulation 2015*;
- (b) the accompanying financial statements exhibit a true and fair view of the financial position and the financial performance of Destination NSW Staff Agency for the year ended 30 June 2017;
- (c) at the date of signing I am not aware of any circumstances that would render the financial statements misleading or inaccurate.



Sandra Chipchase
Chief Executive Officer

14 September 2017

Auditor's Report – Destination NSW Staff Agency



INDEPENDENT AUDITOR'S REPORT

Destination NSW Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Destination New South Wales Staff Agency (the Staff Agency), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Staff Agency in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Auditor's Report – Destination NSW Staff Agency CONTINUED

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A, and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the Staff Agency's ability to continue as a going concern except where the Staff Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Staff Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



C J Giumelli
Director, Financial Audit Services

20 September 2017
SYDNEY

Destination NSW Staff Agency: Financial Statements for the year ended 30 June 2017

Beginning of the Financial Statements

DESTINATION NSW STAFF AGENCY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$000	2016 \$000
Expenses excluding losses			
Operating expenses			
Employee related	2(a)	20,412	19,040
Total Expenses excluding losses		20,412	19,040
Revenue			
Personnel services	3(a)	20,362	19,000
Acceptance by Crown Entity of employee benefits and other liabilities	3(b)	50	40
Total Revenue		20,412	19,040
Net result	9	-	-
TOTAL COMPREHENSIVE INCOME		-	-

The accompanying notes form part of these financial statements.

Destination NSW Staff Agency: Financial Statements for the year ended 30 June 2017

CONTINUED

DESTINATION NSW STAFF AGENCY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2017 \$000	2016 \$000
ASSETS			
Current Assets			
Receivables	4	3,646	3,120
Total Current Assets		3,646	3,120
Non-Current Assets			
Receivables	4	422	322
Total Non-Current Assets		422	322
Total Assets		4,068	3,442
LIABILITIES			
Current Liabilities			
Payables	5	330	269
Provisions	6	3,316	2,851
Total Current Liabilities		3,646	3,120
Non-Current Liabilities			
Provisions	6	422	322
Total Non-Current Liabilities		422	322
Total Liabilities		4,068	3,442
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these financial statements.

Destination NSW Staff Agency: Financial Statements for the year ended 30 June 2017

CONTINUED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Accumulated Funds \$000	Total Equity \$000
Balance at 1 July 2016		-	-
Net result for the year		-	-
Total comprehensive income for the year		-	-
Balance at 30 June 2017		-	-
Balance at 1 July 2015		-	-
Net result for the year		-	-
Total comprehensive income for the year		-	-
Balance at 30 June 2016		-	-

The accompanying notes form part of these financial statements.

Destination NSW Staff Agency: Financial Statements for the year ended 30 June 2017

CONTINUED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$000	2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		-	-
Total Payments		-	-
Receipts			
Personnel services		-	-
Total Receipts		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	-	-
NET INCREASE/(DECREASE) IN CASH		-	-
Opening cash and cash equivalents		-	-
CLOSING CASH AND CASH EQUIVALENTS		-	-

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Destination NSW Staff Agency (the Agency) is a NSW government entity. The Agency falls within the Department of Industry cluster of the Public Service.

On 15 March 2017 - Administrative Arrangements (Administrative Changes - Public Service Agencies) Order 2017 outlined the responsibility for Destination NSW (including the Staff Agency) was transferred from the Department of Premier and Cabinet to Department of Industry effective 1 April 2017.

The Agency is a controlled entity of Destination NSW and is consolidated as part of the NSW Total State Sector Accounts.

The Agency's objective is to provide personnel services to Destination NSW. The Agency has responsibility for the employees and employee related liabilities of Destination NSW.

The Agency has as its head the CEO of Destination NSW and all staff reporting to the CEO.

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Chief Executive Officer on the date the accompanying Statement by the Chief Executive Officer was signed.

(b) Basis of preparation

The Agency's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance & Audit Regulation 2015* and
- Financial Reporting Directions mandated by the Treasurer

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit and loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

Judgements, key report assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

The Agency's insurance activities are included within Destination NSW's cover and conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

(e) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amounts of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

(f) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Personnel services

Income is measured at the fair value of the consideration received or receivable. Income from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

The Agency does not operate its own bank account. Employee related payments are processed through the Destination NSW bank account, therefore nil balances in the statement of financial position and no cash movements in the statement of cash flows.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

• Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Financial liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

• Financial liabilities at amortised cost (including borrowings and trade payables)

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the Group and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(h) Employee benefits

(i) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Long service leave and superannuation

The Agency's liability for defined benefit superannuation are assumed by the Crown Entity. The Agency accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'. The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. The Group has obtained external actuarial advice from a third-party entity with regards to the valuation of Long Service Leave.

(iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(i) Equity and reserves

(i) Accumulated Funds

The category 'accumulated funds' includes all current and prior period retained funds.

(j) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(k) New Australian Accounting Standards issues and effective for the first time at 30 June 2017

The following new Australian Accounting Standards have been issues and are now effective for the first time at 30 June 2017.

- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Annual Improvements to Australian Accounting Standards 2012-2014*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit Public Sector Entities*
- AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for-Profit Public Sector Entities*
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*

(l) New Australian Accounting Standards issued but not effective

The following new Australian Accounting Standards have been issued but are not yet effective. The Agency has not early adopted any of these new standards or amendments. When applied in future periods, they are not expected to have a material impact on the financial position or performance of the Agency, unless otherwise detailed below:

- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (1 July 2017)*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non Cash-Generating Specialised Assets of Not-for-Profit Entities (1 July 2017)*
- AASB 9 *Financial Instruments (1 July 2019)*
- AASB 16 *Leases (1 July 2019)*
- AASB 15 *Revenue from Contracts with Customers - the mandatory application date has been deferred for not-for-profit entities (1 July 2019)*
- AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15 - the mandatory application date has been deferred for not-for-profit entities (1 July 2019)*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (1 July 2019)*
- AASB 1058 *Income of Not-for-profit Entities (1 July 2019)*
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 cycle (1 July 2019)*

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. EXPENSES EXCLUDING LOSSES

	2017 \$000	2016 \$000
(a) Employee related expenses		
Salaries and wages (including annual leave)	16,623	15,606
Superannuation – defined benefit plans	47	38
Superannuation – defined contribution plans	1,393	1,284
Long service leave	573	521
Workers compensation insurance	31	45
Payroll tax and fringe benefits tax	1,117	1,098
Redundancy payments	384	148
Other - miscellaneous	244	300
	20,412	19,040

3. REVENUES

	2017 \$000	2016 \$000
(a) Personnel services		
Personnel services	20,362	19,000
	20,362	19,000
(b) Acceptance by Crown Entity of employee benefits and other liabilities		
Superannuation	47	38
Payroll tax	3	2
	50	40

4. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	2017 \$000	2016 \$000
CURRENT		
Personnel services	3,646	3,120
	3,646	3,120
NON-CURRENT		
Personnel services	422	322
	422	322

Details regarding credit risk, liquidity risk and market risk are disclosed in Note 10.

5. CURRENT LIABILITIES - PAYABLES

	2017 \$000	2016 \$000
CURRENT		
Accrued salaries, wages and on-costs	330	269
	330	269

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 10.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

6. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS

	2017 \$000	2016 \$000
CURRENT		
Employee benefits and related on-costs		
Annual leave	1,290	1,318
Long service leave	2,026	1,533
	<u>3,316</u>	<u>2,851</u>
NON-CURRENT		
Employee benefits and related on-costs		
Long service leave	422	322
	<u>422</u>	<u>322</u>
Aggregate employee benefits and related on-costs		
Provisions – current	3,316	2,851
Provisions – non-current	422	322
Accrued salaries, wages and on-costs (Note 5)	330	269
	<u>4,068</u>	<u>3,442</u>

Annual leave

The liability at 30 June 2017 was \$1,290,000 (2016: \$1,318,000). This is based on leave entitlements at 30 June 2017. The value of annual leave expected to be taken within 12 months is \$401,000 (2016: \$396,000) and \$889,000 (2016: \$922,000) after 12 months.

Long service leave

The liability at 30 June 2017 was \$2,448,000 (2016: \$1,855,000). This is based on leave entitlements at 30 June 2017.

7. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Board is unaware of the existence of any contingent liabilities or contingent assets as at balance date (2016: Nil).

8. AUDIT FEES

All audit fees are met directly by Destination NSW.

9. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2017 \$000	2016 \$000
Net cash used on operating activities	-	-
Decrease / (increase) in provisions	-	-
Increase / (decrease) in receivables	-	-
Decrease / (increase) in creditors	-	-
Net Result	<u>-</u>	<u>-</u>

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10. FINANCIAL INSTRUMENTS

The Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Agency's operations or are required to finance the Agency's operations. The Agency does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Agency's main risks arising from financial instruments are outlined below, together with the Agency's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk Management policies are established to identify and analyse the risks faced by the Agency, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the audit committee on a continuous basis.

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount 2017 \$000	Carrying Amount 2016 \$000
Class:				
Receivables ¹	4	Loans and receivables (at amortised cost)	4,068	3,442
			4,068	3,442
Financial Liabilities	Note	Category	Carrying Amount 2017 \$000	Carrying Amount 2016 \$000
Class:				
Payables ²	5	Financial liabilities measured at amortised cost	330	269
			330	269

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit Risk

The Agency has no cash and cash equivalents and all receivables \$3,979,000 (2016: \$3,442,000) relate to a single debtor, Destination NSW. No receivables are past due or impaired.

No collateral is held by the Agency. The Agency has not granted any financial guarantees.

(c) Liquidity Risk

All liabilities \$3,979,000 (2016: \$3,442,000) are payables, accruals and provisions relating to the provision of personnel services to Destination NSW Staff Agency up to 30 June 2017.

		Interest Rate exposure						
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Int. Rate	Variable Int. Rate	Non-interest Bearing	< 1 yr	1 - 5 yrs	> 5 yrs
		\$000	\$000	\$000	\$000			
2017								
Payables	0.0%	330	-	-	330	330	-	-
		330	-	-	330	330	-	-
2016								
Payables	0.0%	269	-	-	269	269	-	-
		269	-	-	269	269	-	-

Notes:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Agency can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

The Agency has no interest bearing liabilities or assets and is not exposed to market risk.

(e) Fair value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

Notes to the Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. RELATED PARTY DISCLOSURE

Key Management Personnel

The aggregate compensation paid or due to key management personnel of the Agency is set out below:

	2017
	\$000
Short-term employee benefits	780
Salaries	67
Non-monetary benefits	159
Other long-term employee benefits	<u>1,006</u>

During the year, the Group did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Agency entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the Agency's sale of goods / rendering of services / receiving of services.

The following are a list of NSW Government entities with whom the Agency had collectively material transactions, but not individually, during the 2017 financial year.

Entity	Nature of Transaction
Destination NSW	Provision of personnel services

12. EVENTS AFTER THE REPORTING DATE

There are no events subsequent to the balance that affect the financial information disclosed in these financial statements.

End of the Financial Statements

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