

An aerial photograph of a tropical reef. A white sandbar is visible in the upper left, surrounded by clear turquoise water. A motorboat is moving from the bottom center towards the sandbar, leaving a white wake. A sailboat is positioned in the lower left. The water is a vibrant blue-green, showing the texture of the coral reef below. The text 'ANNUAL REPORT 2019-20' is overlaid in large, white, sans-serif capital letters in the center of the image.

# ANNUAL REPORT 2019-20

TOURISM  
TROPICAL NORTH  
QUEENSLAND





**TOURISM TROPICAL NORTH QUEENSLAND  
ACKNOWLEDGES WE WORK, LIVE AND PLAY ON  
ABORIGINAL AND TORRES STRAIT ISLANDER LAND.  
WE PAY OUR RESPECTS TO ELDERS PAST,  
PRESENT AND FUTURE.**



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# CHAIR'S REPORT

When I started my three-year term as Tourism Tropical North Queensland Chair in 2017 the industry was looking forward to a period of growth with extraordinary tourism investment in the destination.

TTNQ's role was to maximise the opportunities this growth would bring for our regional economy. Core to our strategy was the delivery of a unifying brand story and working with industry partners to bring a renewed interest in travel to our destination.

Sadly, it did not take long for the first of a series of blows to what should have been the beginning of a new era of prosperity for the region. The wide misreporting of the back-to-back bleaching events on the Great Barrier Reef, a massive wet season in 2019, the loss of direct flights from China and now a global pandemic have brought the industry to its knees.

While the pandemic still casts its shadow over tourism across the world, from each of the region's earlier challenges we have learnt valuable lessons and innovated to strengthen the tourism industry's potential.

As part of developing a unifying brand story, the timing was finally right for the destination's internationally-renowned name Cairns & Great Barrier Reef to be used in the domestic market. With the name change came the brand launch of See Great, Leave Greater which I believe has truly nailed our whole region's personality.

Well done to the team for unearthing the essence of our destination. The results are already boosting the destination's digital performance and share of voice. I look forward to seeing the region's brand story evolve over time.

The challenges of increasingly competitive travel choices and the periodic crises that confront us locally and globally mean that no single person or organisation has the capacity or capability to deliver the suite of actions required to deliver a long-term sustainable tourism-based economy. It takes everyone together.

Hunting as a pack helped catapult Cairns & Great Barrier Reef onto tourism's world stage, and now we welcome to our pack partners not only within the industry, but across other sectors and organisations who are helping to amplify and share our story of place. I am a firm believer that tourism can be the region's inbuilt marketing arm, showcasing our agriculture and education, marine industries, tropical expertise and above all, attracting people to relocate because of the region's liveability.

Tourism will remain a key thread in our community tapestry; locals proudly sharing with visitors what we love, and tourism underpinning the viability of services such as air connectivity.

Our Local Tourism Organisations are key partners and TTNQ is working on a framework with the regions towards shared goals that also contribute to amplify our collective voice and disperse visitors across the region throughout the year.

It is no secret that my passion is the Great Barrier Reef which is also our region's greatest drawcard. As the engine room for reef visitation, our region has taken the divisive and unhelpful commentary in the media about the reef's health personally.

At long last we are seeing a much more collaborative and positive story emerging of tourism working with science and management to create localised best practice stewardship and small-scale intervention to improve reef resilience.

TTNQ has also evolved internally over the past three years with the organisation becoming leaner and fit-for-purpose. Outsourcing our finance functions to Cairns Regional Council and moving from paper to cloud-based platforms has required much effort from the team, but we now have information systems suited to an agile organisation.

Our dedicated team responded during the COVID-19 lockdown by leaning down hours which I thank them for. They have been



extraordinary at restructuring to support quick responses in an uncertain world.

Under the leadership of Chief Executive Officer Mark Olsen TTNQ has become more outcome – rather than output – focused. Targeted goals, such as the region's share of voice, are allowing strategies to be tracked and refocused with great success. Our digital performance, for example, has exceeded its target by 180%.

The road ahead will continue to have many bumps, but I believe the advocacy and domestic marketing strategies TTNQ has undertaken will have our local tourism industry well placed to capitalise on pent-up demand for domestic travel when borders open.

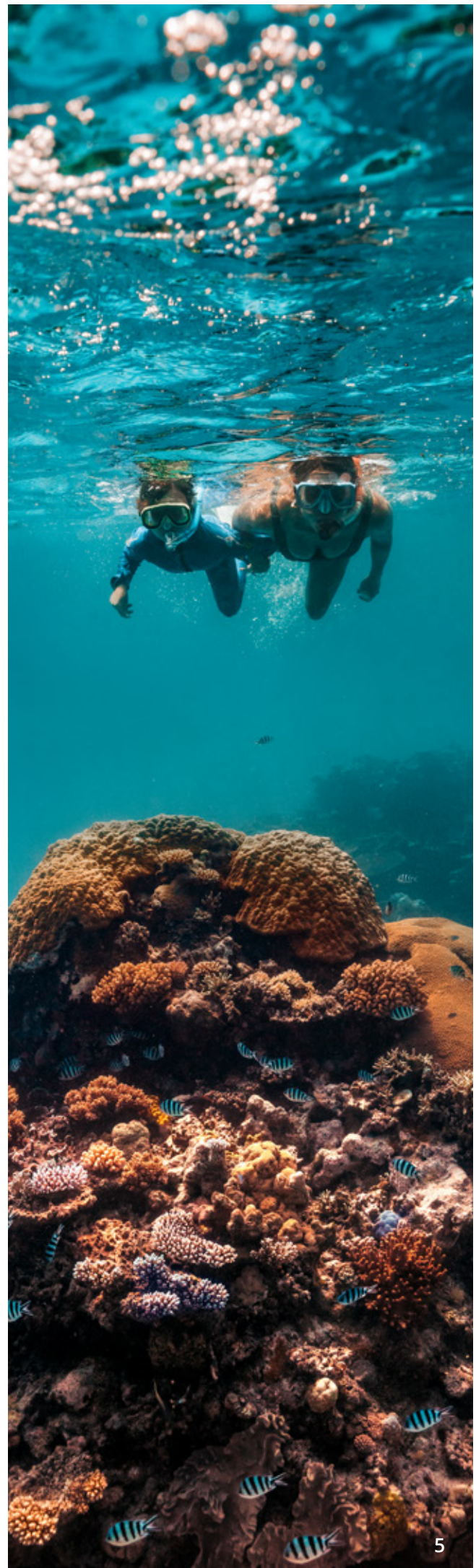
Cairns & Great Barrier Reef is known for its ability to innovate and work together. If we continue to do this we will emerge from the greatest threat tourism has ever faced. There will be the scars of a battle well-fought, but importantly there will eventually be success for those who can adapt to the very different world we are facing.

I thank my fellow “warriors” for their support: CEO Mark Olsen, Deputy Chair Norris Carter, Chair of FARMC Craig Pocock, the Board Directors of the past three years, TTNQ's hard-working staff and the many people in the industry who fly the flag for Cairns & Great Barrier Reef. I also thank Cairns Regional Council led by Mayor Bob Manning for recognising the value tourism brings to our community with a five-year funding agreement.

I end my term knowing that the organisation is in excellent hands with the experience and expertise of incoming Chair Ken Chapman at the ready for Mark and the team as they position Cairns & Great Barrier Reef as Australia's number one nature-based and ecotourism destination, supporting and supported by our industry and our community.



**Wendy Morris**  
Chair





# CEO'S REPORT

The COVID-19 blow dealt by the 2019-20 financial year has eclipsed all man-made and natural disasters that the Cairns & Great Barrier Reef tourism industry has weathered.

Even before the full weight of the pandemic shut down our industry, 2020 was off to a worrying start with the impact of news of Australia's devastating bushfires and Chinese New Year cancellations as the coronavirus raged through China.

Blow after blow can make you lose sight of achievements and looking back we had some very big successes before our world changed so dramatically.

The region's tourism industry must be congratulated on a fantastic March 2020 quarter. We actually increased visitor expenditure above our target of \$3.5 billion and grew domestic market share to 11.8% which is great work by the whole industry. Just as extraordinary is growing our international market share to 12.6% during that time.

The good news is that interest in Cairns & Great Barrier Reef is strong which is allowing us to outstrip many of our competitor destinations. Our increased focus on creating publicity for the region resulted in TTNQ generating \$65 million in Advertising Value Equivalent (AVE).

The Cairns & Great Barrier Reef brand is gaining traction as we work with Tourism & Events Queensland (TEQ) and our retail partners to ensure the word Cairns is on everybody's lips. As a result Cairns is now the most Googled regional tourism destination in Australia.

Another great result in the past 12 months has been operator referrals where TTNQ is driving business from our website to your website. TTNQ has delivered more than 91,000 referrals to member businesses.

This resulted in \$25 million in leads and \$10 million worth of direct business for members bringing \$35 million in direct value to region.

Members are at the core of TTNQ's efforts

and in 2019-20 our team had 4000 member engagements, that's 80% of members engaged every month.

Advocacy on behalf of our members became a focus during lockdown. Lobbying State and Federal politicians for industry support, pushing crucial information out to members in a variety of formats including webinars and being the support at the end of a phone line when members were doing it tough were all part of the plan for industry survival.

TTNQ was the first Regional Tourism Organisation (RTO) to ask the Federal Government for a wage subsidy when we met with the Minister for Trade, Tourism and Investment Simon Birmingham in his last visit before the lockdown.

Through regular engagement with Premier Palaszczuk, we lobbied for and were successful in getting the \$25 million Growing Tourism Infrastructure Fund; \$2.4 million in marketing funds; aviation support for Cairns Airport; a \$3.5 million events fund; \$7.5 million in business support funding; \$6.5 million for four major projects and fee relief for marine operators.

TTNQ has waived our membership fees until 31 December 2020, and restructured our team to focus on the domestic market, reducing overheads by 20%.

Our challenges will continue as outbreaks occur and borders open and close resulting in our 55,000 visitors a day shrinking down to just 5,500, around 30% of pre-COVID-19 levels. It could take at least five years to return to the 2019 visitor spend of \$3.5 billion so TTNQ is seeking further Government assistance to soften the blow.

As these changes occur we are adapting our marketing approach, with a record \$12.5 million for 2020-21, to make the best of the markets available to us. TTNQ is maintaining relationships with our international markets and focusing 80% of our budget towards domestic marketing. We are diversifying our base of markets through events, culture and niche travel.



Drive North Queensland became a priority and its speedy activation after lockdown brought South East Queenslanders and local road trippers north giving the Gulf Savannah, Cooktown and Atherton Tablelands a much needed boost.

Since taking up the role of Chief Executive Officer in September 2019, I have been working with the team to reset TTNQ's Strategic Direction to grow our reach, profile and influence. This reset has happened against a backdrop of challenges including the loss of aviation services to Hong Kong and China, negative perceptions about the health of the Great Barrier Reef, intense coverage of the Cape Tribulation zipline fatality, bushfire perceptions and the outbreak of COVID-19.

#### **HIGHLIGHTS FOR THE YEAR INCLUDE:**

- Phase One domestic marketing campaign delivery above target results.
- A new and approved Strategic Direction and brand launched in March 2020.
- Significant increase in media exposure, including negotiation of the Future Tourism program with News Ltd.
- Securing \$2.4 million in marketing funds.
- Successfully lobbying for \$7.5 million in business support funding, the \$25 million Growing Tourism Infrastructure Fund, a wage subsidy and fee relief.
- Generating \$65 million in publicity for the destination.
- An additional \$500,000 from Cairns Airport to support marketing and events.

Our funding partners continue to play a crucial role in assisting TTNQ to increase both market share and share of voice. The five-year funding agreement with Cairns Regional Council has finally given TTNQ the sustainable funding necessary to meet our vision of being known as Australia's number one nature-based and ecotourism destination, supported by our industry and out community. Our decision to waive membership fees to existing members will impact our budget but was necessary under these extraordinary circumstances.

TTNQ's dedicated staff have put in some very hard yards as we have adapted the business to its new Strategic Direction and quickly changed focus to ensure we could ably represent our members and work in rapidly shrinking markets. I thank them for their support and role in helping the organisation achieve many successes throughout the year.

Our members are the ones at the coalface of the economic havoc wrought by COVID-19 and although this is taking a toll on the industry's psyche, I continue to be inspired by those who are grasping this unprecedented challenge and devising a re-imagined way of doing business successfully.

It has taken a global pandemic to fully expose flaws in how the tourism industry does business, for example the use of credit in the distribution supply chain. These are the lessons that we can use to positively shape the industry's future.

The pandemic has also made many people around the world stop and think about a better way of living. We believe Cairns & Great Barrier Reef's promise to See Great and Leave Greater is just what they are looking for.

Our Chair's three-year term ends at the Annual General Meeting and I want to thank Wendy Morris for the long hours and passion she has brought to the role. Wendy has been passionate about bringing all sectors onboard to tell a united destination story and from that our See Great, Leave Greater story is unfolding.

I welcome incoming Chair Ken Chapman to the role and look forward to working with him and the TTNQ Board to emerge from the shadow of the global pandemic and successfully adapt our industry and organisation to be Australia's number one nature-based and ecotourism destination.



**Mark Olsen**  
Chief Executive Officer





# DESTINATION UPDATE

## OUR GOAL

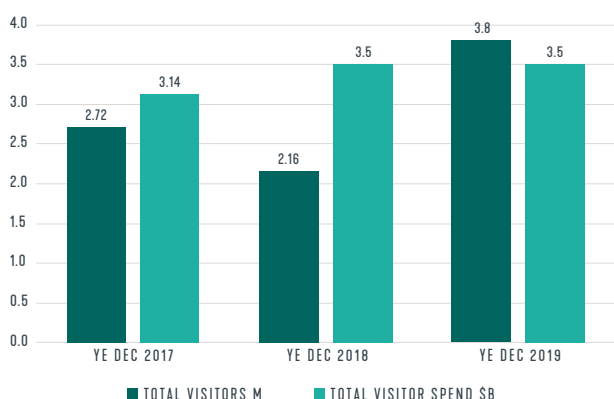
TO BE AUSTRALIA'S **MOST VISITED NATURE-BASED AND ECOTOURISM DESTINATION**, DELIVERING MEMORABLE EXPERIENCES THROUGH A PARTNERSHIP BETWEEN THE INDUSTRY AND OUR COMMUNITIES.



Tropical North Queensland exceeded the 2020 goal of \$3.5 billion visitor expenditure in the first quarter 2020 with 2.9 million visitors spending \$3.51 billion per annum (Tourism Research Australia, March 2020). However, this growth was decimated by the impact of the COVID-19 border closures which is estimated to have wiped over \$1 billion from our annual visitor spend to date and is expected to see \$2.2 billion less visitor spend in 2020 than in 2019.

The visitor economy supported approximately one in five jobs, or 28,200 jobs in 2017-18 (Tourism Research Australia, 2019). The COVID-19 lockdown saw 5,000 tourism employees stood down and 2,560 laid-off. The advent of JobKeeper resulted in 10,256 businesses in our region relying on the wage subsidy.

### TOTAL VISITORS & VISITOR SPEND – YTD DEC 2019



### COMPARED TO 2018-19:

- Total visitor numbers were up 1.5% per annum (3 year average 3.1%), slower than the State average of 0.2% per annum (3 year average 4.8%).
- Total visitor nights were up 1.1% per annum (3 year average 4.1%), ahead of the State average of -0.8% (3 year average of 3.3%).

- Total visitor spend was up 4.9% (3 year average +6.3%), above the State average for the past 12 months of +0.7% (3 year average 6.5%).

Overall, the destination grew in numbers, nights and visitor expenditure, supporting more local jobs before the impact of the global pandemic. While over the past 12 months the region has regained some of its lost market share, growing above the State average in all areas, the three-year trend still sees the destination lagging other parts of the State – but the gap was closing. The impact of COVID-related travel restrictions will disproportionately impact our region due to our distance from the main population centres.

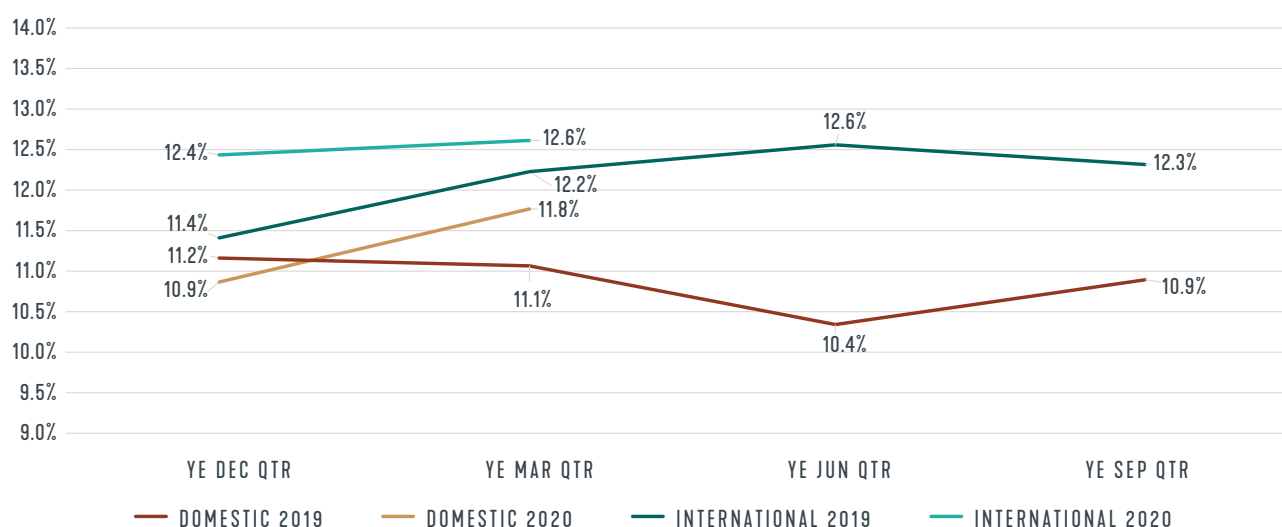
Compared to other regions in Australia, marketing investment in Tropical North Queensland is outspent by nearly \$5:\$1 by destinations including the Gold Coast and Tasmania. TTNQ has been successful in leveraging the opportunity presented by the COVID-related travel restrictions to generate publicity for the region and drive an increase in website traffic.

TTNQ has led the region's recovery through COVID-19 with industry advocacy, digital marketing, member engagement and targeted campaign activity. The destination has commenced a slow path to recovery relying on intrastate travel with more than half of our target markets (25% international, 18% Victoria and 19% New South Wales) unable to travel to the region.



For the year ended March 2020, the region regained some of its lost domestic and international market share in visitor numbers and visitors nights. The graph below clearly shows that in both the domestic and international visitor nights, the region has started to regain its lost market share. Over the past three years the region has lost the equivalent of \$1.2 billion in foregone visitor expenditure associated with lost market share.

## GAINING MARKET SHARE IN DOMESTIC & INTERNATIONAL VISITOR NIGHTS



## GAINING MARKET SHARE IN GOOGLE TRAVEL SEARCH

Whilst Sydney and Melbourne remain Australia's most popular destinations for global travel searches on Google, Cairns has leapt ahead of the other capital cities and the Gold Coast as the world emerges from COVID-19 lockdowns, to be Australia's third most 'googled' destination in the travel category (Source: Google Trends, 2020). This reinforces the view most have held for some time, that the world wants what the region has to offer, and that the term they are most likely to lead with is Cairns.





# TTNQ UPDATE

## OUR MISSION

**SUSTAINABLE GROWTH IN LEISURE TOURISM, EDUCATION AND EVENTS, THROUGH INNOVATION, EFFICIENT USE OF RESOURCES, AND EFFECTIVE DESTINATION MARKETING UNDER A UNIFIED BRAND.**



The organisation had a change of CEO in September 2019 and has been focused on resetting its Strategic Direction and growing its reach, profile and influence. Even prior to the border closures, a number of challenges have been faced by the region and the industry with the loss of aviation services to Hong Kong and China, negative perceptions of the Great Barrier Reef and bleaching, and recent fatalities including the zipline and shark attacks (in the Whitsundays) creating negative press, as well as the Australian bushfires. Significant in-roads have been made into securing additional funding to support the industry, driving greater member engagement and awareness of the organisation's role and function.

### KEY HIGHLIGHTS FOR 2019-20 INCLUDE:

- Phase One domestic marketing campaign delivering \$25 million in direct visitor spend, above the target results.
- A new consumer brand 'See Great. Leave Greater.' backed by a new organisation Strategic Direction launched in March 2020.
- Over \$64 million in advertising value equivalent from an investment of just \$4 million in marketing activities (including staff) equating to a 15:1 return on investment.
- Hosting the Australian Society of Travel Writers (ASTW) Convention in October 2019 which delivered more than \$4 million in publicity for the destination.
- AVE target exceeded by 30% (\$64 million) with strong results in Domestic (190%), | Digital (180%), and Corporate (150%).
- Sustainability of funding for the organisation is more secure following the approval of our five-year funding agreement with Cairns Regional Council.
- Supporting nearly \$60 million in Business Events, including \$9 million in direct delegate expenditure from bid wins in just six months and a three year pipeline worth over \$25 million.

### AS AN ORGANISER IN THE VISITOR ECONOMY TOURISM TROPICAL NORTH QUEENSLAND CAN INFLUENCE:



#### GROWING OUR SHARE:

STARTING WITH A FOCUS ON THE DOMESTIC MARKET, INCREASE THE REGION'S AWARENESS TO BOOST OUR SHARE OF QUEENSLAND VISITOR NIGHTS AND SHARE OF VOICE



#### DRIVING VISITOR SPEND:

DIVERSIFY OUR MIX OF MARKETS AND INCREASE OVERNIGHT VISITOR SPEND GENERATED THROUGH OUR CAMPAIGN ACTIVITY



#### ENSURING SUSTAINABLE GROWTH:

DRIVE YEAR-ROUND AND DISPERSED VISITATION AND GROW ACCOMMODATION OCCUPANCY AND AVIATION CAPACITY THAT SUPPORTS LOCAL BUSINESSES AND JOBS



#### INCREASING SATISFACTION:

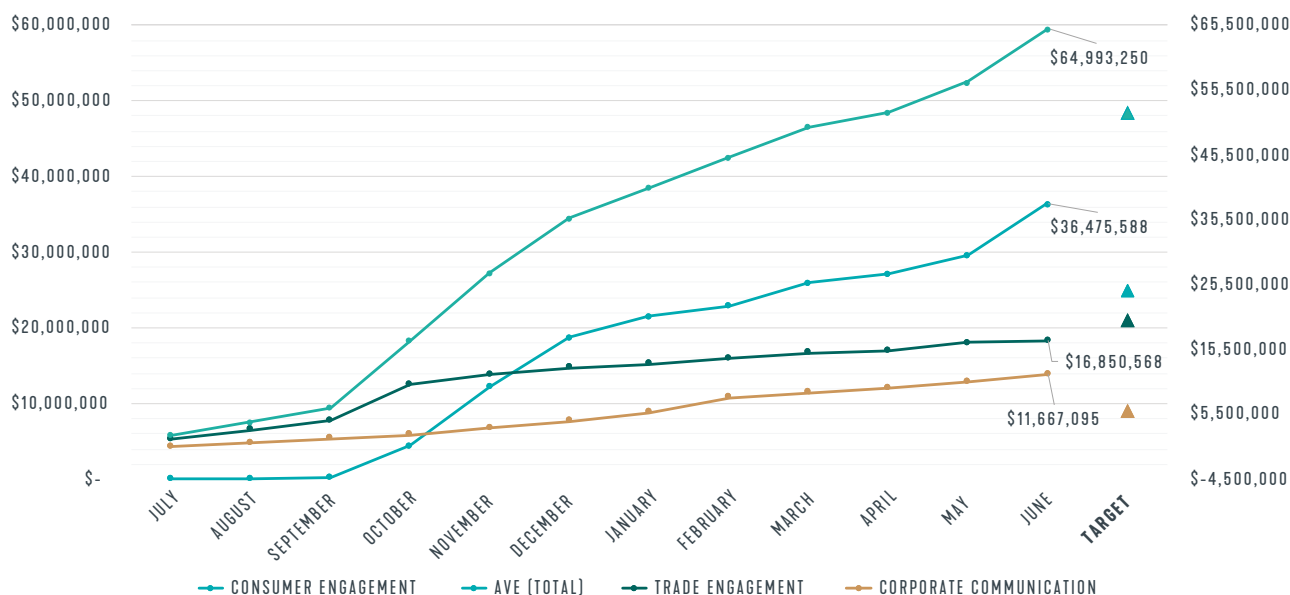
BE A RESULTS-DRIVEN AND RESPECTED ORGANISATION THAT IS INCREASING VISITOR, MEMBER, AND COMMUNITY SATISFACTION AND OUR DESTINATION'S NET PROMOTER SCORE



OVER 90,000  
CONSUMER LEADS  
FROM OUR WEBSITE

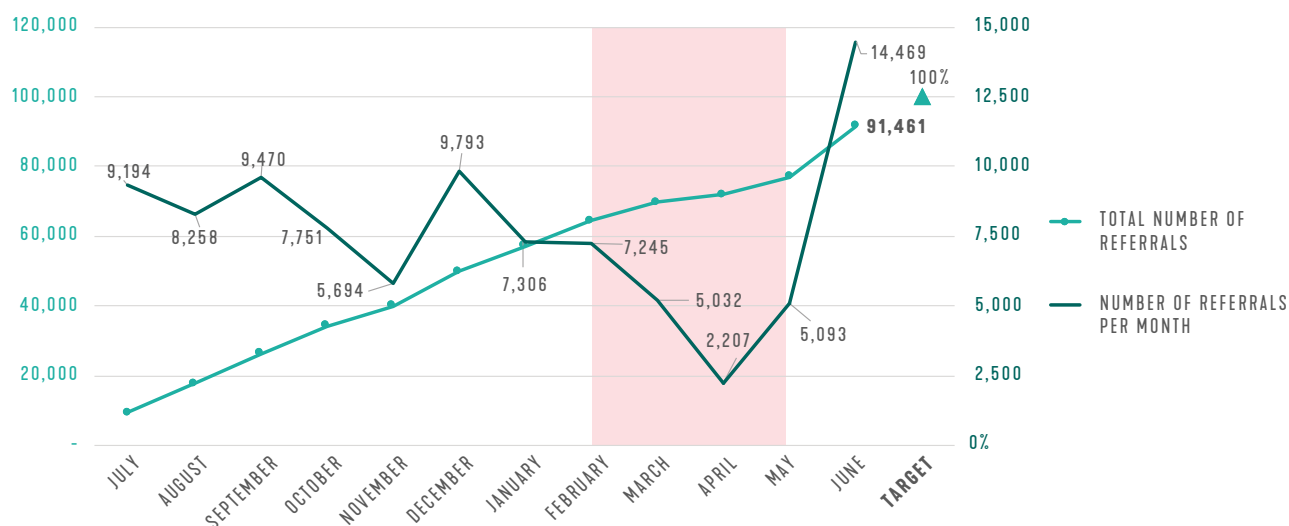
Leveraging every opportunity, TTNQ generated nearly \$65 million in advertising value equivalent from an investment of \$4 million (ROI 15:1). While trade media and engagements slowed, the organisation generated over \$36 million in consumer direct media and nearly \$12 million in corporate communication and destination news stories boosting our overall awareness and increasing the desire to travel.

## TTNQ DELIVERED \$65 MILLION IN MEDIA VALUE IN 2019-20



Driving leads to industry is a key performance metric for TTNQ. In the last 12 months, the organisation generated over \$25 million in direct sales to the industry through retail campaigns as well as over 90,000 consumer leads from our website. The graph below clearly shows that the TTNQ consumer website was generating over 8,000 leads a month pre-COVID-19 and returned close to the 100,000 leads target by year-end, despite leads reducing by half in March to May while the lockdown was in place.

## REFERRALS TO MEMBERS JULY 2019-JUNE 2020





A split-level photograph showing a white catamaran on the water's surface and a diver underwater. The boat has orange life rings and a registration number '4026300'. The diver is wearing a yellow top and is positioned below the waterline. The background shows a clear blue sky and a vibrant coral reef with many small fish.

# KEY HIGHLIGHTS

# SHARE OF VOICE



Advertising Value Equivalent (AVE) provides an estimate of what the cost of campaign activity would have been if the equivalent media time, space and value was purchased at standard advertising values. It puts a value on the publicity generated, the advertising deals secured, the partner contributions and the value generated through TTNQ's own social media and digital channels. Across both trade and consumer engagement, the organisation sets a target of an average of \$4 million in AVE, per target market, per annum.

Working across the cities of our core international markets (Europe, Japan, China, USA, UK, Asia and New Zealand) as well as the domestic target markets in Sydney, Melbourne, Brisbane and the regional centres of the East Coast, the organisation needs to reach at least \$52 million per annum to have a measurable impact on travel behaviour.

## **TTNQ exceeded the \$52 million AVE target reaching \$64 million by June 2020.**

- Consumer publicity increased through the COVID-19 lockdown and our digital channels (see below) and domestic media targets were 180% and 170% of target.
- Corporate Communication including publicity for the organisation generated through media engagement by the CEO, through events and on our owned channels, achieved \$11.6 million of AVE essentially doubling the \$6 million AVE target.
- International trade and media engagement were unable to reach their targets due to the inability to generate publicity internationally and engage with primary trade partners. A program of trade educationals and webinars is currently underway.

As the graph below clearly shows, the results were strongest in the domestic market, where the organisation generated \$26.7 million in AVE. Well in excess of the \$20 million AVE target. Achieving the targets in our core international markets was not possible, with global travel restrictions putting all international activity on hold from mid-March. Most activities in our key international markets has reverted to inspirational content until greater clarity is provided on the re-opening of the national borders to leisure travel.

Working with TEQ and Tourism Australia (TA) in the Western Markets, TTNQ exceeded its AVE target by more than 25% with consumer content in the German-speaking travel world right throughout the COVID-related lockdowns.

China was more challenging with consumer engagement ceasing late January and only slowly returning now. Consumer engagement in Japan was also challenging with major campaigns put on hold in Japan just prior to the global travel bans.



# VISITOR SPEND

## DOMESTIC MARKETING





**DOMESTIC EXPENDITURE AND VISITATION REACHED A NEW RECORD FOR YEAR-END MARCH 2020**  
**HELPING THE REGION EXCEED ITS EXPENDITURE TARGET OF \$3.5 BILLION ONLY TO HAVE THESE**  
**NUMBERS DECIMATED BY THE GLOBAL PANDEMIC.**

### HIGHLIGHTS:

- The new Cairns & Great Barrier Reef brand was launched in March 2020.
- The Drive North Queensland campaign was launched on 1 June 2020 to stimulate intrastate travel while the borders were closed.
- Hosting the Australian Society of Travel Writers (ASTW) Convention in October 2019 which delivered more than \$4 million in publicity for the destination.

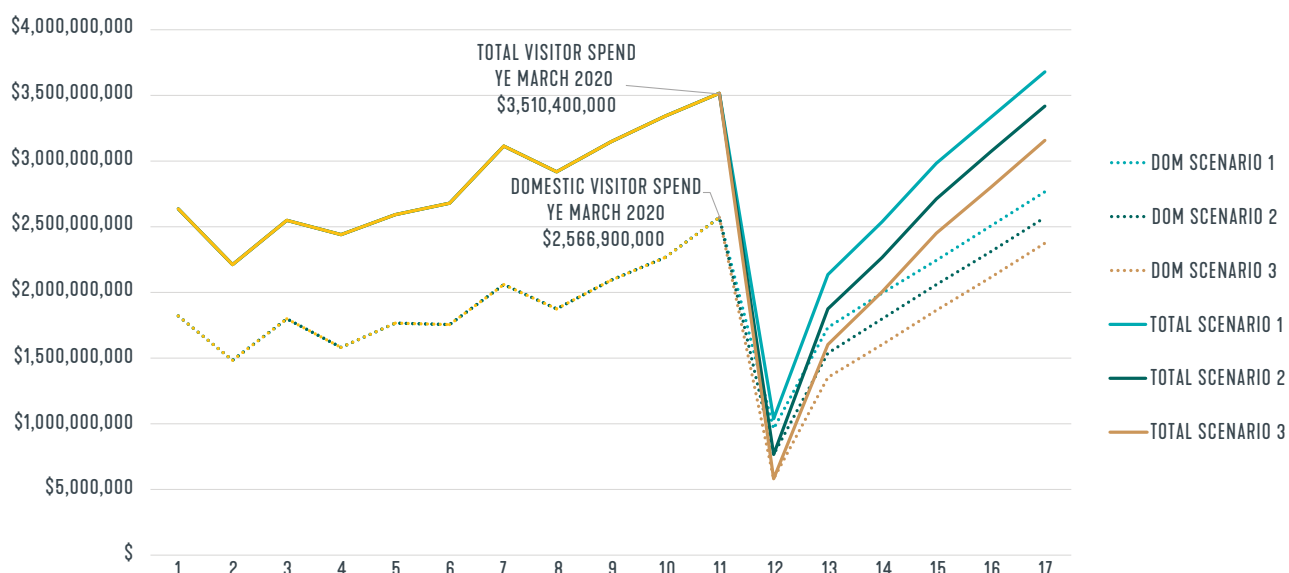
### NATIONAL VISITOR SURVEY YEAR-END MARCH 2020

	<b>EXPENDITURE</b>	\$2.6B	+13.2%
	<b>VISITORS</b>	2.2M	+8.1%
	<b>VISITOR NIGHTS</b>	11M	+3.0%
	<b>SPEND PER NIGHT</b>	\$231	+9.0%
	<b>AVERAGE LENGTH OF STAY</b>	5.1 NIGHTS	-4.7%

For the year ending March 2020, the strongest growth came from our interstate markets, up 9.2% per annum, while the intrastate markets grew at 7.6% per annum. Holiday visitors were up 17% year-on-year, while those visiting friends and relatives and travel for business were down 0.4% and 1.4% respectively.

The COVID-19 impact will be significant in the domestic market (see graph below) with an estimated \$1.6 billion loss in 2020 expected from COVID-19 travel restrictions in domestic travel. The domestic market will underpin the regions recovery, with the proportion of total visitor spend coming from the domestic market increasing from 68% in 2019, to 82% in 2021.

### TNQ COVID-19 IMPACT FORECASTS DOMESTIC VISITOR SPEND 2010-25









# INTERNATIONAL MARKETING

COOPERATIVE MARKETING CAMPAIGNS AND TRADE ACTIVITY GENERATED OVER \$20 MILLION

IN PUBLICITY VALUE, BUT OVERALL VISITOR NUMBERS AND SPEND IS DOWN (NIGHTS ARE UP).

STRATEGIC PANELS WERE HELD WITH LOCAL OPERATORS AROUND EACH INTERNATIONAL TARGET

MARKET TO DISCUSS SPECIFIC MARKET CHALLENGES AND DEVISE HIGH LEVEL STRATEGIES.



## CHINA, HONG KONG & TAIWAN

China numbers were down 7% prior to COVID-19 while spend and average length of stay increased. Cathay Pacific, Hainan Airlines and China Southern Airlines all pulled direct flights.

### HIGHLIGHTS:

- Cooperative activities were conducted with CEPT Travel (official agent for Hainan Airlines).
- Increased social media activity with contracted agency TOTEM Media.
- WeChat City Experiences mini-program launched (TEQ lead project).
- Co-op with Chinese OTA utilising Douyin (Chinese version of TikTok) AVE \$480,830.
- Co-op with luxury OTA Sparkle AVE \$52,340 and luxury group booking to Cairns for Chinese New Year which was cancelled due to COVID.
- Media – Qingdao Cityscan Magazine 8-page spread AVE \$96,000.

## JAPAN & SOUTH EAST ASIA

Prior to COVID-19 visitor numbers from Japan grew with the highest visitor numbers in five years. India declined and Singapore was steady. Increased air services from Osaka (JQ) and Tokyo (VA) helped drive visitor spend (up 1.3%). SilkAir flights increased to daily.

### HIGHLIGHTS:

- TTNQ led a Cairns & Great Barrier Reef mission with 16 members to Japan targeting MICE, corporate and education groups
- Osaka Daily promotion
- Queensland on Tour

## WESTERN

The impact of Brexit influenced visitation from the UK and Europe, while strong growth from the US and Canada lifted overall spend prior to COVID-19.

### HIGHLIGHTS:

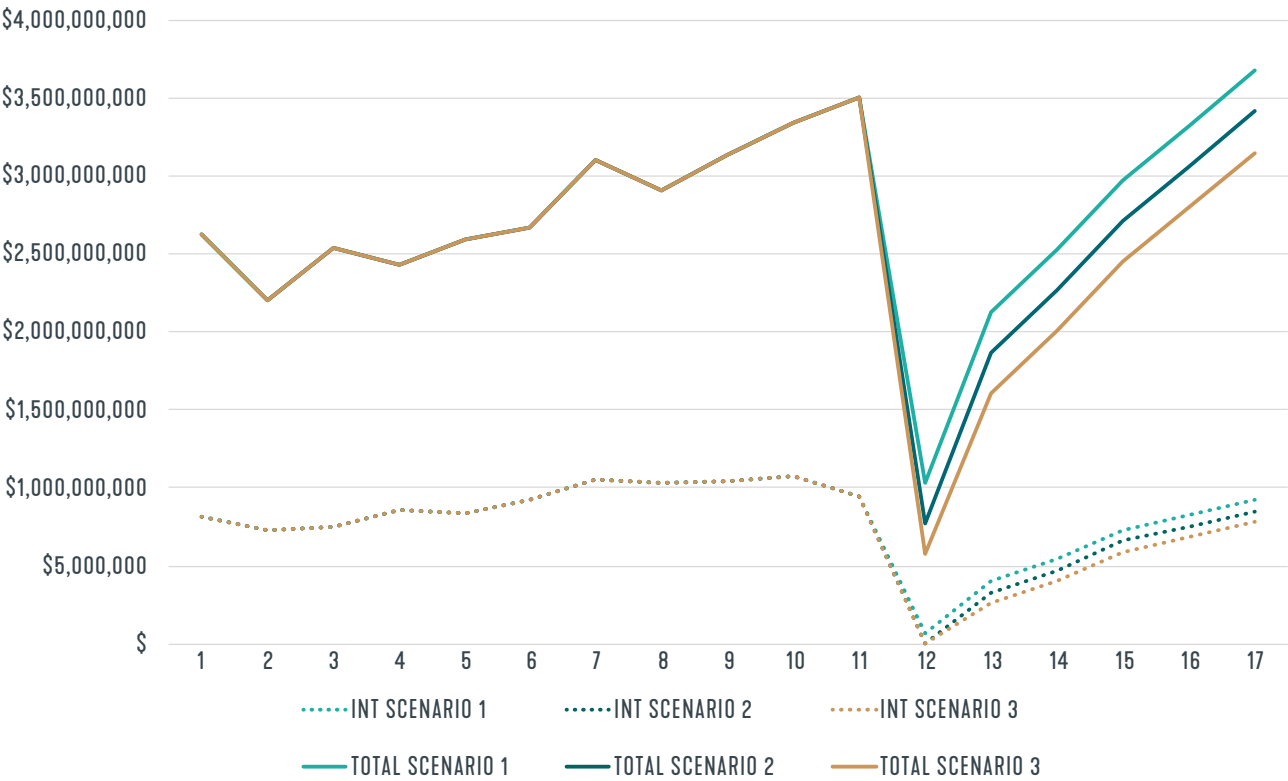
- Campaign activity with TEQ in Europe supporting Silk Air flights (\$1.5 million AVE).
- Attendance at International Media Marketplace (IMM) USA and inclusion in a panel discussing sustainable tourism on the Great Barrier Reef attended by 1000 media and PR representatives.
- Master Reef Guide Gareth Phillips joined 10 members for Queensland on Tour Europe.
- Queensland on Tour North America.
- Two back-to-back roadshows in eight cities across North America.
- TTNQ was joined by 19 members for Corroboree West.
- Cairns & Great Barrier Reef drive campaign in Germany.
- The International Visitor Survey (IVS) shows the early impacts of COVID-related travel restrictions, with significant implications for the regions China market in February and March impacting international visitor spend (down 12%), visitor numbers (down 14%) and nights (down 2.1%).

### INTERNATIONAL VISITOR SURVEY YEAR-END MARCH 2020

	<b>EXPENDITURE</b>	\$0.9B	-12%
	<b>VISITORS</b>	727K	-14%
	<b>VISITOR NIGHTS</b>	6.5M	-2.1%
	<b>SPEND PER NIGHT</b>	\$ 145	-10.5%
	<b>AVERAGE LENGTH OF STAY</b>	9 NIGHTS	+13%

The international market is most impacted by COVID-related travel restrictions with an estimated \$650M in lost international visitor spend in 2020. As a proportion of total visitor spend, international dropped from 32% in 2019 to just 18% in 2021, subject to the re-opening of international borders. The international market will be slower to recover taking an estimated six or more years to return to 2019 levels.

### TNQ COVID-19 IMPACT FORECASTS INTERNATIONAL VISITOR SPEND 2010-2025





## BUSINESS & MAJOR EVENTS

Business and major events play a strategic role in driving visitation to shoulder and low seasons. TTNQ works closely with Cairns Regional Council, Cairns Convention Centre and the TNQ industry to attract events to our region, and drive economic benefit through maximising visitation and length of stay. Events also play a role in promoting the destination, showcasing industry expertise and endorsing the liveability of the region.

Highlights for business events included the commencement of the \$176 million Cairns Convention Centre expansion and the 20th anniversary celebration of Sell TNQ. From February 2020, COVID-19 severely impacted the events industry with all major, regional and business events either cancelling or postponing.

TTNQ entered into an agreement with the Cairns Airport and Cairns Regional Council, who have both invested an additional \$500,000 each, into event marketing to drive off-peak travel. This investment was the foundation of securing the \$3 million commitment from the State Government for event optimisation.

## ECONOMIC CONTRIBUTION OF BUSINESS EVENTS

- 148 meetings
- 15,230 delegates
- Direct economic value = \$20.4 million and indirect economic contribution \$61.2 million
- QBES unaudited 2019-20 FY stats

## BUSINESS EVENTS ACTIVITY

- 82 leads received, valued at \$45.5 million
- 30 leads confirmed worth \$9.4 million
- 36 referrals worth \$15.5 million
- Direct visitor spend of \$19.4 million and indirect spend of \$58.1 million

## LEISURE EVENTS ACTIVITY

### MAJOR EVENTS:

- Cairns Indigenous Art Fair – July
- Cairns Show – July
- Mareeba Rodeo – July
- Tour of the Tropics – August
- Reef to Reef – August
- Cairns Festival – August
- Targa Great Barrier Reef – September
- Red Bull Defiance – September
- Cairns Amateurs – September
- Reef Feast Palm Cove – October
- Crocodile Trophy – October
- Port Shorts – October
- Tablelands Folk Festival – October
- Grass is Greener – October



**\$77.5M IN**  
BUSINESS EVENT  
DELEGATE SPEND





CAIRNS INDIGENOUS ART FAIR



SELL TNQ YOGA SESSION



PORT SHORTS



SELL TNQ GALA DINNER



CAIRNS FESTIVAL



IRONMAN CAIRNS



IRONMAN CAIRNS



TABLELANDS FOLK FESTIVAL



MAREEBA RODEO



CAIRNS AMATEURS



REEF TO REEF



REEF TO REEF



REGIONAL SHOWCASE



TARGA GREAT BARRIER REEF



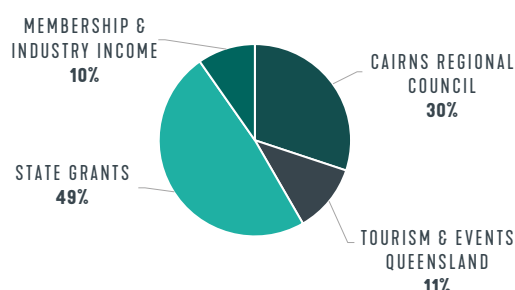
# SUSTAINABLE GROWTH

## SUSTAINING TTNQ

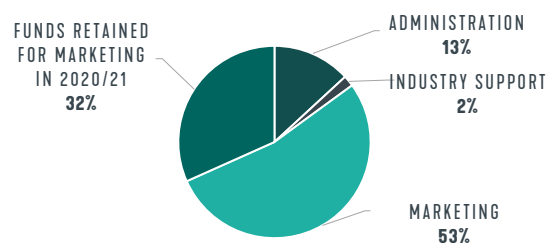
Sustainable operations at TTNQ are a key priority during these challenging times. Prior to the impacts of COVID-related travel restrictions the organisation had a focus on securing additional funds for marketing activities to launch the new brand and reducing overhead costs. A total income of \$11.3 million (up 21% from 2018-19) was secured, with the majority of the organisations core funding from Cairns Regional Council (30%).

With the impact of COVID-19 on the industry, TTNQ reduced staff numbers by 20% and operating hours by 30% resulting in an overall reduction in administration costs of 20% compared to 2018-19. Additional grant funding was secured from the State Government for marketing, the majority of which has been held over (\$3.58 million) for investment in marketing activities in 2020-21.

### TTNQ INCOME SOURCES 2019-20



### TTNQ EXPENDITURE 2019-20



### INCREASING MEMBERSHIP

TTNQ membership increased from 362 to 466 in 2019-20 (29%) as a result of our commitment to driving results and our partnership with Local Tourism Organisations (LTOs). Membership target (\$590,000) is already achieved and co-operative marketing contributions boosted, with additional benefits to the region being accrued in 2020 from the hosting of the Australian Society of Travel Writers (150 top journalists hosted in October 2019) and Sell TNQ (29 top business event buyers / PCOs hosted in November 2019).

### IMPROVING MEMBER ENGAGEMENT

Member engagement is up with an average of 350 member engagements per month, 93% of the target of 80% of members (466) engaged each month.

### INCREASED BUSINESS SUPPORT

The Australian Small Business Advisory Services (ASBAS) program concluded at the

end of December 2019, following a 6-month extension of the program. Businesses and business intenders were able to participate in a range of programs including 3 workshops (50 attendees) and 30 x 1hr mentoring sessions (10 businesses) held in Cairns in 2019.

### MEMBER FUNCTIONS

- Member Networking Function – Kewarra Beach, August 2019
- TNQ Tourism Marketing Conference – August 2019
- Member Networking Function – Novotel Cairns Oasis Resort, September 2019
- TNQ Tourism Industry Excellence Awards – Tjapukai Aboriginal Cultural Park, October 2019
- Member Networking Function – St Crispins Cafe & Events, December 2019
- Member Networking Function – The Woolshed, February 2020
- TTNQ New Brand Platform Launch – Cairns Performing Arts Centre, March 2020

## CONGRATULATIONS TO THE 2019 TNQ TOURISM INDUSTRY EXCELLENCE AWARDS WINNERS

### CHAIR'S AWARD FOR EXCELLENCE

SPONSORED BY CAIRNS REGIONAL COUNCIL

The Crystalbrook Collection

### INNOVATION EXCELLENCE AWARD

SPONSORED BY CAIRNS AIRPORT

Skyrail Rainforest Cableway

### TTNQ LIFE MEMBER

Ross Steele

### OUTSTANDING CONTRIBUTION BY AN INDIVIDUAL

Tony Baker

### YOUNG ACHIEVER EXCELLENCE AWARD

SPONSORED BY HOSTPLUS

Jana Stankovich – Cairns Airport

### CUSTOMER SERVICE EXCELLENCE AWARD

JOINT WINNERS

Deb Ieri – Small World Journeys

Malcolm Rothall – Bad Fishy Jet Boating Cairns

## MARKETING RETURN ON INVESTMENT

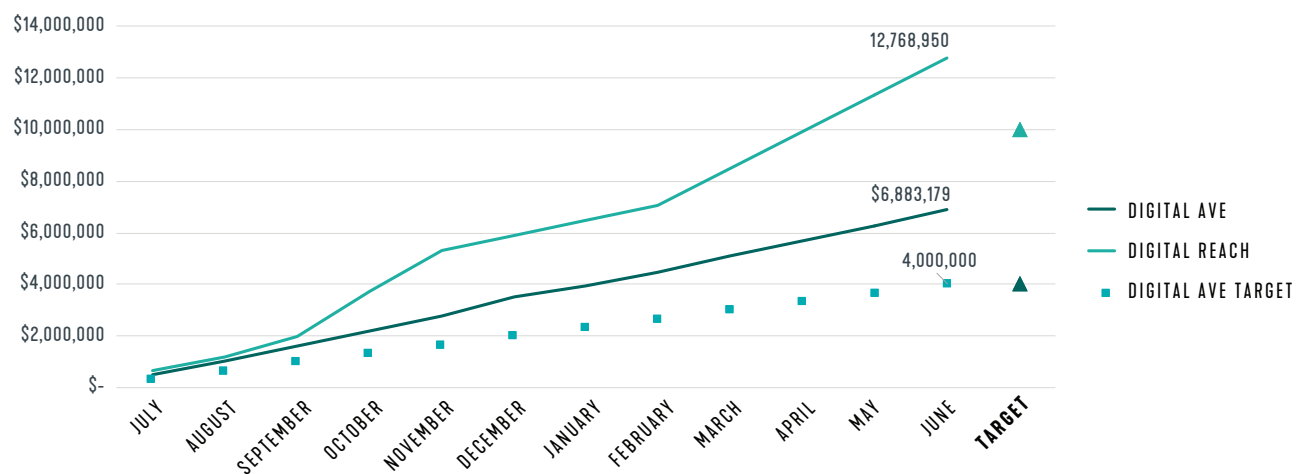
The success and sustainability of destination marketing is in partnerships. TTNQ is proud to be the most successful region in Queensland at generating cooperative marketing contributions, with every dollar invested by a partner in TTNQ activities matched by nearly four dollars of other partner funds.

Generating maximum return for these partner funds is vital to sustainability. In 2019-20 TTNQ generated an average of \$15.45 in AVE for every partner dollar invested in campaigns and our tactical activities generated an average of \$100 in direct visitor spend in region for every dollar invested by our partners.

Working alone we can only achieve so much, together we make a real difference.

The organisations social media channels and our website have continued to grow in reach and engagement. The graph below shows our social and digital assets reached nearly 13 million consumers worldwide, worth an estimated \$6.8 million in advertising value. In a year where global searches for travel dropped by more than 70% in March, April and May, the destination managed to continue to inspire the world to travel to Cairns & Great Barrier Reef.

### DIGITAL REACH & AVE JULY 2019 – JUNE 2020



## SUSTAINABILITY

Our region is embracing the United Nations Sustainability Development Goals (SDGs) to target the education market and showcase Cairns & Great Barrier Reef as Australia's leading sustainable destination.

TTNQ as an organisation is benchmarked against the other Queensland Regional Tourism Organisations (RTOs) through the ASPIRE program which also provides national benchmarks.

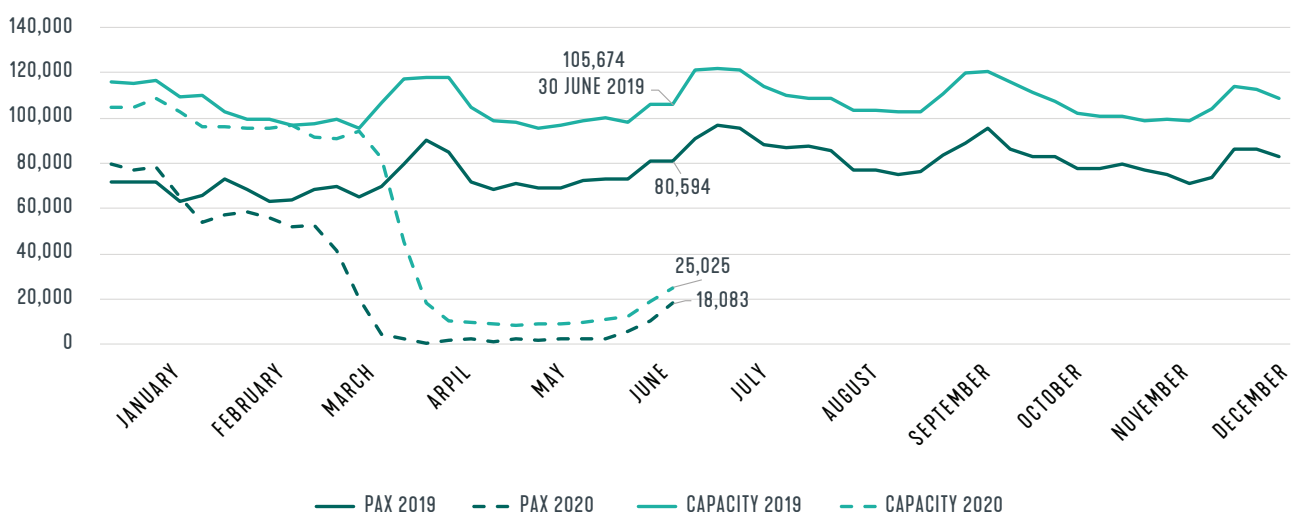
**TTNQ IS RANKED #3 OF THE 13 RTOs AND CONSISTENTLY RANKS IN THE TOP FIVE ACROSS A WIDE RANGE OF METRICS INCLUDING:**

- Ranked #1 in Cooperative Marketing income with over \$2,200 per member generated.
- Ranked #2 for the proportion of total income invested back into marketing activity (keeping overheads low).
- Ranked #3 in proportion of Local Government contribution to tourism per head of capita.
- Ranked #5 for overnight visitor spend per dollar invested by State and Local Government.

## AVIATION & CRUISE

- A total of 3.61 million passengers came through the Cairns Airport in 2019-20, down from 5.08 million in 2018-19. Domestic numbers were slightly down, international numbers were steady.
- Loss of Cathay Pacific and China Southern Airlines and reduction in capacity from Hainan Airlines had an impact, offset by growth in capacity by Singapore Airlines (SilkAir), Jetstar Japan and Virgin Australia Japan.
- An aviation working group was formed between TTNQ and Cairns Airport to better align goals for both domestic and international route development.
- Attendance at World Routes Conference in Adelaide.
- A total of 56,036 passengers and crew arrived in the port of Cairns in 2019-20 on 33 cruise ship visits. Originally 54 cruise ships were scheduled, with COVID-19 causing the cancellations. The numbers were down on the previous year when 55 cruise ships brought 85,004 passengers and crew to Cairns.
- A Cruise Ambassadors program was established for meet and greet. TTNQ attended the Cruise Down Under Conference and preparation for Seatrade.

## DOMESTIC ARRIVALS JULY 2019 – JUNE 2020 (WEEKLY DATA)





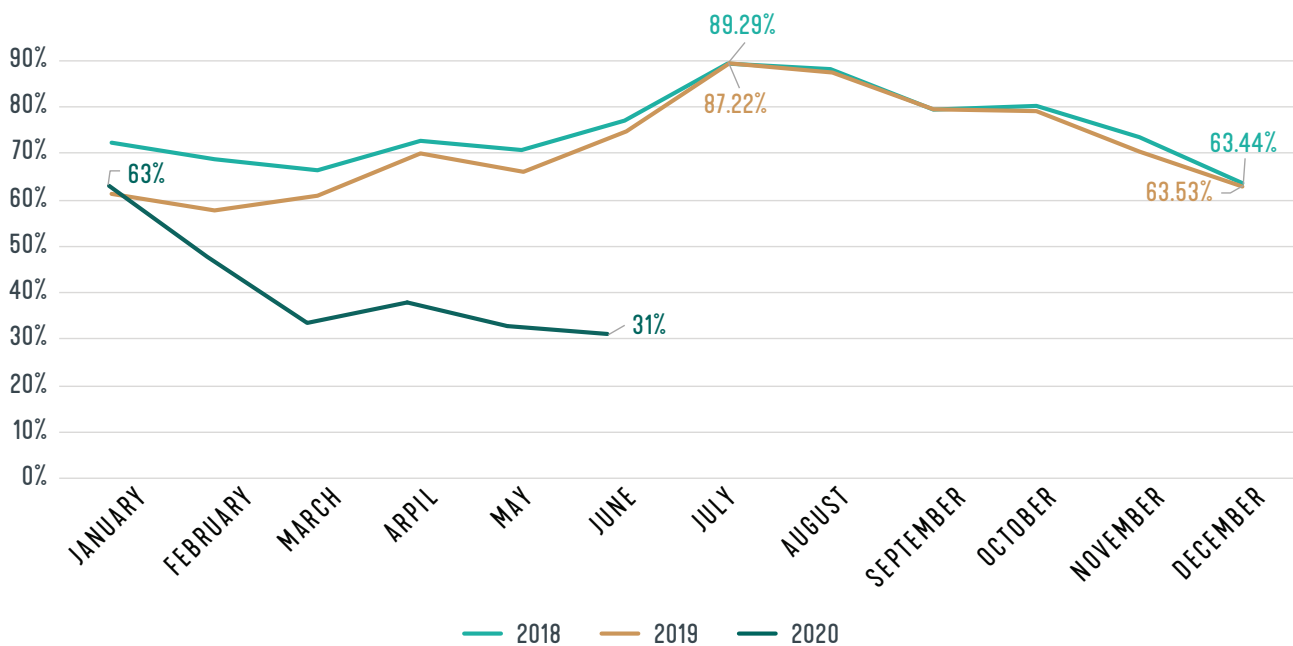
## ACCOMMODATION

- Between July and December 2019 an additional 255 rooms were added to the region, with the addition of Crystalbrook Collection's second property, Bailey.
- Compared to December 2018 occupancy finished the year slightly higher (63.5% vs 63.4%), but by June 2020 was down to just 31% from the impave COVID-related travel restrictions.
- Average Daily Rate (ADR) finished the year at \$173.93, slightly up on 2018 (\$173.62) in December 2019, but by June 2020 it was down to just \$141.78.



## OCCUPANCY COMPARISON YTD 2018-19 TO 2019-20

The impact of COVID-related travel restrictions saw the region's occupancy rate drop from 79% to 31% in the year-end June 2020. This impacted on revenue per available room (RevPAR) which also finished 2019 at \$110.49 (up from \$110.14). By June 2020 it was down to just \$43.42. Average Daily Rate (ADR) finished 2019 at \$173.93, slightly up on 2018 (\$173.62). By June 2020 it was down to just \$141.78.



# SATISFACTION

## CONSUMER & COMMUNITY SATISFACTION

ENSURING TOURISM IN OUR REGION HAS THE SUPPORT OF THE COMMUNITY IS VITAL, AS IS MEETING AND EXCEEDING THE NEEDS OF OUR CUSTOMERS. TTNQ TRACKS BOTH CONSUMER AND COMMUNITY SENTIMENT AND SATISFACTION AND BOTH HAVE IMPROVED IN 2019-20.

Our regions Net Promoter Score amongst residents increased from 40% to 42% in 2019-20. The impacts of COVID-related travel restrictions have been felt across the community, reinforcing the importance of the visitor economy not only to employment but to the availability of services and facilities in our communities supported by tourism.

### PERCEIVED POSITIVE IMPACTS

- Positive **impacts increasing** from the last survey in 2017, including increased regional profile (up 2%), festival and events (up 4%) and greater benefits shared evenly (up 4%).
- Positive **impacts decreasing** include greater cultural diversity (down 2%), local pride (down 2%) and new infrastructure (down 2%).

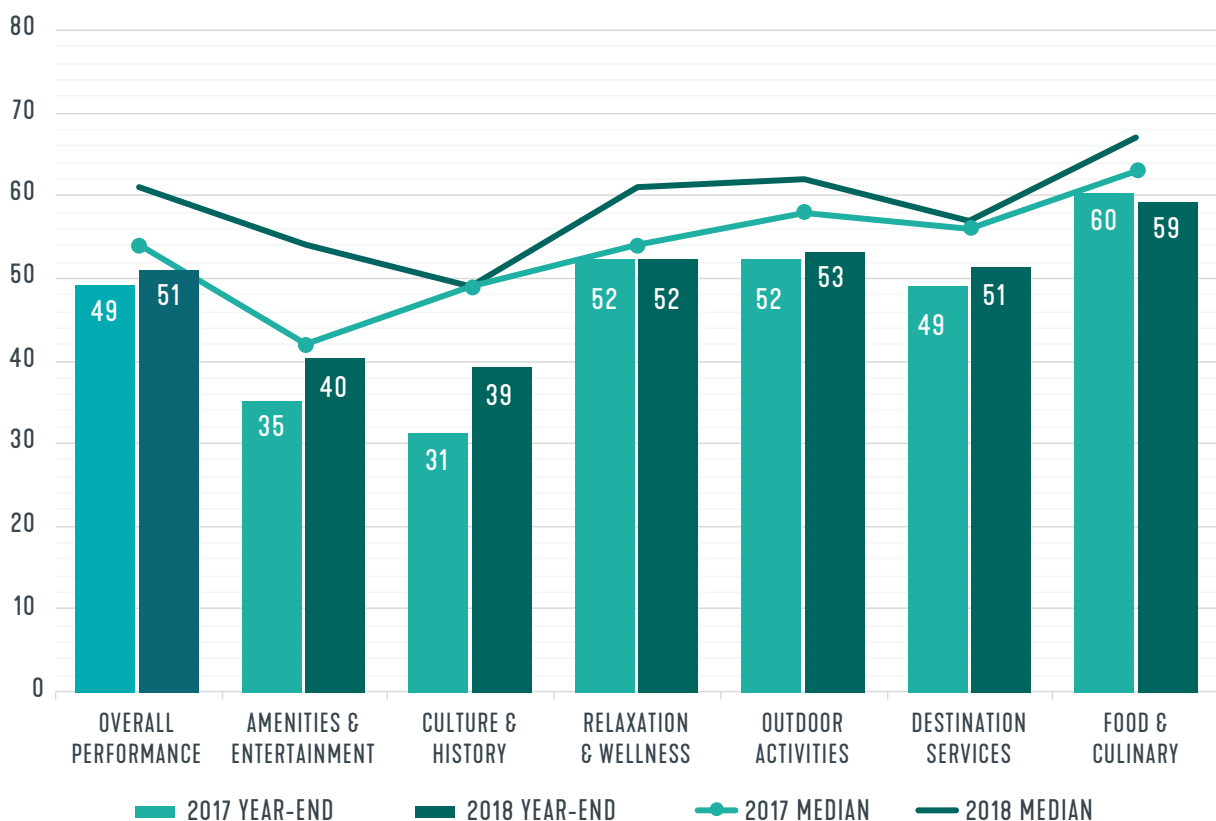
### PERCEIVED NEGATIVE IMPACTS

- Negative impacts perceived to be **increasing** include increased property values (up 2%) and misdirected public spending (up 7%).
- Negative impacts perceived to be **decreasing** include delinquent behaviour (down 4%).

## TOURISM SENTIMENT SCORE

Tourism Sentiment Score™ is a measure of a destination's ability to generate positive word of mouth about its tourism offering. It is an aggregate score that focuses solely on online conversations that reference or affect a potential traveller's perceptions of a destination's tourism offering.

## CAIRNS TOURISM SENTIMENT SCORE



# BOARD OF DIRECTORS

**WENDY MORRIS**

APPOINTED DIRECTOR & CHAIR

**NORRIS CARTER**

APPOINTED DIRECTOR & DEPUTY CHAIR

North Queensland Airports,  
Chief Executive Officer

**MARK EVANS**

SOUTHERN ZONE DIRECTOR

Paronella Park,  
Director Marketing & Public Relations

**PAUL FAGG**

TROPICAL TABLELANDS & REMOTE ZONE DIRECTOR

Skybury Coffee Pty Ltd,  
Business Development Executive

**JEFF SCHRALE**

APPOINTED DIRECTOR

ANZ Bank,  
Regional Executive Far North Queensland

**SHEENA WALSHAW**

CAIRNS NORTH ZONE DIRECTOR

Trailblazers Queensland,  
Director

**CRAIG POCOCK**

GENERAL DIRECTOR

Skyrail Rainforest Cableway,  
Managing Director

**TODD PARKER**

GENERAL DIRECTOR

Parker Travel Collection,  
Managing Director

**PETER WOODWARD**

GENERAL DIRECTOR

CaPTA Group,  
Managing Director

**SAM FERGUSON**

GENERAL DIRECTOR

Destination Cairns Marketing,  
General Manager Commercial,  
The Accommodation Centre

**WAYNE REYNOLDS**

GENERAL DIRECTOR

Pullman Reef Hotel Casino,  
General Manager Hotel

## FINANCE AND RISK MANAGEMENT COMMITTEE (FARMC)

**CRAIG POCOCK**

CHAIR

**WAYNE REYNOLDS**

DEPUTY CHAIR

**WENDY MORRIS**

TTNQ CHAIR

**LUCKBIR SINGH**

MACDONNELLS LAW DIRECTOR

**MARK OLSEN**

TTNQ CEO & COMPANY SECRETARY

**ROSIE DOUGLAS**

TTNQ GENERAL MANAGER



# MEMBERS

## ACCOMMODATION

### B&B & FARM STAY

- Downunder Farmstays

### BACKPACKER HOSTEL

- Cairns Central YHA
- Freedom Hostels
- Gilligan's Backpackers Hotel & Resort

### CARAVAN & CAMPING PARKS

- Atherton Travellers Park
- BIG4 Ingenia Holidays Cairns Coconut
- Cape York Camping Punsand Bay
- Cooktown Orchid Travellers Park
- Ellis Beach Oceanfront Bungalow & Leisure Park
- Lake Placid Tourist Park
- NRMA Atherton Tablelands Holiday Park
- NRMA Cairns Holiday Park
- NRMA Palm Cove Holiday Park
- Seisia Enterprises
- Weipa Camping Ground

### HOTEL, MOTEL, APARTMENT, RESORT – 4 & 4.5 STAR

- Abbott Boutique Hotel
- Accor Hotels North Queensland
- Agincourt Beachfront Apartments
- Cairns Colonial Club Resort
- Cairns Harbour Lights
- Cairns Sheridan Hotel
- Cape Trib Beach House
- Cascade Gardens Cairns
- Cayman Villas Port Douglas
- City Terraces
- Coral Towers Holiday Suites
- Coral Tree Inn - Reef Management Group Pty Ltd
- Daintree Ecolodge
- Fitzroy Island Resort
- Freestyle Resort Port Douglas
- Holiday Inn Cairns Harbourside
- Hotel Grand Chancellor Palm Cove

- Ibis Styles Cairns
- Il Palazzo Boutique Apartments Hotel
- Jack and Newell Holiday Apartments
- Kewarra Beach Resort & Spa
- Mantra Trilogy Resort
- Meridian Port Douglas
- Mission Beach Resort
- Novotel Cairns Oasis Resort
- Number2 on the Beach
- Oaks Resort Port Douglas
- Pacific Hotel Cairns
- Palm Royale Cairns
- Paradise Links Resort
- Park Regis City Quays
- Port Douglas Peninsula Boutique Hotel
- Queens Court
- Rydges Esplanade Resort Cairns
- Rydges Plaza Cairns
- Silky Oaks Lodge
- Sunshine Tower Hotel
- The Boutique Collection
- The Reef House & Spa by Mgallery
- Tropic Towers Apartments
- Villa San Michele
- Vue Luxury Apartments Trinity Beach

### HOTEL, MOTEL, APARTMENT, RESORT – 5 STAR

- Alamanda Palm Cove
- Aria Port Douglas Villas
- Bailey, a Crystalbrook Hotel
- Flynn, a Crystalbrook Hotel
- Riley, a Crystalbrook Hotel
- Bedarra Island Resort
- Coconut Grove
- Flynn, a Crystalbrook Hotel
- Green Island Resort
- Hilton Cairns
- Lizard Island (Delaware North)
- Mandalay Luxury Beachfront Apartments
- Peppers Beach Club & Spa Palm Cove

- Pullman Cairns International
- Pullman Palm Cove Sea Temple Resort & Spa
- Pullman Port Douglas Sea Temple Resort & Spa
- Shangri-La Hotel
- Shantara Resort Port Douglas
- Sheraton Grand Mirage Resort, Port Douglas
- Silkari Lagoons Port Douglas
- Thala Beach Nature Reserve
- The Reef Hotel Casino
- Waters Edge Apartments Cairns

### HOTEL, MOTEL, APARTMENT, RESORT – BELOW 4 STAR

- Bay Village Tropical Retreat
- Cairns Plaza Hotel
- Cairns Queenslander Hotel & Apartments
- Castaways Resort & Spa Mission Beach
- Daintree Wilderness Lodge
- Hides Hotel Cairns
- Kewarra Beach Resort & Spa
- Mena Creek Hotel
- Royal Palm Villas
- Villa Marine Holiday Apartments & Motel

### LODGES & GUEST HOUSES

- Cape York Ice and Tackle
- Executive Retreats
- Gilberton Outback Retreat
- Heritage Lodge in the Daintree
- Kinrara Expeditions
- Mi Haven Student Living
- Mount Mulligan Lodge (Northern Escape Collection)
- Mt Quincan Crater Retreat
- Rose Gums Wilderness Retreat

## ACTIVITIES, TOURS & ATTRACTIONS

### ADVENTURE

- Active Tropics Explorer
- Adventure Cairns

- AJ Hackett Cairns
- Cairns Adventure Group
- Cairns Canyoning
- CAPTA group
- Daintre Tours by Deluxe Safaris
- Fitzroy Island Adventures
- Hot Air Balloon Cairns
- Skydive Australia
- Tandem Cairns Skydive

## **CULTURAL**

- Ang-Gnarra Aboriginal Corporation
- Rainforestation Nature Park
- Tjapukai Aboriginal Cultural Park
- Torres Strait Eco Adventures

## **DAY & HALF DAY TOURS**

- BTS Tours
- Cairns Discovery Tours
- Cairns Urban Walking Tours
- Cape Tribulation Horse Rides
- Choppers Motorcycle Tours
- Discovery Tours (Tourism Ventures Pty Ltd)
- Down Under Tours Australia
- Global Travel Services & Doki Doki Tours
- Historic Village Herberton
- Jungle Tours & Trekking
- Kuranda Rainforest Journey
- Kuranda Riverboat Cruises
- Kuranda Scenic Railway
- North Queensland Wildscapes Phototours
- Paronella Park
- Port Douglas Connections
- Skyrail Rainforest Cableway
- Tour Logistics
- Tropic Wings Charters
- Tropical Journeys
- Undara Experience

## **FESTIVALS & EVENTS**

- Cairns Amateurs
- Schoolies XP

## **FOOD & WINE TOURS**

- Brett's Outback Tasting Adventures

## **GALLERIES**

- Australian Armour & Artillery Museum
- Cairns Art Gallery
- Gab Titui Cultural Centre
- James Cook Museum
- Janbal Gallery
- The Crystal Caves

## **INDIGENOUS EXPERIENCE**

- Culture Connect
- Djunbunji Ltd
- Jarramali Rock Art Tours
- Mossman Gorge Centre
- Ngadiku Dreamtime Tours
- Pearl Lugger Heritage Fleet
- Walkabout Cultural Adventures
- Yagurli Tours

## **OTHER**

- Aussie Parks Guide
- Cairns Botanic Gardens
- Cairns Dive Adventures
- Daintree Discovery Centre
- Cairns Esplanade
- Gallo Dairyland
- KUR-Cow Barnwell Farm
- Mamu Tropical Skywalk
- Hi Cairns Travel

## **REEF TOURS & CRUISES**

- All Angling Ventures
- Aquarius Low Isles
- Aroona Luxury Boat Charters
- Big Cat Green Island
- Cairns Reef Fishing Australia
- Calypso Reef Charters Pty Ltd
- Coral Expeditions Pty Ltd
- Divers Den
- Down Under Cruise & Dive
- Frankland Island Reef Cruises
- Great Adventures
- Mike Ball Dive Expeditions
- Mission Beach Dive

- Monsoon Reef Charters
- Ocean Free & Ocean Freedom
- Ocean Safari
- Ocean Spirit Cruises
- Passions of Paradise
- Pro Dive Cairns
- Quicksilver Cruises
- Quicksilver Group
- Quicksilver Silver Series
- Reef Magic Cruises
- Reef Runner Charters
- Sailaway Port Douglas
- Seastar Cruises
- Skedaddle Cairns
- Spirit of Cairns
- Spirit of Freedom
- Sunlover Reef Cruises
- Tusa Dive
- Wavelength Reef Cruises Pty Ltd

## **SAFARI & 4WD TOURS**

- Adventure North Australia
- Barefoot Tours Australia Pty Ltd
- Billy Tea Safaris
- Heritage 4WD Tours & Kamp Out Safaris
- LOW 4 Off Road
- Tagalong Tours of Australia

## **SCENIC FLIGHTS & CHARTERS**

- Daintree Air Services
- Heli Tours North Queensland
- Nautilus Aviation
- Sea Eagle Adventures

## **SPORTS**

- AFL Cairns Ltd

## **WATER SPORTS**

- All Angling Ventures (Fishing Cairns)
- Brothers Fishing
- Cairns Wake Park
- East Coast Angling
- Fish Tales Charters Cairns
- Hook-A-Barra
- Tropical Sportfisher

## • WILDLIFE EXPERIENCE

- Australian Butterfly Sanctuary
- Birdworld Kuranda
- Cairns Aquarium
- Cairns Zoom and Wildlife Dome
- Hartley's Crocodile Adventures
- Kuranda Koala Gardens
- Wildlife Habitat

## ASSOCIATIONS & AGENCIES

### BUSINESS & INDUSTRY GROUPS

- Cairns Chamber of Commerce
- Mission Beach Business & Tourism Inc.
- Ports North

### GOVT AGENCIES & COUNCILS

- Aurukun Shire Council
- Australian Parliament
- Cairns Regional Council
- Carpentaria Shire Council
- Cassowary Coast Regional Council
- Cook Shire Council
- Croydon Shire Council
- Hope Vale Aboriginal Council
- Mareeba Shire Council
- Tablelands Regional Council
- Wet Tropics Management Authority (WTMA)
- Wujal Wujal Aboriginal Shire Council

### TOURISM ORGANISATIONS

- Australian Tourism Export Council (ATEC)
- Local Tourism Network
- Tourism Atherton Tablelands
- Tourism Palm Cove
- Tourism Port Douglas Daintree
- Trinity Beach Promotion Association
- Tropical Coast Tourism

## BUSINESS EVENTS

### CATERING

- Cairns Spit Roast Catering & Mojo Street Food
- Tropic Spirit Catering Pty Ltd

## EVENT MANAGEMENT COMPANIES

- Hannafords Events
- Managing Australian Destinations
- Northampton Events

### EVENT SUPPORT COMPANIES

- Encore Event Technologies
- Final Touch Productions
- NQ Exhibitions
- Simply Hampers...Simply the Best
- Team Elite Merchandise
- Underwood Party Hire

### VENUES

- Birch Carroll & Coyle Limited - Event Cinemas
- Cairns Convention Centre
- Cairns Performing Arts Centre
- Mulgrave Gardens
- Dining & Entertainment

## NIGHTCLUBS, BARS & ENTERTAINMENT

- Bar 36
- Flames of the Forest
- Hemingway's Brewery Cairns Wharf
- Salt House
- Surf Club Palm Cove
- Three Wolves
- Woolshed Chargrill and Saloon Bar

### RESTAURANTS & CAFES

- Beach Almond
- Bungalow Hotel
- Café China
- Cairns RSL Club Ltd
- Coffee Works Australia
- Dundee's Restaurant on the Waterfront
- Flinders Bar & Grill at The Reef Hotel Casino
- Frogs Restaurant
- Golden Boat Chinese Restaurant
- McDonalds Family Restaurants Cairns
- Nu Nu Restaurant
- Ochre Restaurant and Catering
- Prawn Star
- Skybury Cafe & Roastery

- St. Crispins Café & Events
- Tamarind Restaurant
- The Chambers
- The Raw Prawn
- Vivaldis Restaurant
- Waterbar and Grill

## PROFESSIONAL, SHOPPING & OTHER SERVICES

### DESIGN, PRINT & PUBLICATION

- Australian Tourist Publications
- Drafthouse Creative Studio
- Gateway Media
- Hunt Design
- Lotsa Print and Design

### EDUCATION & TRAINING

- Baonra International
- Cairns College of English
- Cairns Language Centre
- CQUniversity Australia
- GTD Hospitality
- James Cook University of North QLD
- Maxima Training Group
- Savannah Guides Limited
- TAFE Queensland North

### FINANCIAL & LEGAL

- ANZ Mobile Lending Cairns
- Cummings Economics
- Currency Services Australia
- Exportise
- Grant Thornton
- Host Plus
- Intrust Super
- JCB International (Oceania) Pty Ltd
- MacDonnells Law Pty Ltd
- Migration Plus
- NAB Cairns
- Peters Bosel Lawyers
- Travel Money Oz

### IT, WEB & DIGITAL

- Chat2 Concierge
- Fuji Xerox Business Centre Cairns
- Hotel Help Australia
- Respax (Trinity Software Australia Pty Ltd)



## MARKETING REPRESENTATION

- Adjani Zhang
- Bastion Marketing
- Contineo Marketing
- Inkmasters Cairns Inc
- Inspired by Marketing
- Parker Travel Collection
- Pinnacle Tourism Marketing
- Ros Harries Marketing
- Tourism Marketing Services

## MEDIA & COMMUNICATION

- Adlink Media
- Adllins Media
- Epic Times Social Media Marketing
- essbee marketing + communications
- Liz Inglis Media & Communications
- Morris Media Network
- News Corp Australia (The Cairns Post)

## MEDICAL & HEALTH

- Spinal Life Australia
- Ten Years Younger Home Care

## OTHER

- Advance Cairns
- Arthur J Gallagher
- Boz Oz Pty Ltd
- Export Grant Professionals
- Norship
- Pacific Travel Industry Solutions
- Taste Paradise
- Trailblazers Queensland

## PHOTOGRAPHY & VIDEOGRAPHY

- Andrew Watson Photography
- Brad Newton Photography
- Calypso Reef Imagery Centre
- Digital Memories - (HDeVolution)
- Phlipvids
- SkyStock
- Threadless Films

## REAL ESTATE & DEVELOPERS

- CB Richard Ellis
- Colliers International
- David Galloway-Penney of Champions in Real Estate
- GBR Realty Australia
- Mayfair Iconic Properties

## RECRUITMENT & PERSONNEL

- CBC Staff Selection
- CloudTeam
- Precruitment

## RETAIL & SUPPLIER

- AAB Office Equipment
- Birch Carroll & Coyle Limited - Event Cinemas
- Cairns Central Shopping Centre
- DFS Australia Pty Ltd
- Ergon Energy Corporation Ltd
- Evert Opals & Fine Jewellery
- Golden Pride Wineries/ Golden Drop
- Mainie Designer Fashion Pty Ltd
- Newart Commercial Furniture
- OK Gift Shop
- Pacific Toyota
- Piccones Shopping Village
- Pier Properties Pty Ltd (The Pier at the Marina)
- Reef Society
- Simon George & Sons
- Smithfield Shopping Centre
- Stockland Cairns
- Trinity Petroleum Services Pty Ltd
- Babinda Springs

## TOURISM BOOKINGS

### INBOUND TOUR OPERATORS

- Cairns Holiday Specialists
- Dixon Travel & Tour
- D.O.A. Australia T/A Australian Tourlink
- Golden Holidays Travel
- H.I.S. Cairns
- JTB Australia Pty Ltd - Sydney
- Nippon Travel Agency (Australia)
- Small World Journeys

### TOUR DESKS

- Golden Holidays Travel Pty Ltd

### TRAVEL AGENTS

- Destination Cairns
- Expedia
- Experience Oz
- Flight Centre Business Travel - Cairns
- My Cairns Concierge
- Patty Poutanen - Travel Managers

- Travstar.com
- Wanderlust Travel & Cruise

## WHOLESALE AGENTS

- Kintetsu International Express (Oceania)

## TRANSPORT SERVICES

### AIRLINE & AIR CHARTER

- Cairns Airport
- East Air Operations
- Independent Aviation
- Jetstar Airways
- Skytrans

### COACH OPERATORS

- Peddells Ferry & Tour Bus Service
- Pioneer Travel Service
- Coach, Limousines & Taxis
- Elliott's Limousines
- Exemplar Coaches & Limousines (Wellham & Wellham Pty Ltd)

### LIMOUSINES & TAXIS

- 1300 Rideshare
- Cairns Taxis Limited
- Dragon Tours & Limousines

### VEHICLE RENTAL

- Avis Australia
- Britz Australia
- Cairns Luxury Car Hire
- Jucy Cars and Campers
- Mini Car Rentals

**Far North Queensland Promotion Bureau  
Limited trading as  
Tourism Tropical North Queensland  
ABN 94 009 953 084**

Annual financial report  
For the year ended 30 June 2020

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## Directors' report

The directors present their report together with the financial statements of Far North Queensland Promotion Bureau Limited (the "Company") for the financial year ended 30 June 2020 and the auditor's report thereon.

### Directors

The directors of the Company at any time during or since the end of the financial year are:

Name and qualifications	Experience and special responsibilities	
Wendy Morris BSc (Hons) Mar. Biol/Zool Grad. Cert. Mgmt. (UNE) GAICD	Chair	Founder – The Reef Society Member – Reef Trust Partnership Management Committee (Great Barrier Reef Foundation) Member – Great Barrier Reef Marine Park Authority
Norris Carter BE (Hons) GDipCompSc MBA GAICD	Appointed Director Deputy Chair	Chief Executive Officer – North Queensland Airports Director – Australian Airports Association Director – Cairns Indigenous Fair
Kenneth Chapman MB BS FAICD (Appointed 19 August 2020)	Appointed Director	Chairman Skyrail Pty Ltd Director Chapman Group of Companies Chairman Far North Queensland Hospital Foundation
Mark Evans Diploma of Management	Director – Southern Zone	Managing Director – Anella Holdings Pty Ltd Managing Director – Tropical Canopy Pty Ltd TEL – Strategic Advisory Committee
Paul Fagg BA (Hons) Town and Country Planning	Director – Tropical Tablelands /Remote Area Zone	Business Development Manager – Skybury Coffee
Sam Ferguson Bachelor Business Bachelor Applied Science	General Director	General Manager Commercial – Destination Cairns Marketing
Todd Parker	General Director Chair – Tourism Events Strategic Panel	Managing Director – Parker Travel Collection Global Distribution Mentor to Tourism Australia Executive Board Director – Trinity Anglican School (resigned December 2019)
Craig Pocock MBA Comm. Dec.	General Director Chair – Finance & Risk Management Committee	Managing Director – Skyrail ITM Director – Skyrail Rainforest Cableway Director – Skyrail Rainforest Foundation Ltd Chair – Alliance for Sustainable Tourism.
Wayne Reynolds Diploma of Business Management	General Director	General Manager – Pullman Reef Hotel Casino

Name and qualifications	Experience and special responsibilities	
Jeff Schrale B. Science Graduate Diploma in Education	General Director	Regional Executive Far North Queensland – ANZ
Sheena Walshaw B. Science – Psychology	Director Cairns North Zone	Director – Tourism Port Douglas & Daintree Director – Trailblazers Queensland
Peter Woodward B. Commerce B. Science (Computer Science)	General Director Chair – Digital Strategic Panel	Managing Director – CaPTA Group of Companies Managing Director – Respax

## Company secretary

Following the resignation of Pip Close (resigned 16 October, 2019), Mark Olsen was appointed to the position of company secretary on 26 September, 2019.

## Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year were:

Director	Board meetings No of meetings		F&RMC No of meetings	
	Held <sup>A</sup>	Attended <sup>B</sup>	Held <sup>A</sup>	Attended <sup>B</sup>
Wendy Morris	7	7	7	6
Norris Carter	7	6	-	-
Mark Evans	7	6	-	-
Paul Fagg	7	7	-	-
Sam Ferguson	7	7	-	-
Todd Parker	7	4	-	-
Craig Pocock	7	5	7	4
Wayne Reynolds	7	7	7	6
Jeff Schrale	7	6	-	-
Sheena Walshaw	7	7	-	-
Peter Woodward	7	7	-	-

<sup>A</sup> Number of meetings eligible to attend

<sup>B</sup> Number of meetings attended

The Finance and Risk Management Committee (F&RMC) comprising Craig Pocock as Chair, Wendy Morris, Wayne Reynolds, Luckbir Singh and attended by the former CEO Pip Close (resigned 16 October, 2019), current CEO Mark Olsen (appointed 23 September, 2019), General Manager Rosie Douglas, Grant Thornton partner Graham Coonan and Cairns Regional Council Accountants Kerry Robertson, Jaimee Tanswell and Raveena Sandher met during the financial year. The purpose is to discharge the board responsibilities as they relate to:

- The financial reporting process;
- The existence and maintenance of internal controls and accounting systems; and
- Corporate governance.

## Membership

### Classes of membership

The Company is a company limited by guarantee. Under the Company's constitution, there are five classes of membership.



## Members' liability

Each member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while that person is a member or within one year after that person ceased to be a member for payment of the debts and liabilities of the Company contracted before that person ceased to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributors amongst themselves, such amount as may be required, not exceeding \$10.

## Objectives

In response to the challenges posed by global travel restrictions and the resulting global economic slow-down and uncertainty created from COVID-19, TTNQ has sharpened its focus on increasing our share of the domestic market, boosting aviation seat capacity and retaining our global connections for recovery.

The organisation's core objectives are:

- *Understanding our customer's needs:* during a time when the world is looking to reconnect with nature. We've been a global leader for more than four decades, so it's our time to be the leading aspirational destination for conscious travelers.
- *Effective marketing:* to be Australia's most visited nature-based and ecotourism destination, delivering memorable experiences through a partnership between the industry and our communities.
- *Rebuilding the region's visitor economy:* with a focus on sustainable growth and effective destination marketing under a unified brand.

## Tourism Tropical North Queensland strategic plan

Tourism Tropical North Queensland, as the Regional Tourism Organisation, brings together the industry and the community to drive the value of the visitor economy through destination marketing. The seven priority areas of focus for the organisation are:

- Deliver a unified brand story, embraced by all regions and sectors of our economy.
- Focus on the domestic market in the short-term, and grow our domestic market share.
- Restore the region's domestic aviation seat capacity as quickly as possible, and work on securing direct international services as borders reopen.
- Maximise awareness and conversion in high value segments including events, luxury travel and adventure to restore lost visitor spend.
- Support our industry to continue to adapt to the changing market conditions and deliver greater value to members.
- Showcase sustainable practice and build year-round visitation.
- Build a culture of efficiency, best practice, innovation, and knowledge sharing.

TTNQ's role has evolved from a destination marketing organisation to include being an advocate for the industry and a platform builder for the industry to deliver cost-effective marketing activities. Our team has been restructured to enable agile responses to opportunities, now focusing on the domestic market and into industry support to inspire, inform and work with the industry to deliver the world's best visitor experiences.

Our goal is that every visitor leaves the destination feeling connected to the region and its stories, and they share those stories with their global network to increase visitation.

## Principal activities

The principal activities of the Company during the course of the financial year related to tourism promotion of Tropical North Queensland.

There were no significant changes in the nature of the activities of the Company during the year.



## Operating and financial review

The net surplus from ordinary activities after tax amounted to \$3,587,508. (2019: \$529,645).

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The spread of COVID-19 and the effect of travel restrictions around the world, including within Australia, have had a significant impact on the Company's operations such that:

- the Company significantly reduced its investment in the international market, to reinvest in the domestic market to reflect the global travel restrictions;
- the Company ceased its international representation contracts and redeploying head office staff working with the key international markets to also work on emerging domestic markets including luxury travel, adventure, the drive market and events;
- the Company took steps to reduce costs including immediately reducing staff hours and streamlining the organisation structure to reduce salaries and wages by 18%; and
- formed agreements with key funding partners to delay in-market activities, redirect some international marketing activities into the domestic market and secured an additional \$4.2M in grant funding to boost the region's recovery in 2021.

This has meant that in the second half of the 2019-20 financial year, with the Company having had to curtail many of its planned marketing initiatives, the Company has accumulated significant and unexpected amounts of unspent grant funds and industry contributions at year end.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

## Key performance indicators

The identified critical success factors in the 2019/20 Business Plan and the results at the year end June 2020 are outlined below:

- **Overnight Visitor Expenditure of \$3.5B:** in the YE March 2020 the region achieved this target, global travel restrictions will see that drop by an estimated \$0.8B by June 30, and by \$2.2B by December 31 2020.
- **Advertising Value Equivalent of \$50M:** the organisation generated \$64M of Advertising Value Equivalent by capitalising on the growing interest in domestic travel.
- **Share of Queensland visitor nights of 12% and spend of 15%:** for the YE March 2020 the region had in excess of 12% of the Qld domestic and international market, and 14% of Queensland's overnight visitor expenditure.
- **Campaign Generated Visitor Spend of \$40M:** prior to the global travel restrictions, TTNQ campaigns generated \$24M in campaign generated overnight visitor spend, and was on target to reach the \$40M target without the impacts of COVID-19.
- **Membership satisfaction / retention rate of 85%:** the organisation has grown its membership from 362 members to 466 members during the 2019/20 Financial Year with a retention rate of 82%.

## Corporate governance statement

### Responsibilities

The directors are responsible to the members for the performance of the Company in both the short and the longer term and seek to balance these sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of members and other key stakeholders and to ensure the Company is properly managed. The board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the Company.

The functions of the board include:



- Review and approval of corporate strategies, the annual budget and financial plans;
- Overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- Monitoring financial performance including approval of the annual financial reports and liaison with the Company's auditors;
- Appointment of, and assessment of the performance of, the chief executive officer;
- Ensuring there are effective management processes in place and approving major corporate initiatives;
- Enhancing and protecting the reputation of the Company;
- Ensuring the significant risks facing the Company have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place; and
- Reporting to members.

### Board members

Details of the members of the board, their qualifications, term of office and independence status are set out in the directors' report under the heading "Directors". The board operates in accordance with the principles set out in the Company's constitution, including:

- The board is comprised of not less than 9 and not more than 15 directors. At the date of this report the board consisted of twelve members.
- The Chair of the board is elected by the full board.
- There shall be 9 elected directors. The board has the power to appoint up to 6 additional directors in accordance with the provisions of the Constitution.

### Likely developments

The spread of COVID-19 and the consequent impact of travel restrictions are having, and will continue to have, a significant, detrimental impact on all aspects of tourism and visitor numbers in Australia and in particular to Tropical North Queensland. The Company's plans, its operations and ultimately its financial results have been and will continue to be impacted. It is difficult to estimate the length of time that this impact will continue, however it is likely that the negative impact may continue beyond the containment of the pandemic internationally. In the meantime, although the directors do not envisage any material threats to the Company's liquidity or its viability in the foreseeable future, the Company will continue to adapt its plans and operations to address the changing environment in which it and its members find themselves.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

### Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Company has adequate systems in place for the management of

its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

## Indemnification and insurance of officers and auditors

### Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

### Insurance premiums

Since the end of the previous financial year, the Company has not paid or agreed to pay any premium for insurance against a current or former officer's or auditor's liabilities as such or liabilities for legal costs.

## Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Auditor's independence declaration

The auditor's independence declaration is set out on the following page and forms part of the directors' report for the financial year ended 30 June 2020.

This report is made out in accordance with a resolution of the directors:



Director

16 September 2020



# Auditor's independence declaration

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15 Lake Street  
Cairns QLD 4870

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E [info.cairns@au.gt.com](mailto:info.cairns@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

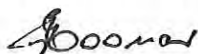
## Auditor's independence declaration to the directors of Far North Queensland Promotion Bureau Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Far North Queensland Promotion Bureau Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G J Coonan  
Partner – Audit & Assurance

Cairns, 16 September 2020

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# Statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Income</b>			
Revenue	6	<u>11,299,024</u>	<u>9,340,437</u>
<b>Expenses</b>			
Administration		1,484,099	1,842,386
Industry representation		207,020	393,981
Marketing and promotion		6,027,453	6,579,501
Research		-	14,721
		<u>7,718,572</u>	<u>8,830,589</u>
<b>Results from operating activities</b>		3,580,452	509,848
Finance income		7,056	19,797
<b>Net surplus before tax</b>		3,587,508	529,645
Income tax expense	5f	-	-
<b>Net surplus from operations</b>		3,587,508	529,645
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>3,587,508</u>	<u>529,645</u>

This statement should be read in conjunction with the notes to the financial statements.

# Statement of financial position

As at 30 June 2020

<b>Assets</b>	<b>Note</b>	<b>2020 \$</b>	<b>2019 \$</b>
Cash and cash equivalents		6,505,965	2,863,529
Term deposits		525,158	515,010
Trade and other receivables	8	1,220,504	311,278
Prepayments		<u>3,614</u>	<u>31,175</u>
<b>Total current assets</b>		<u>8,255,241</u>	<u>3,720,992</u>
Property, plant and equipment	9	7,416	33,935
Intangible assets	10	<u>-</u>	<u>36,174</u>
<b>Total non-current assets</b>		<u>7,416</u>	<u>70,109</u>
<b>Total assets</b>		<u>8,262,657</u>	<u>3,791,101</u>
<b>Liabilities</b>			
Trade and other payables	12	1,846,192	692,637
Employee benefits	13	68,238	68,671
Provisions	14	24,347	-
Contract liabilities	15	9,227	-
Deferred income/revenue	16	<u>-</u>	<u>1,577,206</u>
<b>Total current liabilities</b>		<u>1,948,003</u>	<u>2,338,514</u>
Provisions	14	<u>25,056</u>	<u>34,820</u>
<b>Total non-current liabilities</b>		<u>25,056</u>	<u>34,820</u>
<b>Total liabilities</b>		<u>1,973,060</u>	<u>2,373,334</u>
<b>Net assets</b>		<u>6,289,597</u>	<u>1,417,767</u>
<b>Equity</b>			
Retained surplus		<u>6,289,597</u>	<u>1,417,767</u>
<b>Total equity</b>		<u>6,289,597</u>	<u>1,417,767</u>

This statement should be read in conjunction with the notes to the financial statements.



## Statement of changes in equity

For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Retained surplus</b>		
Balance at 1 July as previously reported	1,417,767	882,122
Impact of new accounting standards	<u>1,284,322</u>	<u>-</u>
Restated balance at 1 July	2,702,089	888,122
Net surplus	3,587,508	529,645
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>3,587,508</u>	<u>529,645</u>
Balance at 30 June	<u>6,289,597</u>	<u>1,417,767</u>

This statement should be read in conjunction with the notes to the financial statements.

## Statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Cash receipts from members, funding bodies and industry contributions		10,488,758	9,714,096
Cash paid to suppliers and employees		<u>(6,844,270)</u>	<u>(8,619,420)</u>
Net cash from continuing operations		3,644,488	1,094,676
Interest received		<u>8,096</u>	<u>14,125</u>
<b>Net cash from operating activities</b>	20	<u>3,652,584</u>	<u>1,108,801</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		-	(2,486)
Acquisition of investments		<u>(10,148)</u>	<u>69,421</u>
<b>Net cash from/(used in) investing activities</b>		<u>(10,148)</u>	<u>66,935</u>
Net increase in cash and cash equivalents		3,642,436	1,175,736
Cash and cash equivalents at 1 July		<u>2,863,529</u>	<u>1,687,793</u>
<b>Cash and cash equivalents at 30 June</b>		<u>6,505,965</u>	<u>2,863,529</u>

This statement should be read in conjunction with the notes to the financial statements.



# Notes to the financial statements

## 1 Reporting entity

Far North Queensland Promotion Bureau Limited (the "Company") is domiciled in Australia. The Company's registered office is at 51 The Esplanade, Cairns QLD, 4870. The Company is a not-for-profit entity and primarily is involved in promotion and development of tourism in Far North Queensland.

## 2 Basis of accounting

### a Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards ("IFRSs") adopted by the International Accounting Standards Board.

Because the Company is a not-for-profit entity and AASBs include requirements for not-for-profit entities which are inconsistent with the International Financial Reports Standards ("IFRs") to the extent these inconsistencies are applied, the financial statements of the Company do not comply with IFRSs adopted by the International Accounting Standards Board. The main impact is the timing of the recognition of grant income. They were authorised for issue by the Board of directors on the date shown on the directors' declaration.

### b Basis of measurement

The financial statements have been prepared on the historical cost basis.

### c Functional and presentation currency

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

### d Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Assumptions and estimation uncertainties

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. The spread of COVID-19 and the effect of travel restrictions around the world, including within Australia, have had a significant impact on the Company's operations such that:

- the Company significantly reduced its investment in the international market, to reinvest in the domestic market to reflect the global travel restrictions;
- the Company ceased its international representation contracts and redeploying head office staff working with the key international markets to also work on emerging domestic markets including luxury travel, adventure, the drive market and events;
- the Company took steps to reduce costs including immediately reducing staff hours and streamlining the organisation structure to reduce salaries and wages by 18%; and
- formed agreements with key funding partners to delay in-market activities, redirect some international marketing activities into the domestic market and secured an additional \$4.2M in grant funding to boost the region's recovery in 2021.



This has meant that in the second half of the 2019-20 financial year, with the Company having had to curtail many of its planned marketing initiatives, the Company has accumulated significant and unexpected amounts of unspent grant funds and industry contributions at year end. In the meantime, although the directors do not envisage any material threats to the Company's liquidity or its viability in the foreseeable future, the Company will continue to adapt its plans and operations to address the changing environment in which it and its members find themselves.

Accordingly, management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

#### **e Economic dependency and going concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company is a not-for-profit entity and is reliant on government funding in order to continue its operations. Management has no reason to believe that the required funding will not be forthcoming for the foreseeable future. However, should future government funding be significantly reduced or curtailed, the Company would be unlikely to be able to continue its operations at current levels.

#### **f Comparatives**

Other than as indicated in Note 4, comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

### **3 Standards issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2019, and have not been applied in preparing these financial statements. The Company has not yet assessed the impact of these new or amended standards.

The Company does not plan to adopt these standards early.

### **4 Changes in significant accounting policies**

The Company has initially applied AASBs 15, 16 and 1058 from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they are not relevant to and/or do not have a material effect on the Company's financial statements.

#### **a AASB 15 and AASB 1058**

##### **AASB 15 Revenue from Contracts with Customers**

AASB 15 has been adopted from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

##### **AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 has been adopted from 1 July 2019. The standard replaces AASB 1004 *Contributions* in respect of income recognition requirements for not-for-profit entities.



Grants received by an entity will now be accounted for under AASB 15 where the grant received arises from an agreement which is enforceable and contains sufficiently specific performance obligations. As such, the grant revenue is recognised when each performance obligation is satisfied. This excludes certain capital grants referred to below.

Other grants, including certain capital grants, will generally now be accounted for under AASB 1058. For those grants, the timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where:

- an asset is received in a transaction, such as by way of grant, bequest or donation;
- there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and
- the intention is to principally enable the entity to further its objectives.

For transfers of financial assets (usually cash or a receivable) to the entity which enable it to acquire or construct a recognisable non-financial asset, i.e. capital grants, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation.

Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

#### Impact of transition

The adoption of AASB 15 and AASB 1058 has mainly affected the following areas:

- Recognition of some industry contribution income on receipt of funding rather than over time.

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such the comparatives have not been restated. On the date of initial application of the standards, 1 July 2019, the impact to retained surplus was as follows:

	Retained surplus \$	Total equity \$
<b>Impacted area</b>		
Recognition of grant income	1,199,348	1,199,348
Recognition of industry contributions	84,046	84,046
Recognition of sundry income	928	928
	<u>1,284,322</u>	<u>1,284,322</u>

The tables below highlight the impact of AASB 15 and AASB 1058 on the statement of comprehensive income and the statement of financial position for the year ended 30 June 2020. The adoption of these standards did not have a material impact on the statement of cash flows.

	Amounts under the previous standards \$	Adjustments \$	Amounts under AASB 15 and 1058 \$
<b>Statement of comprehensive income (extract)</b>			
Grant income	10,516,831	(1,260,949)	9,255,882
Industry contributions	994,893	(79,432)	915,461
Other revenue	1,371,679	(236,942)	1,134,737
Operating expenses	(7,954,585)	236,013	(7,718,572)
<b>Result for the year</b>	<u>4,928,818</u>	<u>(1,341,310)</u>	<u>3,587,508</u>
<b>Total comprehensive income for the year</b>	<u>4,928,818</u>	<u>(1,341,310)</u>	<u>3,587,508</u>



	Amounts under the previous standards \$	Adjustments \$	Amounts under AASB 15 and 1058 \$
<b>Statement of financial position (extract)</b>			
<b>Assets</b>			
Other current assets	8,255,241	-	8,255,241
<b>Current assets</b>	<b>8,255,241</b>	<b>-</b>	<b>8,255,241</b>
Property, plant and equipment and other assets	7,416	-	7,416
<b>Non-current assets</b>	<b>7,416</b>	<b>-</b>	<b>7,416</b>
<b>Total assets</b>	<b>8,262,657</b>	<b>-</b>	<b>8,262,657</b>
<b>Liabilities</b>			
Trade and other payables	762,301	1,083,892	1,846,192
Contract liabilities	-	9,227	9,227
Deferred income/revenue	1,036,131	(1,036,131)	-
Other current liabilities	92,585	-	92,585
<b>Current liabilities</b>	<b>1,891,017</b>	<b>56,988</b>	<b>1,948,004</b>
Other liabilities	25,056	-	25,056
<b>Non-current liabilities</b>	<b>25,056</b>	<b>-</b>	<b>25,056</b>
<b>Total liabilities</b>	<b>1,916,073</b>	<b>56,988</b>	<b>1,973,060</b>
<b>Equity</b>			
Retained surplus	6,346,585	(56,988)	6,289,597
<b>Total equity</b>	<b>6,346,585</b>	<b>(56,988)</b>	<b>6,289,597</b>

The adjustments above relate to the recognition of financial liabilities in the current year where the funding agreement contains a termination for convenience clause and under the previous standards the peppercorn lease was fair valued and deferred revenue was recognised for fee for service revenue streams.

## b AASB 16 Leases

AASB 16 has been adopted from 1 July 2019. The standard replaces AASB 117 *Leases* and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared with lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

### Impact of transition

Under the previous accounting, the peppercorn operating lease in respect of the Company's premises was fair valued with an equal value amounting to \$370,964 included in sponsorship and in administration expenses. This had a nil net impact on the overall prior year net result. Under AASB 16, the Company has elected not to fair value this lease, instead accounting for it at cost. Had the Company accounted for the lease for the current year as it had in the prior year, then this would have increased sponsorship and administration expenses by an amount similar to the prior year and again, with no impact on the overall net result.

There were no adjustments required to opening retained surplus on transition.



## 5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes in accounting policies as explained in Note 4.

### a Foreign currency

Transactions in foreign currencies are translated to Australian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate at that date. Foreign currency differences arising on translation are recognised in income or expense.

### b Revenue

#### Policy applicable from 1 July 2019

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Company expects to be entitled to in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. The transaction price is allocated to each performance obligation on the basis of the relevant standalone selling price of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Company recognises other revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

#### i Membership

Fees are paid to the Company in return for membership and for a number of benefits and services that are considered to be sufficiently specific performance obligations which are incurred over the lifetime of the membership period. Member fees are therefore recognised over the period for the membership as benefits are transferred to members. Membership fees paid in advance to the Company are recognised as contract liabilities.

#### ii Contract balances

Contract assets are recognised when the Company has transferred goods or services to the customer but where the Company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

#### iii Industry contributions (cash)

Industry contributions are accounted for under AASB 1058 on the basis that the income arises from an agreement which is not enforceable or does not contain sufficiently specific performance obligations. As such industry contributions are recognised when the Company is entitled to receive them.

#### iv Industry contributions (in-kind)

There is no consideration transferred in return for in-kind industry contributions. As such, in-kind industry contributions are accounted for under AASB 1058 and recognised as income upon receipt at the fair value of the goods or services received.



v Sponsorships

Revenue from in-kind sponsorships is recognised in the year the in-kind goods or services are received by the Company, measured at the fair value of the goods or services received.

**Policy applicable before 1 July 2019**

i Sale of goods

Revenue was previously recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods, and the amount of revenue could be measured reliably. Revenue was measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varied depending on the individual terms of the sales agreement.

ii Services

Revenue from rendering of services was previously recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion was assessed based on surveys of work performed.

iii Rental income

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

iv Commissions

If the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

v Membership income

Membership income is recognised in the period that the membership renewal/purchase pertains to.

vi Industry contributions

Industry contribution income is recognised in the period that the purchased activity occurs.

vii Sponsorship income

Sponsorship income is recognised as it accrues in the period to which it relates. Certain sponsorship income which is received in kind is brought to account at its fair value.

**c Government grants and other contributions of assets**

**Policy applicable from 1 July 2019**

Grants under AASB 15

Grants (other than certain capital grants) are accounted for under AASB 15 where the grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations. As such, the revenue is recognised when each performance obligation is satisfied.

Grants under AASB 1058

Other grants, including certain capital grants, are generally accounted for under AASB 1058.

The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where:

- an asset is received in a transaction, such as by way of grant, bequest or donation;
- there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and



- the intention is to principally enable the entity to further its objectives.

Assets arising from grants in the scope of AASB 1058 are recognised at the assets' fair values when the assets are received. Any related liability or equity items associated with the asset are recognised in accordance with the relevant accounting standard. Once the asset and any related liability or equity items have been recognised, then income is recognised for any remaining asset value at the time the asset is received.

For transfers of financial assets (usually cash and/or a receivable) to the Company which enable it to acquire or construct a recognisable non-financial asset, a liability is recognised for the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the Company satisfies its performance obligation.

#### **Policy applicable before 1 July 2019**

Government grants and other contributions of assets were accounted for in accordance with AASB 1004 *Contributions* based on whether they were reciprocal or non-reciprocal in nature and were measured at the fair value of the contributions received or receivable.

Reciprocal transfers were those where approximately equal value was exchanged in the transfer between the transferor (grantor) and the transferee (grantee). Non-reciprocal transfers were those where equal value was not exchanged.

Where grants and other contributions were received that were reciprocal in nature, revenue was recognised over the term of the funding arrangements.

Revenue from a non-reciprocal grant that was not subject to conditions was recognised when the Company obtained control of the funds, economic benefits were probable and the amount could be measured reliably. Where a grant may be required to be repaid if certain conditions were not satisfied, a liability was recognised at year end to the extent that conditions remained unsatisfied.

Where the Company received a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset was recognised at fair value and a corresponding amount of revenue was recognised.

#### **d Finance income and finance costs**

Finance income and finance costs include interest income and interest expense. Interest income or expense is recognised using the effective interest method.

#### **e Employee benefits**

##### **i Short-term benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### **ii Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### **iii Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in expenses in the period in which they arise.

##### **iv Termination benefits**

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs of restructuring. If the benefits are not expected to be settled wholly within 12 months at the end of the reporting period, then they are discounted.



**f Income tax**

The Company has been granted exemption from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**g Property, plant and equipment**

**i Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

**ii Depreciation**

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives and is generally recognised in expenses. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

- Computer equipment 2-5 years
- Office furniture 2-15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**h Intangible assets**

**i Recognition and measurement**

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment.

**ii Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives. The estimated useful lives of intangibles are as follows:

- Websites and digital assets 2-3 years

**i Financial instruments**

**i Non-derivative financial assets and financial liabilities – Recognition, initial measurement and derecognition**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a significant financing component, or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards of ownership are transferred.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

**ii Classification and subsequent measurement**

**Financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost



- fair value through profit or loss
- equity instruments at fair value through other comprehensive income
- debt instruments at fair value through other comprehensive income

Classifications are determined by both:

- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance costs or other financial items, except for impairment of trade receivables which is presented within other expenses.

#### Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company has determined that all of its financial assets fall within the amortised cost category.

#### Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as fair value through profit or loss if it is held-for-trading. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company has only financial liabilities classified as measured at amortised cost.

### j Impairment

#### i Non-derivative financial assets

##### Financial assets

The Company uses forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements include loans and trade receivables.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset.



#### Trade and other receivables

The Company uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company fully allows for any memberships or industry contribution amounts that are more than 120 days past due. The Company does not allow for write off of Government grants receivable, as a default has never occurred. The Company has assessed the trade receivables as at 30 June 2020 and has determined that no impairment is required at that date.

#### ii Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. As the Company is a not-for-profit entity, value in use is the written down current replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the entity would, if deprived of the asset, replace its remaining future economic benefits.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### k Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

#### l Leases

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and IFRIC 4. The details of accounting policies under AASB 117 and IFRIC 4 are disclosed separately.

#### Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into on or after 1 July 2019.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to



dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following where applicable:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Company presents right-of-use assets as a separate line item and lease liabilities within "loans and borrowings" in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **Policy applicable before July 1 2019**

##### **i Determining whether an arrangement contains a lease**

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset.

Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.



ii Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

iii Lease payments

Payments made under operating leases are recognised in expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

m Share capital

The Company is a company limited by guarantee. The Company has no share capital.

## 6 Revenue

### Revenue streams

	2020 \$	2019 \$
<b>2020</b>		
Revenue from contracts with customers		
Membership Income (under AASB 15)	623,714	
	<u>623,714</u>	
Other revenue		
Grants and donations (under AASB 1058)	9,255,882	
Industry contributions (under AASB 1058)	915,461	
Sponsorship (under AASB 1058)	231,441	
Cashflow Boost subsidy (under AASB 1058)	100,000	
JobKeeper subsidy (under AASB 15)	144,000	
Sundry revenue (under AASB 15)	28,526	
	<u>10,675,310</u>	
<b>2019</b>		
Industry contributions and membership	-	2,044,154
Government and institutional grants	-	5,160,084
Fee for service	-	1,138,945
Rental income from property subleases	-	39,465
Sponsorship	-	934,457
Sundry revenue	-	23,332
	<u>11,299,024</u>	<u>9,340,437</u>

### Disaggregation of revenue from contracts with customers

In the table above, revenue from contracts with customers is disaggregated by major sources/types of revenue. All revenue from contracts with customers is derived from the Far North Queensland region of Australia.

AASB 15 was adopted effective 1 July 2019 using the modified retrospective approach. Accordingly, comparative amounts are shown under the previous accounting.

## Performance obligations and revenue recognition policies

Revenue from contracts with customers is measured based on the consideration specified in the contracts. Revenue is recognised when control over a good or service is transferred to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

### Membership Income

Fees are paid to the Company in return for membership and for a number of benefits and services. Some of the benefits provided as outlined by the Company's membership prospectus are considered to be sufficiently specific performance obligations.

These benefits are incurred over the lifetime of the membership period and as such membership fees are recognised over the period of the membership as benefits are transferred to members.

A contract liability is recognised for membership fees received in advance for the portion of the membership period which has not elapsed.

## 7 Personnel expenses

Included in expenses for the year are the following personnel expenses:

	2020 \$	2019 \$
Salaries and wages	1,282,986	1,538,691
Contributions to defined contribution superannuation plans	119,554	142,238
Increase in liability for annual leave	(433)	32,353
Increase in liability for long service leave	14,583	13,439
	<u>1,416,690</u>	<u>1,726,721</u>

## 8 Trade and other receivables

### Current

Trade receivables	1,119,981	301,956
Less: Allowance for impairment losses	-	-
Accrued interest	1,727	9,822
Cashflow Boost subsidy receivable	50,000	-
JobKeeper subsidy receivable	48,000	-
Other receivables	796	-
	<u>1,220,504</u>	<u>311,278</u>

Information about the Company's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 11.



## 9 Property, plant and equipment

	Computer equipment	Office furniture	Total
Cost	\$	\$	\$
Balance at 1 July 2018	120,838	69,576	190,414
Additions	2,486	-	2,486
Balance at 30 June 2019	123,324	69,576	192,900
Balance at 1 July 2019	123,324	69,576	192,900
Disposals	(10,363)	(23,339)	(33,702)
Balance at 30 June 2020	112,961	46,237	159,198
<b>Depreciation and impairment</b>			
Balance at 1 July 2018	(67,080)	(65,116)	(132,196)
Depreciation for the year	(25,679)	(1,089)	(26,768)
Disposals	-	-	-
Balance at 30 June 2019	(92,759)	(66,205)	(158,964)
Balance at 1 July 2019	(92,759)	(66,205)	(158,964)
Depreciation for the year	(24,302)	(1,072)	(25,374)
Disposals	9,310	23,247	32,557
Balance at 30 June 2020	(107,752)	(44,030)	(151,782)
<b>Carrying amounts</b>			
At 1 July 2018	53,758	4,460	58,218
At 30 June 2019	30,564	3,371	33,935
At 30 June 2020	5,209	2,207	7,416

## 10 Intangible assets

	Websites \$	Digital asset \$	Total \$
<b>Cost</b>			
Balance at 1 July 2018	14,993	54,356	69,349
Additions	-	-	-
Balance at 30 June 2019	14,993	54,356	69,349
Balance at 1 July 2019	14,993	54,356	69,349
Disposals	-	(54,356)	(54,356)
Balance at 30 June 2020	14,993	-	14,993
<b>Depreciation and impairment</b>			
Balance at 1 July 2018	-	-	-
Amortisation for the year	(5,997)	(27,178)	(33,174)
Balance at 30 June 2019	(5,997)	(27,178)	(33,174)
Balance at 1 July 2019	(5,997)	(27,178)	(36,174)
Amortisation for the year	(8,996)	(27,178)	(36,174)
Disposals	-	54,356	54,356
Balance at 30 June 2020	(14,993)	-	(14,993)
<b>Carrying amounts</b>			
At 30 June 2019	8,996	27,178	36,174
At 30 June 2020	-	-	-

## 11 Financial instruments – fair values and risk management

### a Accounting classifications and fair values

The fair values of financial assets and financial liabilities approximate the carrying amounts shown in the statement of financial position.

### b Financial risk management

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk.

#### i Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Finance and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Finance and Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

#### ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, members and sundry organisations.

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

##### *Trade and other receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

At the reporting date there were no significant concentrations of credit risk.

The Company does not require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.



At the reporting date, the maximum exposure to credit risk for trade and other receivables by type was as follows:

	2020	2019
	\$	\$
Grants	1,100,00	-
Memberships	7,881	-
Industry contributions	12,100	26,456
Fee for service	-	275,000
Other	100,523	9,822
	<u>1,220,504</u>	<u>311,278</u>

#### *Impairment*

At the reporting date, the aging of trade and other receivables was as follows:

Neither past due nor impaired	1,220,098	291,333
Past due 1-30 days	406	2,100
Past due 31-90 days	-	17,845
Past due 91-120 days	-	-
	<u>1,220,504</u>	<u>311,278</u>

There are no allowances for impairment losses in respect of trade and other receivables at 30 June 2020 (2019: nil).

#### *Cash and cash equivalents*

Cash and cash equivalents held by the Company at reporting date are held with Australian financial institutions with credit ratings of AA- or higher.

#### iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

#### *Exposure to liquidity risk*

The following are the remaining contractual maturities of financial liabilities at reporting date. The amounts are gross and undiscounted, and include estimated interest payments where applicable and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
Trade and other payables	1,846,192	1,846,192	1,846,192				
	<u>1,846,192</u>	<u>1,846,192</u>	<u>1,846,192</u>				
<b>2019</b>							
Trade and other payables	692,637	692,637	692,637	-	-	-	-
	<u>692,637</u>	<u>692,637</u>	<u>692,637</u>	-	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### iv Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### *Currency risk*

The Company is not exposed to foreign currency risk on sales and purchases.

##### *Exposure to interest rate risk*

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

	2020 \$	2019 \$
<b>Fixed rate instruments</b>		
Term deposits	525,158	515,010
<b>Variable rate instruments</b>		
Bank balances	6,505,965	2,863,529

##### *Fair value sensitivity analysis for fixed-rate instruments*

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect net surplus.

##### *Cash flow sensitivity analysis for variable-rate instruments*

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and net surplus by the amounts shown below. This analysis assumes that all other variables remain constant.

	Income or expenses		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
<b>2020</b>				
Financial assets	65,060	(65,060)	65,060	(65,060)
Cash flow sensitivity (net)	65,060	(65,060)	65,060	(65,060)
<b>2019</b>				
Financial assets	28,633	(28,633)	28,633	(28,633)
Cash flow sensitivity (net)	28,633	(28,633)	28,633	(28,633)

## 12 Trade and other payables

	2020 \$	2019 \$
Trade payables	409,621	451,657
Accrued expenses	70,066	170,713
Unexpended grant liability	1,083,892	-
GST payable	264,978	(27,212)
Other payables	17,635	97,479
	1,846,192	692,637

Information about the Company's exposure to liquidity risk is included in Note 11.



## 13 Employee benefits

	2020 \$	2019 \$
Current		
Annual leave	68,238	68,671
	<u>68,238</u>	<u>68,671</u>

The Company makes contributions to defined contribution plans. The amount recognised as an expense was \$119,554 for the year ended 30 June 2020 (2019: \$142,238).

## 14 Provisions

Current		
Long service leave	24,347	-
Non-current		
Long service leave	25,056	34,820
Balance at 1 July	34,820	48,259
Provisions made during the year	14,583	12,027
Provisions used during the year	-	(25,466)
Balance at 30 June	<u>49,403</u>	<u>34,820</u>

### Long service leave

The provision for long service leave represents the Company's best estimate of the future benefit that employees have earned. The amount and timing of the associated outflows is uncertain and dependent on employees attaining the required years of services. Where the Company no longer has the ability to defer settlement of the obligation beyond 12 months from the reporting date, liabilities are presented as current. This would usually occur when employees are expected to reach the required years of service in the 12 months from reporting date. The discount rate used to determine the present value of future benefits at 30 June 2020 was 1.05% (2019: 1.21%).

## 15 Contract liabilities

Membership subscriptions received in advance	9,227	-
	<u>9,227</u>	<u>-</u>

## 16 Deferred income/revenue

Membership subscriptions received in advance	-	76,272
Industry contributions and service revenue received in advance	-	1,500,934
	<u>-</u>	<u>1,577,206</u>

## 17 Operating leases

### Leases as lessee

The Company leased only the office space occupied by the Company from Cairns Regional Council. This lease expires in October 2021. The lease typically runs for a period of 1 year, with 1 annual payment, with an option to renew the lease after that date.

The Company elects to measure and recognise right-of-use assets arising from this lease at cost (rather than fair value).

	2020 \$	2019 \$
<b>2020 – Leases under AASB 16</b>		
Expenses relating to short-term leases	312	
<b>2019 – Operating leases under AASB 117</b>		
Lease expense		370,964
Sub-lease income presented in "other revenue"		39,465

Under the previous accounting, the peppercorn operating lease in respect of the Company's premises was fair valued with an equal value amounting to \$370,964 included in sponsorship and in administration expenses. This had a nil net impact on the overall prior year net result. Under AASB 16, the Company has elected not to fair value this lease, instead accounting for it at cost.

## 18 Capital and reserves

### Company limited by guarantee

The Company is a company limited by guarantee. Accordingly, each member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while that person is a member or within one year after that person ceased to be a member for payment of the debts and liabilities of the Company contracted before that person ceased to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributors amongst themselves, such amount as may be required, not exceeding \$10.

## 19 Capital management

The Company's policy is to maintain a strong capital base so as to maintain member, creditor and funding body confidence and to sustain future development of the business. Capital consists of retained surpluses. Management monitors the Company's operating surplus.

The Company's net cash to equity ratio at the reporting date was as follows:

	2020 \$	2019 \$
Cash and cash equivalents	6,505,965	2,863,529
Term deposits	525,158	515,010
Less liabilities	(1,973,060)	(2,373,334)
Net cash	5,058,063	1,005,204
Total equity	6,289,597	1,417,767
Net cash to equity ratio at 30 June	0.80	0.71

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.



## 20 Reconciliation of cash flows from operating activities

	2020 \$	2019 \$
Net surplus	3,587,508	529,645
<i>Adjustments for:</i>		
Depreciation and amortisation	61,548	59,944
Loss on disposal of assets	1,145	-
	<u>3,650,201</u>	<u>589,589</u>
<i>Changes in:</i>		
Trade and other receivables	(917,322)	(249,534)
Inventories	-	-
Trade and other payables and deferred revenue	892,238	756,335
Prepayment	27,561	25,850
Provisions and employee benefits	(94)	(13,439)
Net cash from operating activities	<u>3,652,584</u>	<u>1,108,801</u>

## 21 Related parties

### a Transactions with key management personnel

#### i Key management personnel compensation

The key management personnel compensation comprised the following:

Short-term employee benefits	447,240	620,850
Post-employment benefits	43,815	57,646
Other long term benefits	-	3,441
Termination benefits	20,595	49,635
	<u>511,650</u>	<u>731,572</u>

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined contribution plan.

#### ii Loans to key management personnel

There were no loans made, guaranteed or secured by the Company to key management personnel during the year 2020.

#### iii Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over these entities.

A number of these entities transacted with the Company during the year. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Sales \$	Purchases \$	Balance owed to TTNQ \$	Balance owed by TTNQ \$
<b>2020</b>				
Wendy Morris	250	-	-	-
Todd Parker	1,150	-	-	-
Mark Evans	22,046	465	-	-
Craig Pocock	37,763	112	-	-
Sheena Walshaw	39,425	15,644	-	-
Peter Woodward	27,257	1,000	-	-
Sam Ferguson	3,750	-	-	-
<b>2019</b>				
Todd Parker	1,150	41,871	-	-
Mark Evans	6,227	-	-	-
Sam Ferguson	6,250	949.89	-	-
Wendy Morris	250	-	-	-
Craig Pocock	32,150	3,106	-	890
Sheena Walshaw	4,275	-	-	-
Peter Woodward	39,026	5,625	-	-
Russell Boswell (retired 12 October 2018)	250	11,000	-	-

From time to time directors of the Company, or their related entities, may buy goods from the Company. These purchases are on the same terms and conditions as those entered into by other Company employees or members.

Historically, the Company has intentionally sourced many of its directors from within its membership base. The membership payments for these member companies are on the same terms and conditions as those of companies and businesses which do not have a representative on the Board.

## 22 Auditor's remuneration

	2020 \$	2019 \$
<b>Audit services</b>		
Auditors of the Company – Grant Thornton		
Audit of financial statements	23,343	27,050
Other regulatory audit services	1,100	1,050
	<u>24,443</u>	<u>28,100</u>
<b>Other services</b>		
Auditors of the Company – Grant Thornton		
In relation to taxation services	-	750
Other advice and assistance	6,960	1,900
	<u>6,960</u>	<u>2,650</u>



## Directors' declaration

In the opinion of the directors of Far North Queensland Promotion Bureau Limited (the "Company"):

- a the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Director

16 September 2020

# Independent auditor's report

## Independent auditor's report to the members of Far North Queensland Promotion Bureau Limited

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### Opinion

We have audited the financial report of Far North Queensland Promotion Bureau Limited (the "Company"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Far North Queensland Promotion Bureau Limited is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the financial report**

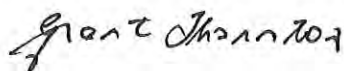
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

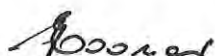
#### **Auditor's responsibilities for the audit of the financial report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G J Coonan  
Partner – Audit & Assurance

Cairns, 16 September 2020



An aerial photograph of a tropical coastline. On the left, a dense green forest covers a hillside. A paved road with white lane markings runs along the base of the forest, curving towards the right. To the right of the road is a wide, sandy beach. The ocean is a vibrant blue, with white waves breaking onto the shore. In the distance, more land is visible under a sky with scattered white clouds. The text "SEE GREAT LEAVE GREATER" is overlaid in the center in a large, white, sans-serif font.

SEE  
GREAT  
LEAVE  
GREATER





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