



ANNUAL REPORT
FOR THE YEAR ENDING 30 JUNE 2022



GREAT LAKE TAUPŌ

DIRECTORY

Governing Body

Destination Lake Taupō Trust Board

Tim Castle (Chairman)
Nicola Harvey
David Steele
Kiri Atkinson-Crean
Simon Jolly

General Manager

Jane Wilson

Bankers Auditors

Bank of New Zealand, Taupō – Transactional Banking

Audit New Zealand on behalf of
The Controller & Auditor General

Insurance Brokers

Aon New Zealand Limited

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DESTINATION GREAT LAKE TAUPŌ (DGLT) AGM 2022: CHAIRMAN'S REPORT

Tēnā rā koutou i ngā mihi ki o tātou ki ngā tini mate e hinga ake nei. Ko te whakatau noa ake, ko rātou ki a rātou, ko tātou ki a tātou i roto i te wā iti nei. No reira, tenā rā anō koutou.

We greet you mindful of those who have passed on in recent times. Those who have departed to the gathering place of spirits, beyond the veil and left to recollection, leaving us here to mourn and to reminisce. As the saying goes: we leave them to the spirit world, and we of the world of light, to each other. Therefore, greetings again.

Introduction

It is my pleasure to present this report as Chair of Destination Great Lake Taupō, having been invited and elected to take up that position with effect from April of this year. It is a distinct privilege to undertake this governance responsibility following earlier appointment to the Board by Councillors of the Taupō District Council with effect from 9 March 2021. On that date, Nicola Harvey and I joined the then current Board members Dennis Christian (Chair), Cushla Clark and Torben Landl.

This appointment date coincided almost exactly with the first anniversary of the COVID-19 lockdown with significant consequences for every person and every activity across the nation. The impact on tourism, both internationally and domestically, has been well chronicled and accurately characterised as being within a range of 'severe to disastrous'. The manner in which COVID-19 restrictions affected tourism in the Taupō region is illuminated in the last two annual reports including commentary from previous Board Chairs. With relaxation of COVID-19 restrictions taking effect only very recently, it is again obvious that two and a half years after the first lockdown very little, if anything, in the way in which people and businesses operated in pre-COVID times, has remained the same. To some extent the commencement of our terms of Board membership from March last year represented for Nicola Harvey and myself something of a baptism of fire with ongoing anxieties and uncertainties arising from the COVID-19 pandemic. For the tourism sector in the Taupō region, as with all other sectors, "business as usual" felt different, looked different and became very different.

Our People: Commitment to the Tourism Sector in the Taupō Region

For Destination Great Lake Taupō adapting its very successful marketing strategies to the new COVID-19 conditions became a priority. One thing that did not change in that necessary adaptation – and which has not ever changed since – is the commitment and professionalism of the people at Destination Great Lake Taupō to continue to deliver services to the region's tourism sector. The culture of quality marketing and providing an effective service to tourism operators throughout the Taupō region did not diminish; it remained steadfast. I cannot speak more highly of the leadership and dedication shown by General Manager Jane Wilson, mirrored by her highly efficient team at DGLT. Jane and the team saw the challenges as opportunities, and they were swift in seizing upon new ways of doing things in the marketing spaces available to DGLT. I invite readers to review the comprehensive DGLT Team Report dated 5 October 2022 and presented within the Annual General Meeting papers for consideration at our AGM on that date. The report traces successful achievements in the marketing of the region in order to attract visitors in a manner quite possibly unequalled anywhere else in Aotearoa New Zealand. I do not unnecessarily repeat here the detail recorded in that report. Even a momentary pause to reflect on the comprehensive material provided demonstrates the comprehensiveness of the DGLT marketing initiatives. I acknowledge and warmly congratulate Jane and all her team at DGLT for their success in difficult times providing clear value to the sector here.

A Destination Management Plan for the Taupō Region

The future, unsurprisingly, will provide ongoing and different challenges. DGLT was successful in 2020 in securing significant Government funding from the Strategic Tourism Assets Protection Programme (STAPP), a policy initiative of MBIE, subject to the development of a Destination Management Plan (DMP) for the Taupō region. DGLT contracted dedicated resources to manage that project. Its purpose was, and remains, to develop a strategic DMP for the Taupō region. This plan aims to weave our cultural perspectives together to develop the destination management plan that outlines a shared commitment and statement of intent for the future (sustainable) development, protection and regeneration of the destination. Its underpinning philosophy endorsed by the DGLT Board is to “ensure our visitor economy enriches the lives of our people and place, and delivers positive outcomes across a range of social, cultural, economic and environmental wellbeing’s for the benefit of future generations”¹ It is dedicated to support activities to attract visitors but, equally, ensure the wellbeing of the resident communities. The development of the plan is designed as a project for the entire region including, in particular, collaboration with Iwi Māori and Hapū Māori in region.

Commissioned by DGLT so as to access STAPP funding, the project is also underpinned by a Leadership Advisory Group drawn from stakeholders in the tourism sector to try and ensure breadth and depth of buy-in to the plan across the whole community. We intend to work in partnership with mana whenua across the region: this part of the planning programme is already underway – in some respects in its infancy – and I acknowledge the substantive contribution from Iwi and Hapū Māori all around the region including but not limited to Ngāti Tūwharetoa. As is apparent from the material included in the papers comprising the Annual Report and for presentation at the AGM, the work done to date includes establishing a strong evidence base to direct the development of the DMP by, among other things, identifying ongoing product development opportunities including mana whenua specific opportunities. The final stage of the DMP development will identify specific actions for implementation of the plan. The work programme is predicated on completion of the plan being reached and ready for implementation by and from December 2022.

What’s Next for DGLT?

We plan to undertake, beginning the week of this year’s AGM, a robust facilitated strategic planning exercise to enable sound decisions to be made as to the future purpose and role of DGLT. We will examine what is our purpose given the terms of the trust deed under which we operate. This will be with a view to having solid recommendations to make to Taupō District Council of which we are a wholly owned entity. What might be our responsibilities for the region and its development? What might be the appropriate and effective remit for DGLT? Is it, for instance, to take some ownership, jointly or otherwise, of and for a destination management strategy for the region? Or is it more appropriate that DGLT focus on developing and enhancing (only) its already successful marketing initiatives. If it is the former, it seems to me that it will be essential we work closely with the economic development programmes in Taupō managed by Amplify; likewise align initiatives with the projects and plans of Taupō District Council; and perhaps most importantly, ensure that DGLT can bring the communities, particularly Iwi and Hapū Māori of the region, along for the journey; shoulder to shoulder. Alignment of objectives and collaboration over the means by which they can be achieved will be paramount. Our search for unity of purpose is about to begin.

¹ Roam Consulting

Conclusion

We would expect to report to the community through a number of mechanisms already in existence for such purpose. We welcome feedback at all times. We will report to Taupō District Council as required under the operative terms of our trust deed.

Finally I pay tribute to three members of the Board whose term finished earlier this year. In particular, Dennis Christian after nine years on the Board and the last two as Chair made a continuous constructive and positive contribution to the work of the Board. His experience is already being missed. Cushla Clark and Torben Landl provided real experience and operational knowledge and expertise at the Board table for the last three years. On behalf of the tourism sector and the Board in particular, I express our gratitude for their service and very real contributions.

I also wish to record on behalf of DGLT, the Board and management, our appreciation to Councillors, Kathy Guy, Anna Park and Christine Rankin (Deputy Mayor) for their ongoing support of our DGLT activity.

Mauri ora ki a koutou

Report to Taupo District Council for 01 July 2021– 30 June 2022

On behalf of the DGLT Board:



Tim Castle
DGLT Board Chairman
29 September 2022

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE WHANGANUI AND PARTNERS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of The Destination Lake Taupo Trust (The Trust). The Auditor-General has appointed me, Cameron Town, using the staff and resources of Silks Audit Chartered Accountants Limited, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion

We have audited the financial statements of the Trust on pages 21 to 38, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information and the performance information of the Trust on pages 18 to 19;

- present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Tier 2 Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the performance information of the Trust on pages 18 to 19 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2022.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing. (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Trustees for the financial statements and the performance information

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are also responsible for preparing the performance information for the Trust.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Trustees is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Trustee's responsibilities arise from the Local Government Act 2002 and clause 13.2 of the Trust's Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 17, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, 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.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust

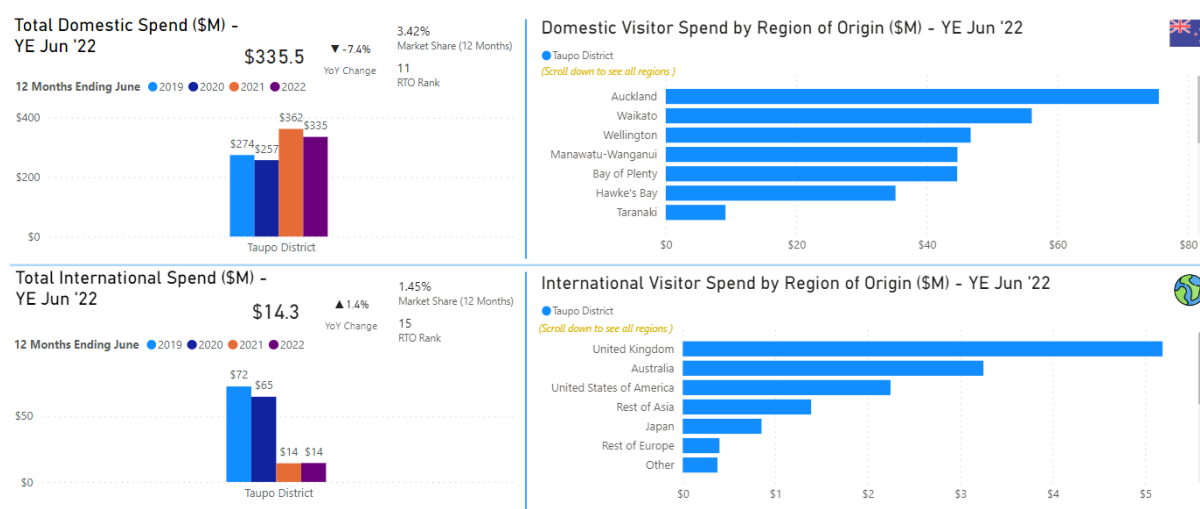


Cameron Town
Silks Audit Chartered Accountants Ltd
On behalf of the Auditor-General
Whanganui, New Zealand

REPORT ON TRUST ACTIVITIES

This Annual Report consolidates the financial statements for the Destination Lake Taupō Trust, which trades as Destination Great Lake Taupō. The Annual Report provides an assessment against key performance indicators in the 2021-2022 DGLT Statement of Intent, and a report on the Trust's activities (in accordance with Sections 10.9(a) and (c) and 13.2(b) of the TrustDeed.

The continuation of closed international borders and the prolonged Auckland and Waikato lockdowns significantly impacted visitation to the region in the last half of 2021. With our top two domestic source markets unable to travel and a significant number of cancellations from the events sector, our domestic spend was down 26% for the 4-month period of August to November 2021². Total domestic spend for year ending June 2022 was down 7% on the same period last year. (Note: 2021 was a record year for domestic spend across the Taupō region – up 32% on pre-Covid figures.)



In summary, the Taupō region has fared reasonably well in 2022 compared to many other regions around the country. Although the significant drop from August – November 2021 was a very challenging time for the sector, total spend from domestic and international visitation was slightly up on pre-Covid spend in 2019.³

The development of a Destination Management Plan (DMP) in partnership with Iwi, Hapū and key stakeholders has seen strong progress in articulating our tourism future. Significant engagement across the community with key stakeholders, residents, rangatahi and Iwi has helped to define regional issues and our future vision and values. The DMP will be completed by December 2022 and will outline a set of actionable priorities for the destination.

Growing industry capability continues to be a priority in building a 'destination of excellence'. Although hampered by Covid restrictions, DGLT conducted a number of training workshops (e.g. running sustainable business events, getting trade ready, taking your experience virtual) as well as introducing one-on-one digital training sessions with operators at their place of business.

With our strategic shift to support and drive business to operators in response to Covid-19, we have seen strong collaboration from industry across our marketing and campaign initiatives. Many operators are now leveraging our marketing spend with great effect. Loading deals and advertising on lovetaupo.com has delivered over 230,000 operator referrals, 500,000 operator page views and 38,000 deals clicked.

The continuation of Tourism Recovery funding from MBIE saw \$1M of funding added to DGLT's revenue, allowing DGLT to meet its obligations as set out in the 2021-2022 Statement of Intent.

² MBIE: Tourism Electronic Card Transactions – Nov 2022

³ MBIE: Tourism Electronic Card Transactions – June 2022

DESTINATION MARKETING:

Domestic visitors are the key driver of tourism within the region, traditionally accounting for approximately 65% of both guest nights and spend. With the continuation of Covid-19 and the ongoing closure of international borders for most of this year, domestic visitors have remained the key source of tourism revenue, delivering \$335 M to the region YE June 2022⁴ (down 7% compared to 2021 but up 22% compared to 2019)

Our marketing activity for the 2021-2022 financial year focused on 3 core objectives:

- to mitigate the ongoing effects of closed borders
- to ensure the Taupo region was top of the consideration list for domestic visitors
- to drive visitor referrals to our tourism businesses to 'keep them alive'

An extremely agile approach to all marketing activity has remained necessary over the last 12 months. Open and closed international borders (trans-Tasman bubble) and changes in domestic alert levels have seen several campaigns implemented only to be shut down within days or weeks of initiation.

With the opening of the trans-Tasman bubble we initiated a "Winter Better" campaign in collaboration with Visit Ruapehu and Ruapehu Alpine Lifts into the eastern gateway States of Australia from 01 June – 23 July 2021. Unfortunately, as Covid re-emerged in New South Wales and Victoria we pulled activity in these two States part way through the campaign period. Likewise, our relaunch of the successful 'Cheeky Midweek' campaign in August was on air just 2 days before we had to cancel it as Auckland, and then Waikato went back into lockdown.

In recognition of Aucklanders continued time in lockdown and the contribution they made to keeping the rest of the country safe, we launched the 'Kia Kaha Auckland' campaign in September 2021. This partnership with Town Centre Taupō gave away five prize packages including experiences and vouchers from 40 different operators. This not only supported our local operators but also provided an opportunity to build our databases based around our key target segments (golf, fishing, biking, families, and couples). The campaign generated over 16,000 entries and gained some excellent PR including Mayoral interviews on TV One Breakfast and Newstalk ZB.

- Landing page <https://www.lovetapu.com/en/auckland/>
- Video <https://drive.google.com/file/d/1eHx4YUkf2Sow0irCROhobvw-GTrYn2US/view?usp=sharing>



Our 'Right in the Heart of this Place' TV campaign has now aired over 3 phases. It was relaunched at the end of November 21 in response to industry feedback advising bookings for the traditional busy summer period were extremely light. The campaign was on air for 3 weeks with the key objective of driving referrals to operators through the promotion of 'Summer Deals'. More than 11,000 referrals were delivered to operator websites and over 2,000 deals were clicked over the 3-week campaign period. Auckland website traffic to lovetapu.com increased 41% during this time (compared to the period directly before it). Anecdotal feedback advised January 2022 was the busiest January on record for many operators, and this was supported by spend data in early January.

- **Landing Page:** <https://www.lovetapu.com/en/plan/deals/taupo-summer-deals/>
- **TVC:** [View the ad here](#)

We have continued to leverage Tourism New Zealand's media partnership opportunities and have received

⁴ MBIE: Tourism Electronic Card Transactions – June 2022

extensive media coverage through the GO NZ partnership with Stuff and across many other media channels including TV 1 Breakfast, TV3 The Project, radio, print and digital, generating over \$34 M in equivalent advertising value.

TRAVEL

NZ holiday ideas: Māori tourism operators redefining sustainable travel



The soft contained seats of the Aua Lodge in Kaitiaki have views of Mt Tongariro, Mt Ngauruhoe and Mt Ruapehu. Guests can take part in new food workshops and private yoga sessions. Photo / Supplied

NZ Herald
By Anissa Wynne Lockhart

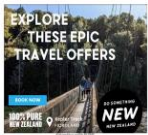
Kaitiakitanga: it's no secret why many sustainable tour operators have chosen this to retool to explain the values system behind their companies.

Meaning guardianship and protection, kaitiakitanga works hand in hand with manaakitanga, or a respect for hosts and kindness to guests.

Across the country, Māori tourism operators, in particular, are redefining sustainable tourism, with a focus not just on the conservation of our land and sea – but on the preservation and sharing of culture. Here are five tour operators that are exemplifying these principles.

Kai Waho

Specialising in "meaningful travel", Kai Waho is an award-winning luxury tourism company. No two itineraries are alike – yet one thing they have in common is Māori sharing their experiences and worldview.



Case in point? Kai Waho's partnership with chef Tom Loughlin and his whānau at Kai Waho. The entirely bespoke cultural experience begins with an exhilarating 25-minute off-road journey to Iamau Pā, a whānau situated on the eastern rim of the Taupo basin.

The 2000ha heath-sub-alpine wilderness environment is the perfect natural classroom to learn more about the process of gathering and cooking kai.

On a day with Loughlin, you'll prepare food for a hāngi, including building a fire and stacking rocks, and get a real understanding of whānau. Not only that, but you'll be supporting the training of young Kiwi entrepreneurs and pest eradication in the region, two more of Loughlin's passions, it all comes back to the proverb that guides his work.



Love... fishing

Taupo is a fisher's paradise. While onboard the Hokitika 4, which is one of five vessels in the Chris Jolly Outdoors fleet, Simon gives us a bit of an introduction to fishing in the area. Brown and rainbow trout were introduced to the clear waters of Lake Taupo from the late 1800s, with the region now known as an angler's paradise. The company offers scenic charters and fishing charters on the lake with their fleet able to carry from six to 15 people. Local knowledge is undoubtedly the key to their success.

Fly fishing is another string to their bow, offering fly fishing tours for everyone from beginners to experts. The experienced guides can negotiate a trip to suit any fisher's needs, on the local rivers, or on a half-day fishing tour into the backcountry. Multi-day packages can also be arranged, which might be the best idea, as



once you experience fly fishing in these parts you will not want to leave.

A good place to start your trout education is at the Tongariro National Trout Centre in Turangi, a pretty place by the Tongariro River. We learn more about the history of trout in New Zealand, drop some feed into the stream and watch them in action, go through the aquarium, and learn about conservation.

Afterwards, we wander along some of the Tongariro River Trail which takes us through beautiful bush and over the scenic Red Hut Bridge, where we pause to watch a local practising his fly fishing.

It does look cathartic, and he does look relaxed as he wets his fly, forwards and back. We are cramping his style, and so resume the walk alongside the trail.



Stuff | travel

Lake Taupo Holiday Resort

Lake Taupo Holiday Resort has New Zealand's only swim-up hot pool bar and café.

It's not lakefront, but it more than makes up for it water-wise with The Lagoon – New Zealand's only thermally heated lagoon-style pool, which features water temperatures promising to be "warmer than 19 all year round", caves, a waterfall, big screen TV for movie nights, an ice cream parlour and the pièce de résistance, a swim-up bar and café. Choose from comfy villas and cottages or powered/non-powered sites then head off outside for the tennis court, beach volleyball, mini golf, jumping pillow and more.



WIN THE ULTIMATE TAUPO GOLF WEEKEND FOR YOU + 7 MATES

Our partner, Experience Golf, is giving you the opportunity to WIN the ultimate weekend golf trip to Taupo. Thanks to Experience Golf in partnership with Love Taupo you and SEVEN mates could be in with a chance to win.

The prize package includes: Penthouse stay at Sacred Waters Luxury Apartments, golf at Kinloch Club and Westlake International, luxury transportation, fine dining dinners, a private sailing charter, Huka Falls Jet boat experience and more.

[Enter the draw AND unlock Experience Golf's Taupo Golf Package. Now.](#)

Enter the draw here

TAUPO, GOLF IN THE HEART OF NEW ZEALAND

Surrounding Lake Taupo's crystal clear waters, golf centres around two nationally-ranked golf courses: Award-winning Kinloch Club, a challenging Jack Nicklaus design and Westlake Golf + Spectators, a Kiwi favourite in lush surrounds. The area also boasts seven other courses each in beautiful lakeside scenery.

Taupo also has a lot to offer golfers off the fairways: Recover in geothermal springs, catch trout in the lake or Tongariro River, lake cruising, fine dining, and so much more.

Attracting visitors who travel for their passion remained a key focus during this period. In addition to the existing fishing and biking passion groups we formed partnerships with the New Zealand Mountain Safety Council and NZ Golf to launch our hiking and golf acquisition campaigns. These partnerships have provided an opportunity to extend our reach (by tapping into their consumer databases), given us access to a broader range of imagery and provided much needed insights on these specialist groups.

This passion group strategy enables us to continue to 'talk' to these niche travellers on an ongoing basis and in an agile manner. It also means our marketing dollars are not being wasted on campaign activity that is then redundant due to changes in Covid levels and travel permissions. It has allowed us to deliver content quickly and cost effectively in an 'always-on' approach. Although resource heavy, due to a constant need for new content, this strategy has delivered excellent engagement with our platforms and contributed to a very low



bounce rate across organic traffic on lovetaupo.com of just 22%.

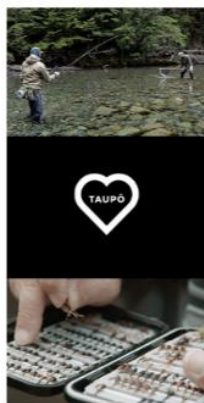
Initiatives for our bike passion group included a return visit by Bas and Vaea. Recently crowned King & Queen of the Crank Worx World Tour 2021, Bas & Vaea revisited Taupō to ride the Taupō Bike Park with our local trail builder Mason Bryant. This provided a great opportunity to engage with the local community as we invited Bike Kids Taupo to join the World champions and ride the Park together.



Additional bike partnership activity included a 24-minute Taupō episode on Australian TV series, Trailtowns and a sponsorship alongside NZ Cycle Trails of the Big Bike Film night which aired to over 10,000 attendees at across 85 venues around Australia and NZ.



Frame 1



Frame 2



Frame 3

With visitation from Australia starting to trickle through from we reactivated our earlier plans of releasing the successful domestic campaign River of Dreams into the Australian market in January 2022. This campaign delivered over 7000 sign ups to our fishing database with the enticement of winning two luxury fishing holidays in the region.



These larger campaigns were underpinned by 'always on activity' targeting our four passion groups of biking, golf, hiking and fishing. Fresh content and social media promotions are released each month across all passion groups, ensuring the Taupō region remains top of mind to these potential visitors.

Love Taupō Sponsored

Dreaming about your next mountain biking getaway? Taupō's incredible natural landscape is criss-crossed with stunning trails for riders of all levels. From scenic cycling and family fun, to serious adventure trails with epic descents, the Taupō region has it all. Check out our amazing biking deals on now!



Amazing biking deals

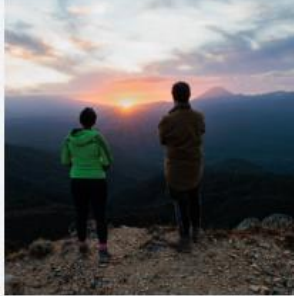
Write a comment...



Love Taupō Sponsored

Autumn is one of the most beautiful times of year to get out and explore your own backyard. And the Taupō region has many must-do walks for any outdoor enthusiast and caters for all levels of fitness.

Here are our top 10 walks to enjoy this Autumn.



LOVETAUPO.COM 10 Must-do Autumn Hikes Autumn is the perfect tim... Learn More

Love Taupō Sponsored

Fly fishing isn't just for the lads - and national fly fishing representative Louise Stuart is here to prove it.

Get to know Louise, and learn her tips for women who are keen to take up her favourite sport!



LOVETAUPO.COM Fishing Tips For The Ladies National fly fishing representative ... LEARN MORE

Love Taupō Sponsored

Want two championship courses in one destination? Between the Jack Nicklaus-designed links course at Kinloch Club and the wildlife sanctuary at Wairakei Golf + Sanctuary, Taupō is a golfer's dream destination.

Find out more about what to expect for your next tee-off in Taupō!



LOVETAUPO.COM Must-Play Championship Golf Wairakei Golf + Sanctuary and the... LEARN MORE



Win a weekend away in Taupō

Meet right in the heart of this place

Life gets busy and sometimes the most important people in our lives are the furthest from us. This award-winning campaign is a weekend of pure MTB fun, a geothermal escape, or a relaxed and recharged weekend.

Choose your adventure



High Octane Adventure

Life is for living and you and your mates like to grab it with both hands. Taupō is ground zero for every adrenaline junkie that's looking for a thrill. Soak up the sun in an epic landscape of rolling hills, dramatic waterfalls, volcanic mountains, and ancient volcanic national parks.

- Overnight stay at the Huka Falls Motel
• Enjoy lunch with mountain & lake views at Lake Brown (2500 included)
• Kick back in a sunset treat at Lani's Espresso (650 included)
• Recharge in mineral-rich hot pools at Wairakei Thermal Health Spa
• Get away to the Waikareanga Māori Māori Black Canvas on a scenic cruise



Geothermal Escape

LIVE ON a volcanic plateau above a vast underground lake of magma. Breathe in the air with astonishing geothermal activity. From bubbling mud, geysers, to rainbow-colored silica terraces and mesmerizing hot springs and mineral pools, the ever-changing landscape can be both exhilarating and humbling.

- This night stay at Acacia Lakeview Motel
• Get a massage at a spa & hot over from Acacia Lodge Lakeview (2500 all inclusive)
• Explore the volcanic world at Ohakea Horara Geopark & Geothermal Park
• Walk through rural landscapes at Crown of the Māori Geothermal Spa
• Soak away your stress at Wairakei Thermal & Thermal Health Spa



Relax & Recharge

Recharge in the hot, clean air and soothe your muscles with every drop of the snow-capped mountains, crystal clear water, thermal hot springs and lush greenery of Taupō. Your perfect break means time to reconnect with good friends in a relaxed environment, and you're welcome to be perfect guests.

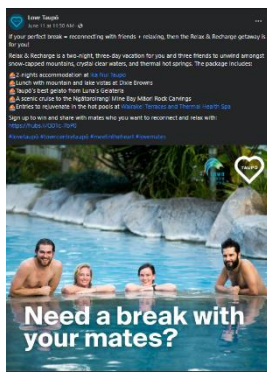
- Overnight stay at the Huka Motel
• Enjoy lunch with mountain & lake views at Lake Brown (2500 included)
• Kick back in a sunset treat at Lani's Espresso (650 included)
• Recharge in mineral-rich hot pools at Wairakei Thermal Health Spa
• Get away to the Waikareanga Māori Māori Black Canvas on a scenic cruise



MTB Trail Nirvana

With some of the most incredible biking in the North Island and incredible scenery to boot, Taupō is a mountain biker's mecca. Find out why Taupō's park-and-ride isn't known for mountain biking alone as you get with your pick of these mates in this epic, scenic, and scenic landscape.

- Overnight stay at Kinloch Lake View Motel
• Ride your ride at Kinloch Club (2500 included)
• Take the best gear on Kinloch Club (2500 included)
• Ride with ease to the Great Lake Trails with Adventure Shuttle
• Recharge your legs in the hot springs at Wairakei Thermal & Thermal Health Spa



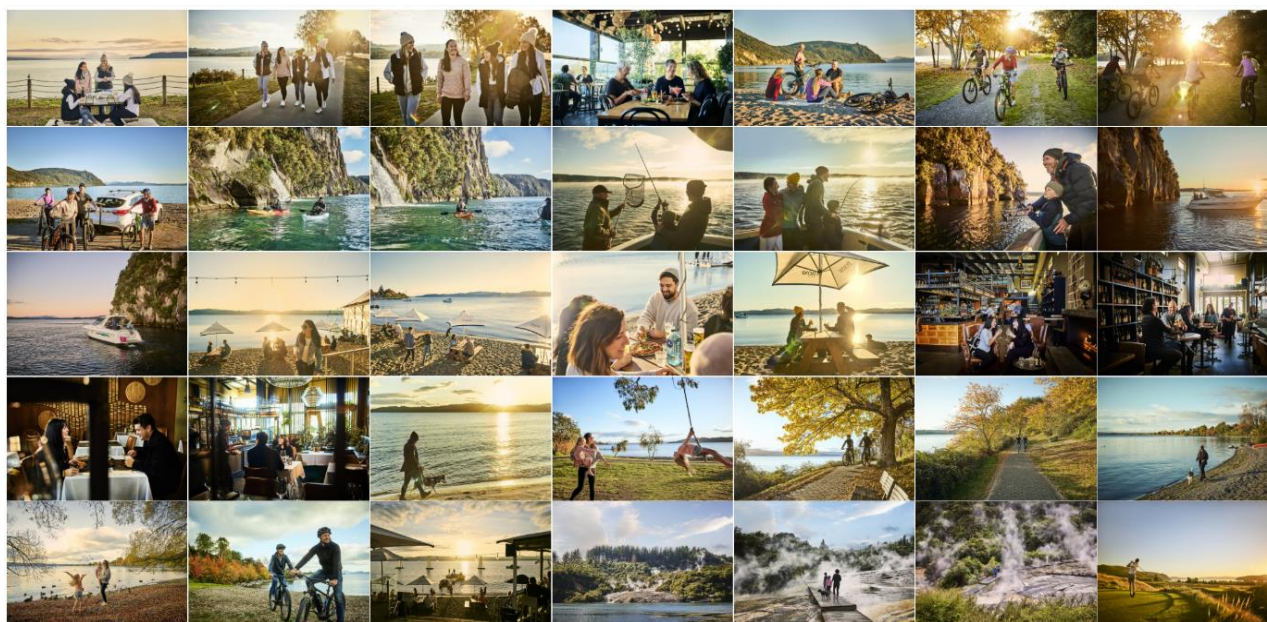
Need a break with your mates?

Win a weekend away in Taupō. Meet in the Middle campaign details and registration information.

With the ongoing transformation of the Taupō town centre and the disruption for some of our lakefront properties we partnered with Town Centre Taupō on a campaign encouraging mates to "Meet in the Middle". The motels supported were Great Lake, Acacia Lakeview, Ika Nui, and Absolute Lake View.



A second major photo shoot with Todd Eyre augmented our Autumn media assets to ensure we continue to present our region in a fresh and compelling way.



With continued border closures our international marketing activity remained on hold other than some very limited webinar training organized by ECNI (our Explore Central North Island group of RTO's) and the production of a 'Virtual Video' to be used as a training tool by Tourism NZ.

DGLT also participated in the Tourism New Zealand Inbound Tour Operator workshops in Auckland on 30-31 May 2022. We met with sixty NZ based Inbound Tour Operators and the TNZ team across the two days. With growing concern about Rotorua's emergency housing, this event generated very strong enquiry for the Taupo region, with many operators securing new business and bed nights.

With borders re-opening and increased enquiry from wholesalers and ITO's, we held 2 "trade ready 101" workshops for industry, upskilling operators wanting to work with international trade partners to attract international visitors to their businesses.

All trade marketing collateral has been updated and a new dedicated trade portal has been added to love taupo.com. A series of operator videos have been created providing a virtual training opportunity for agents to learn more about our product offering. These video clips will be added to over time as more operators join the product library.



We established a BE Partnership Group in late 2020 which has continued to grow, with 27 operators currently registered. BE activity has included running capability workshops for industry, exhibiting with 6 operators at the annual "Meetings" trade show in Christchurch, redeveloping a business events portal on lovetaupo.com and commencing the writing of a business events strategy for the region.

Corporate, incentive and business event clients are high value and are a key source of revenue for the region, often visiting midweek and across the shoulder seasons. Unfortunately, the Red Alert level has caused substantial pain for the Events sector and the industry has been severely impacted by BE and leisure event cancellations.

We continued to meet with operators regularly throughout the year, and the appointment of a dedicated Industry Liaison Manager has seen much greater engagement with DGLT. This has been reflected in the improved industry satisfaction survey result – up 1% to 83% satisfaction for the year ending June 2022.

DESTINATION MANAGEMENT:

DGLT is currently working closely with Central and local government agencies, Iwi, the local community and tourism stakeholders to co-design an integrated Destination Management Plan (DMP) which will articulate a collaborative vision and priority action plan for the future management and development of tourism across the Taupō District.

One of the key goals of the plan is to ensure tourism exists in a way that contributes, enriches and looks after the place we all love for the benefit of future generations.

With the unexpected departure of our Destination Management resource in December 21, ROAM Consulting was contracted to continue this important work. The formation of a Leadership Advisory Group (bringing together the key decision makers across industry, DOC, mana whenua and Council), and extensive ongoing engagement with the community and stakeholders has enabled the progression of this plan, which is expected to be completed by December 2022.

Three key projects have included a full Product Audit across the region (which will be updated in September 2022), the development of a 'Regional Story' and a series of community workshops to uncover the issues, vision and values of the region's residents, Iwi, rangatahi and key stakeholders.

In August 2021, the Taupō District community was surveyed to gain a more informed understanding of their appetite for tourism and the visitor economy, now and into the future.

Results from almost 700 respondents⁵ demonstrated that the Taupō community clearly understands the value of tourism to the economy and of the ensuing benefits that the sector delivers across the district. Around 90% of respondents agreed or strongly agreed that tourism is good for the region and 94% agreed or strongly agreed that tourism was an important contributor to the regional economy.

Respondents made clear connections with tourism as a significant employer, particularly for youth in the region, with comments such as "it is the backbone of the region", "integral to the region" and "[it] helps businesses to thrive"

The community was also able to discern that much of the increased amenity and improved services enjoyed by the region may not otherwise have been justified by the resident community and were directly attributable to strong tourism visitation.

Overwhelmingly, respondents commented on the need for a 'quality' vs 'quantity' approach and believed Covid-19 provided an opportunity to reset and focus on the protection and regeneration of our environment, especially in some places such as the Tongariro Alpine Crossing. They also disliked Freedom Camping because of the perception that this type of visitor takes more than it gives back to the local environment.

OVERVIEW OF TOURISM PERFORMANCE

Current data sources, although limited, provide a trending analysis of performance.

Expenditure:

Prior to Covid-19, the key spending metric was the Monthly Regional Tourism Estimates (MRTE), produced by MBIE. This data provided an estimate of regional monthly expenditure on tourism related products for both international and domestic consumers. With closed borders and a stop in international arrivals the data was no longer considered a reliable measure and a change in reporting of visitor spend was announced by MBIE. Tourism Electronic Card Transactions (TECT) is now used as an interim replacement for the Monthly Regional Tourism Estimates but will be reviewed once international visitors return in significant numbers.

The TECT data moves away from estimating all tourism spend (as in the MRTEs) and does not include any other form of spending such as cash, pre-purchases or online. Therefore, the figures in the TECTs are smaller than those of the MRTEs, as they only represent part of the total tourism spend.

⁵ Taupō District Social Indicator Survey, August 2021

MBIE recommends looking at trends (rather than numbers) when interpreting tourism spending using the TECTs. Comparing the TECTs with the MRTEs will not be meaningful.

Overall, the Taupō region has performed strongly compared to many regions for the year ending 30 June 2022. However, with over 40% of visitor revenue traditionally coming out of the Auckland and Waikato regions, the changing alert levels, and ongoing lockdowns from August – November 2021 severely impacted visitor arrivals over this period. Although revenue was down 26% over these months, year-end domestic spend remains up approximately 20% on pre-Covid levels, off-setting the significant loss in revenue from international visitors.

Guest nights:

The Accommodation Data Programme (ADP) provides a measure across occupancy, guest nights, average length of stay and a ranking of performance against all other RTO regions nationally.

The ADP has placed the Taupō region's occupancy rates as a top 10 performer for 8 months of the year (Aug- Nov impacted by Auckland and Waikato alert levels), reaching the highest occupancy in New Zealand in April 2022. Taupō regional occupancy, across all styles of accommodation, averaged 42% compared to 35% nationally for the year ending June 2022. Taupō received 1 million guest nights across the region, representing 4.35% market share of all guest nights nationally.

It is important to note that holiday home platforms such as Air BnB play a significant role in accommodating our guests, with the number of properties listed on this channel increasing from 36 in 2016 to over 1400 in June 2022. Visitor nights in Air BnB style accommodation has bounced back from the lows of lockdown (up 14% YOY) and contributes approximately \$45M in revenue and over 400,000 supply nights to the accommodation pool.

The average length of stay in region remains consistent at 2.0 nights in commercial accommodation although it is expected many domestic visitors are staying for significantly longer periods in non- commercial accommodation such as holiday homes and baches.

DGLT PERFORMANCE MEASURES:

| Objective 1 – Grow the value of the local tourism economy | | | | | | |
|--|---|--|---|--------------------------------|---------------|--|
| As measured | Data Source | Prior Year Actual YE Jun 2021 | Target/Goal YE Jun 2022 | YE Actual 2021-2022 | Status | Comments |
| Growth in tourism expenditure | TECT's | Domestic: \$361 M (+40%) International: \$14M (-79%) | Domestic: \$361 M Retain domestic spend | Domestic: \$335M (-7%) | Not achieved | Auckland and Waikato lockdowns and changes in Alert levels Aug-November 2021 severely impacted domestic visitor arrivals (down 26% YOY for these months), resulting in a decrease of 7% for the YE June 22 |
| Objective 2 – Sustainably manage and develop the destination to create a “Destination of Excellence” | | | | | | |
| As measured | Performance Measures | Baseline | Target/Goal YE Jun 2022 | YE Actual 2020-2021 | Status | Comments |
| Develop a Destination Management strategy ensuring the balance of economic growth with the social, cultural and environmental well-being of the community. | Quarterly meetings of Leadership Advisory Group | Development of Destination Management Plan | Ongoing | Ongoing | On target | Phase 1 and 2 completed with DMP due for completion Dec 2022 |
| | Grow industry capability. | Industry workshops | Minimum 4 per year | 4 | Achieved | BE Sustainability TIA Workforce update Trade 101 Virtual Experiences One-on-One digital training |
| | Product Development | Product Audit to identify product gaps. Identify and support growth opportunities. | Ongoing | Ongoing | On target | Product Audit to be refreshed in September 2022. Spa development opportunity document complete and circulated to NZTE for investment attraction |
| | | | | Ongoing | Ongoing | Change of |

| | | | | | | |
|--|--|---|--|--|-------|--|
| | Social license - connect with residents. | Annual Community Sentiment Survey, brand and community workshops. | | | scope | conducted biannually More than 30 stakeholder/ community engagement workshops and meetings held Brand work on hold until completion of DMP |
|--|--|---|--|--|-------|--|

Objective 3 – Run an efficient and effective tourism organisation, strongly supported by the local tourism industry

| As measured | Data Source | Prior Year Actual YE Jun 2021 | Target/Goal YE Jun 2022 | YE Actual 2021-2022 | Status | Comments |
|--|--|----------------------------------|----------------------------|------------------------|----------|--|
| Support for DGLT marketing initiatives | Measured by free of charge, in-kind or advertising support for marketing and famils activity. Participation in DGLT hosted activities. | \$90,908 | \$40,000 | \$101,825 | Achieved | We received unexpectedly strong support for our campaign activities and website advertising – especially appreciated during a time that has been very tough for our sector. In-kind Media Famils - \$10,244 In-kind Trade Famils: \$5,113 In-kind Business Events famils: \$1,276 Business Events Partnerships: \$23,536 Campaign Support: \$19,629 Content Creation: \$3,893 LoveTaupo.com: \$38,134 |
| Stakeholder Satisfaction | Survey of active tourism operators | 82% | 80% | 83% | Achieved | The survey conducted via Survey Monkey was sent out to 220 industry operators across the Taupo District. 42 responses were received. 10% margin of error at 95% confidence level. |

SUMMARY OF FINANCIAL STATEMENTS

OVERVIEW

Destination Great Lake Taupō (DGLT) is a Council Controlled Organisation of the Taupō District Council (TDC). Funding is primarily provided by a grant from the Taupō District Council. However, over the last two financial years DGLT has received significant additional funding from Central Government through grants from the Strategic Tourism Assets Protection Programme (STAPP), the Regional Events post-covid recovery fund and Tourism New Zealand. The total funding that has been received from these sources is \$1,765,000 of which \$1,000,000 was received in the current financial year. In addition, industry has continued to provide great support with current year activity and advertising sales for lovetaupo.com valued at \$34,865.

STATEMENT OF FINANCIAL PERFORMANCE

Revenue for the year was \$2,601,724 and comprised of TDC funding, Central Government funding through the Strategic Tourism Assets Protection Programme, Business Events partnership activity with industry, website advertising and interest income. Operating expenditure for the year was \$2,537,780 resulting in a surplus of \$63,944. The surplus relates to underspend in marketing initiatives that were funded from the TDC grant. The underspend was a direct result of the covid related lockdowns that occurred within the current financial year.

STATEMENT OF FINANCIAL POSITION

Trust equity has increased to \$283,473 and the Trust has a working capital position of \$233,847.

COMMENTARY ON FINANCIALS:

TDC Grant income was set at \$1,779,636 for 2021-2022, an increase of \$450,000 on prior year base funding of \$1,329,636. The purpose of the increase was to provide support for destination management and to allow the Trust to undertake a major domestic campaign post covid-19. (In 20/21 DGLT received \$159,286 on top of base funding to cover restructuring and i-Site losses.)

During the year we received a further \$1,000,000 STAPP grant from MBIE which was amalgamated with the \$200,000 unused portion of STAPP funding from the prior financial year. Of the \$1,200,000 in available STAPP funds, \$781,098 was applied to approved marketing initiatives undertaken within the current financial year. Total unused STAPP funding of \$418,764 has been carried forward to the 2022-2023 financial year, to be primarily used in the development of a regional Destination Management Plan and a continued focus on building industry capability.

DGLT remains in a very strong financial position with sufficient cash and reserves carrying over to the 2022-2023 financial year. The Trust has a cash reserves position of \$895,344 at 30 June 2022.

Report to Taupō District Council for 01 July 2021 – 30 June 2022

Prepared By:



Jane Wilson

General Manager
Destination Great Lake Taupō
19 September 2022

**Destination Lake Taupo Trust
Financial statements
for the year ended 30 June 2022**

Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2022

| | | DLTT | | |
|--|-------|----------------------|-------------------|----------------------|
| | Note | Actual 2022 \$ | SOI 2022 \$ | Actual 2021 \$ |
| Revenue | | | | |
| Operating grants | 5 | 2,560,734 | 1,954,321 | 2,054,060 |
| Revenue from services provided | 4 | 34,865 | - | 64,383 |
| Finance revenue | 6 | 6,125 | - | 328 |
| Total revenue | | 2,601,724 | 1,954,321 | 2,118,771 |
| Expenditure | | | | |
| Employee benefit expenses | 7 | 592,729 | 486,720 | 511,869 |
| Depreciation and amortisation expense | 11,12 | 49,855 | 43,000 | 43,747 |
| Finance costs | 6 | 365 | - | - |
| Other expenses | 7 | 1,894,831 | 1,424,601 | 1,416,607 |
| Total operating expenditure | | 2,537,780 | 1,954,321 | 1,972,223 |
| Operating surplus/(deficit) before tax | | 63,944 | - | 146,548 |
| Income tax (expense)/credit | | - | - | - |
| Total comprehensive revenue and expenses attributable to: | | | | |
| Destination Lake Taupo Trust | | 63,944 | - | 146,548 |

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the year ended 30 June 2022

| | | DLTT | | |
|---|------|----------------------|-------------------|----------------------|
| | Note | Actual 2022 \$ | SOI 2022 \$ | Actual 2021 \$ |
| Net Assets/Equity at start of the year | 8 | 219,528 | - | 72,978 |
| Total comprehensive revenue and expenses | | 63,944 | - | 146,548 |
| Balance at 30 June | 8 | 283,473 | - | 219,528 |
| | | 63,944 | - | - |

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2022

| | | Actual 2022 \$ | DLTT SOI 2022 \$ | Actual 2021 \$ |
|--|------|----------------------|---------------------------|----------------------|
| | Note | | | |
| ASSETS | | | | |
| Cash and cash equivalents | 9 | 895,344 | - | 385,731 |
| Trade and other receivables | 10 | 35,001 | - | 34,964 |
| Prepayments | | 37,754 | - | 20,175 |
| Total current assets | | 968,099 | - | 440,870 |
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 14,826 | - | 18,572 |
| Intangible assets | 12 | 34,800 | - | 49,910 |
| Total non-current assets | | 49,626 | - | 68,482 |
| Total assets | | 1,017,725 | - | 509,352 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 13 | 674,973 | - | 243,720 |
| Employee benefit liabilities | 14 | 59,279 | - | 46,104 |
| Total current liabilities | | 734,252 | - | 289,824 |
| Total liabilities | | 734,252 | - | 289,824 |
| Net assets (assets minus liabilities) | | 283,473 | - | 219,528 |
| EQUITY | | | | |
| Contributed equity | 8 | 100 | - | 100 |
| Accumulated funds | 8 | 283,373 | - | 219,428 |
| Total equity | | 283,473 | - | 219,528 |

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of cashflows
For the year ended 30 June 2022

| | Note | DLTT | | |
|---|------|----------------------|-------------------|----------------------|
| | | Actual 2022 \$ | SOI 2022 \$ | Actual 2021 \$ |
| Cash flows from operating activities | | | | |
| Receipts from customers | | 39,460 | - | 119,201 |
| Receipts from Taupo District Council operating grant | | 1,779,636 | - | 1,488,922 |
| Finance revenue | | 6,125 | - | 328 |
| Other revenue | | 1,000,000 | - | 757,992 |
| Payments to suppliers | | (1,699,217) | - | (1,834,364) |
| Payments to employees | | (579,553) | - | (579,488) |
| Interest paid | | (365) | - | - |
| Net GST refunded / (paid) | | (5,473) | - | 60,599 |
| Net cash flow from operating activities | | 540,613 | - | 13,190 |
| Proceeds from sale of property, plant and equipment | | - | - | 65,984 |
| Purchase and development of property, plant and equipment | | (4,267) | - | (5,721) |
| Purchase and development of intangibles | | (26,733) | - | - |
| Net cash flow from investing activities | | (31,000) | - | (5,721) |
| Net increase (decrease) in cash held | | 509,613 | - | 73,453 |
| Add cash at start of year | | 385,731 | - | 312,278 |
| Cash, cash equivalents, and bank overdrafts at the end of the year | 9 | 895,344 | - | 385,731 |

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements.

1 Statement of accounting policies for the year ended 30 June 2022

1.1 Reporting entity

The Destination Lake Taupo Trust ("the Trust") is a Council Controlled Organisation of Taupo District Council, by virtue of the Council's right to appoint the Board of Trustees. Governance is provided by the Trust Board as per the Destination Lake Taupo Trust deed. The relevant legislation governing the Trust's operations includes the LGA. The financial statements of the Destination Lake Taupo Trust have been prepared in accordance with the provisions of section 68 and section 69 of the Local Government Act 2002.

The primary objective of the Trust is to promote the Great Lake Taupo region to the domestic and international visitor market with the specific intention of growing this market, rather than for making a financial return. Accordingly, the Trust has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Trust are for the year ended 30 June 2022. The audited financial statements were approved by the Board of Trustees on 29 November 2022.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on a Going Concern basis, and the accounting policies have been applied consistently throughout the period.

This is dependent on continuing support from the Taupo District Council. On the 26th July 2022 Council passed resolution TDC202207/09 agreeing to fund the Trust for the next 12 months.

Statement of compliance

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP).

They comply with NZ PBE IPSAS as appropriate for public benefit entities.

The financial statements of the Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Sector Public Benefit Entity Standards (PS PBE Standards).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards RDR as it has no public accountability and has total expenses (including grants) of > \$2million but < \$30million.

These financial statements comply with PBE standards.

The Trust has adopted External Reporting Board Standard A1 Accounting Standards Framework (FP Entities & PS PBEs Update) (XRB A1). XRB A1 establishes a PBE tier structure and outlines which suit of accounting standards entities in different tiers must follow. The Trust is a Tier 2 PBE as it has no public accountability and has total expenses (including grants) of less than \$30 million.

Measurement base

The financial statements have been prepared on a historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies

2.2 Foreign currency transactions

The functional and presentation currency is New Zealand dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

2.3 GST

The financial statements have been prepared exclusive of GST, except for trade and other receivables and trade and other payables. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

2 Summary of significant accounting policies

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statements.

2.4 Revenue

Revenue is measured at fair value.

Grants

All grants (including the grant from Taupo District Council) and bequests received, including non-monetary grants at fair value, shall be recognised as revenue when there is reasonable assurance that:

- (a) the entity will comply with the conditions accounting to them; and
- (b) the grants will be received.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue.

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Marketing fees

Marketing fees are fees charged for the advertising and promotion of businesses and tourism operators. This includes but is not limited to website advertising and other print advertising. Marketing fees are recognised as revenue when the Trust invoices the customer.

Interest and dividends

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.5 Leases

(i) Operating leases

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease expense.

2.6 Equity

Equity is the community's interest in the Trust as measured by the value of total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses DGLT makes of its accumulated surpluses. The equity of the Trust is made up of the following components:

- Accumulated funds

Equity is the community's interest in the Trust, and is measured as the difference between total assets and total liabilities

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of less than three months.

2.8 Financial assets

The Trust classifies its investments as loans and receivables.

2 Summary of significant accounting policies

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance date, which are included in non-current. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

2.9 Trade and other receivables

Trade and other receivables are initially measured at face value, less impairment losses (note 2.12). A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated future cashflows, discounted using the effective interest method.

2.10 Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include plant and equipment.

No property, plant or equipment owned by the Trust are subject to restrictions in title or have been pledged as security for liabilities. There are also no contractual commitments for the acquisition of plant, property and equipment.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Valuation methodologies

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Borrowing costs are not capitalised as part of the cost of an asset. They are recognised as an expense in the period in which they are incurred.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property at its fair value at the date of the transfer.

Subsequent measurement

Subsequent to initial recognition, classes of property, plant & equipment are accounted for as set out below. Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of PP&E, less any residual value over its remaining useful life.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| | | |
|-------------------------------|--------------|------------|
| Office and computer equipment | 4 - 10 years | 8.5% - 30% |
| Furniture and fittings | 2 - 10 years | 7% - 33% |

2.11 Intangible assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is the fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase.

2 Summary of significant accounting policies

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Amortisation of intangible assets is provided on a straight-line basis that will write off the cost of the intangible asset to estimated residual value over their useful lives. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Realised gains and losses arising from the disposal of intangible assets are recognised in statement of comprehensive income in the year in which the disposal occurs.

Software acquisition and development

Costs that are directly associated with the development of the development of the Love Taupo website are recognised as an intangible asset.

Costs associated with maintaining the website are recognised as an expense when incurred.

Amortisation

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

| Class of intangible asset | Estimated useful life | Amortisation rates |
|---------------------------|-----------------------|--------------------|
| Website | 4 years | 25% |

2.12 Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

2.13 Financial Liabilities

Short term creditors and other payables are recorded at their face value.

2.14 Employee entitlements

Provision is made in respect of the Trust's liability for salaries and wages accrued up to balance date as well as annual leave.

Liabilities for annual leave are accrued on an actual entitlement basis, using current rates of pay.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

2.15 Interest bearing borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies

2.16 Income tax

The Inland Revenue Department has previously confirmed the Trust is exempt from income tax under sections CW 40 of the Income Tax Act 2007. The Inland Revenue Department has advised that the exemption is not back-dated and applies from the date that the trust deed was amended on 12 June 2015.

2.17 Budget figures

The budget figures are those approved by the Board in the Statement of Intent and in complying with sections 64, 66, and 67 of the Local Government Act 2002.

2.18 Advertising costs

Advertising costs are expensed when the related service has been rendered.

3 Critical accounting estimates and judgements

In preparing the financial statements the Trust made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Revenue from services provided

| | DGLT | |
|---|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Revenue from significant activities | | |
| I-Site operations | - | 7,140 |
| Other revenue | - | 1,254 |
| Marketing fees | 34,865 | 55,989 |
| Total revenue from services provided | 34,865 | 64,383 |
| I-Site Commissions | - | 7,140 |

5 Revenue from grants

| | DGLT | |
|---|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Grants | | |
| Other government grants* | 781,098 | 565,138 |
| Operating grant from Taupo District Council | 1,779,636 | 1,488,922 |
| Total revenue from government grants | 2,560,734 | 2,054,060 |

*Other government grants comprise a portion of the \$1,000,000 grant received in the current year from MBIE as part of the Strategic Tourism Assets Protection[STAPP] Programme. The programme was nationwide and was intended to protect core tourism offerings to ensure their survival through the disruption caused by Covid 19. In total, \$1,700,000 of STAPP funding has been received by the Trust over the last two financial years with \$418,764 remaining unused at balance date. The unutilised share of the grant has been transferred to Revenue in Advance.

There are no unfulfilled conditions or other contingencies attached to the government grants which have been recognised.

6 Finance revenue and finance costs

| | DLTT | |
|---------------------------|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Finance revenue | | |
| Interest revenue | 6,125 | 328 |
| Less finance costs | | |
| Interest expense | 365 | - |
| Net finance costs | 5,760 | 328 |

7 Operating expenditure

| | DLTT | |
|--|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Employee benefit expenses | | |
| Salaries and wages | 566,669 | 566,381 |
| Increase/(decrease) in employee entitlements/liabilities | 13,175 | (67,620) |
| Defined contribution plan employer contributions | 12,885 | 13,108 |
| Total employee benefit expenses | 592,729 | 511,869 |
| Depreciation by asset class: | | |
| Office Furniture & Equipment | 8,013 | 7,670 |
| Amortisation of intangible assets: | | |
| Website | 41,842 | 36,077 |
| Total depreciation and amortisation | 49,855 | 43,747 |
| Advertising | 1,362,750 | 974,500 |
| Audit fees for financial statements audit | 11,822 | 19,061 |
| Bad debts written off | 840 | 965 |
| Bank fees | 497 | 355 |
| Board meeting fees | 36,951 | 41,934 |
| Building Rental | 31,681 | 32,188 |
| Conferences & Industry Training | 36,261 | 12,689 |
| Insurance | 2,582 | 2,572 |
| Legal fees | - | 2,170 |
| Loss on disposal of property, plant & equipment | - | 40 |
| Maintenance | 9,134 | 9,411 |
| Materials and supplies | 20,104 | 11,814 |
| Memberships and subscriptions | 103,292 | 64,662 |
| Other expenses | 41,562 | 36,685 |
| Printing & stationery | 2,138 | 5,782 |
| Professional services fees | 138,075 | 119,209 |
| Publicity | 625 | 2,420 |
| Taupo District Council administration fee | 50,000 | 50,000 |
| Travel & accommodation | 46,517 | 30,150 |
| Total other expenses | 1,894,831 | 1,416,607 |

8 Net assets/equity

| | DLTT | |
|--------------------------------|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Trust Equity | | |
| Accumulated funds | 283,373 | 219,428 |
| Balance as at 30 June | 283,373 | 219,428 |
| Contributed equity | | |
| Equity | 100 | 100 |
| Balance as at 30 June | 100 | 100 |
| Total equity | 283,473 | 219,528 |
| Accumulated funds | | |
| Balance as at 1 July | 219,429 | 72,880 |
| Surplus/(deficit) for the year | 63,944 | 146,548 |
| Balance as at 30 June | 283,373 | 219,428 |

9 Cash and cash equivalents

| | DLTT | |
|---|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Call deposits | 695,344 | 385,731 |
| Term deposits with maturities of less than three months | 200,000 | - |
| Total cash and cash equivalents used in statement of cashflows | 895,344 | 385,731 |

The Trust has a BNZ Visa with a total facility available of \$40,000.

10 Trade and other receivables

| | DLTT | |
|--|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Trade receivables | 2,891 | 9,741 |
| Net debtors | 2,891 | 9,741 |
| Receivables from related parties (note 15) | 278 | - |
| Other | 1,136 | - |
| GST refund | 30,696 | 25,223 |
| | 31,832 | 25,223 |
| Total current net trade and other receivables | 35,001 | 34,964 |
| Total debtors and other receivables from exchange transactions | 2,912 | 9,741 |
| Total current net trade and other receivables from non-exchange transactions | 32,089 | 25,223 |

10 Trade and other receivables

Total current net trade and other receivables 35,001 34,964

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

The status of receivables as at 30 June 2022 are detailed below:

| | DLTT | |
|------------------------------------|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Current | 2,891 | 1,293 |
| Past due 1-30 days | - | 2,081 |
| Past due 31-60 days | - | 3,278 |
| Past due 61+ days | - | 3,089 |
| Total individual impairment | <u>2,891</u> | <u>9,741</u> |

The Trust holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

11 Property, plant and equipment

| 30 June 2022 | Cost 1 Jul 2021 \$ | Accumulated depreciation 1 Jul 2021 \$ | Carrying amount 1 Jul 2021 \$ | Current year additions (+ gains) \$ | Current year disposals (+ losses) \$ | Current year depreciation \$ | Cost 30 Jun 2022 \$ | Accumulated depreciation 30 Jun 2022 \$ | Carrying amount 30 June 2022 \$ |
|-------------------------------|-----------------------------------|---|--|--|---|---|--|--|---|
| Operating assets | | | | | | | | | |
| Furniture and fittings | 26,663 | (18,897) | 7,766 | 1,161 | - | (3,224) | 27,824 | (22,121) | 5,703 |
| Office and computer equipment | 50,645 | (39,839) | 10,806 | 3,106 | (14,407) | (4,789) | 39,344 | (30,221) | 9,123 |
| Total DLTT | 77,308 | (58,736) | 18,572 | 4,267 | (14,407) | (8,013) | 67,168 | (52,342) | 14,826 |
| 30 June 2021 | Cost 1 Jul 2020 \$ | Accumulated depreciation 1 Jul 2020 \$ | Carrying amount 1 Jul 2020 \$ | Current year additions (+ gains) \$ | Current year disposals (+ losses) \$ | Current year depreciation \$ | Cost / revaluation 30 Jun 2021 \$ | Accumulated depreciation 30 Jun 2021 \$ | Carrying amount 30 Jun 2021 \$ |
| Operating assets | | | | | | | | | |
| Furniture and fittings | 130,847 | (56,513) | 74,334 | - | (62,725) | (3,843) | 26,663 | (18,897) | 7,766 |
| Office and computer equipment | 63,582 | (51,371) | 12,211 | 5,721 | (3,298) | (3,828) | 50,645 | (39,839) | 10,806 |
| Total DLTT | 194,429 | (107,884) | 86,545 | 5,721 | (66,023) | (7,671) | 77,308 | (58,736) | 18,572 |

There is no provision for impairment this year (2021 \$nil)

12 Intangible assets

Movements in the carrying value for each class of intangible asset are as follows:

| | Website \$ | Capital work in progress \$ | Total \$ |
|---|-----------------|-----------------------------------|-----------------|
| Year Ended 30 June 2021 | | | |
| Cost | 144,308 | - | 144,308 |
| Accumulated amortisation and impairment | <u>(94,398)</u> | - | <u>(94,398)</u> |
| Opening net book amount | 85,987 | - | 85,987 |
| Amortisation charge ** | <u>(36,077)</u> | - | <u>(36,077)</u> |
| Closing net book amount | <u>49,910</u> | - | <u>49,910</u> |

| | | | |
|---|-----------------|---|-----------------|
| At Actual 2021 | | | |
| Cost | 144,308 | - | 144,308 |
| Accumulated amortisation and impairment | <u>(94,398)</u> | - | <u>(94,398)</u> |
| Net book amount | <u>49,910</u> | - | <u>49,910</u> |

| | Website | Capital work in progress | Total |
|--------------------------------|-----------------|-----------------------------|-----------------|
| Year ended 30 June 2022 | | | |
| Opening net book amount | 49,910 | - | 49,910 |
| Additions | 25,275 | 1,457 | 26,732 |
| Amortisation charge ** | <u>(41,842)</u> | - | <u>(41,842)</u> |
| Closing net book amount | <u>33,343</u> | 1,457 | <u>34,800</u> |

| | | | |
|---|------------------|-------|------------------|
| At 30 June 2022 | | | |
| Cost | 169,584 | 1,457 | 171,041 |
| Accumulated amortisation and impairment | <u>(136,241)</u> | - | <u>(136,241)</u> |
| Net book amount | <u>33,343</u> | 1,457 | <u>34,800</u> |

** Amortisation of \$41,842 (2021: \$36,077) is included in depreciation and amortisation expense in the statement of comprehensive income.

13 Trade and other payables

| | DLTT | |
|---|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Trade payables | 128,466 | 18,622 |
| Accrued expenses | 76,126 | 24,990 |
| Provision for ACC | 302 | 245 |
| Revenue in advance | 418,764 | 199,863 |
| Payables to controlled entities (note 15) | 51,315 | - |
| Total creditors and other payables | 674,973 | 243,720 |
| Total creditors and other payables from exchange transactions | 222,699 | 43,612 |
| Total creditors and other payables from non-exchange transactions | 452,274 | 200,108 |
| Total current creditors and other payables from exchange and non-exchange transactions | 674,973 | 243,720 |

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade payables approximates their fair value.

14 Employee benefit liabilities

| | DLTT | |
|------------------------------------|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Current portion | | |
| Accrued pay | 21,484 | 15,237 |
| Annual leave | 37,508 | 30,580 |
| Alternative leave | 287 | 287 |
| Total current portion | 59,279 | 46,104 |
| Total employee entitlements | 59,279 | 46,104 |

15 Related party transactions

The Destination Lake Taupo Trust (the Trust) is a Council Controlled Organisation of Taupo District Council and received a significant operating grant of \$1,779,636 (2021: \$1,488,922) from the Council to deliver its objectives as specified in the Trust Deed. All transactions with related parties have been conducted at arms-length.

Key management personnel

| | DLTT | |
|---|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Remuneration (Trustees and Senior Management Personnel) | 288,358 | 240,574 |
| Full Time Equivalent Personnel | 8 | 8 |
| Total full-time equivalent personnel | 288,358 | 240,574 |
| Total key management personnel compensation | 8 | 8 |

Due to the difficulty in determining the full-time equivalent for both the Trustees and the Senior Management Team, the fulltime equivalent figure is taken as the number of persons in these roles at balance date.

Key management personnel include the Trustees and the Senior Management Team.

16 Capital and operational commitments and operating leases

Operating sub-lease as sub-lessee:

The Destination Lake Taupo Trust sub-leases a building from the Taupo District Council in the normal course of the Trust's business. The building is situated at 32 Roberts Street Taupo. The sub-lease includes two rights of renewal, each for a term of 3 years with both rights of renewal having been exercised and the final expiry date of the sub-lease being 2nd February 2023. The future aggregate minimum lease payments to be paid under the operating sub-lease is as follows:

| | DLTT | |
|---|----------------------|----------------------|
| | Actual 2022 \$ | Actual 2021 \$ |
| Payable no later than one year | 15,233 | 22,850 |
| Later than one, not later than two years | - | 15,233 |
| Total non-cancellable operating leases | 15,233 | 38,083 |

17 Contingencies

As at 30 June 2022 the Trust had no contingent liabilities or assets (2021: \$nil).

18 Financial instruments

Financial instrument categories

| Assets | Loans and receivables \$ | Total \$ |
|--|---|---------------------|
| 30 June 2022 | | |
| Cash and cash equivalent | 895,344 | 895,344 |
| Receivables and prepayments | <u>2,912</u> | <u>2,912</u> |
| Total assets | <u>898,256</u> | <u>898,256</u> |
| 30 June 2021 | | |
| Cash and cash equivalent | 385,731 | 385,731 |
| Receivables | <u>9,741</u> | <u>9,741</u> |
| Total assets | <u>395,472</u> | <u>395,472</u> |
| Measured at amortised cost \$ | | |
| Liabilities | | |
| 30 June 2022 | | |
| Payables and accruals | <u>674,973</u> | <u>674,973</u> |
| Total liabilities | <u>674,973</u> | <u>674,973</u> |
| 30 June 2021 | | |
| Payables and accruals | <u>243,720</u> | <u>243,720</u> |
| Total liabilities | <u>243,720</u> | <u>243,720</u> |

19 Events after balance date

There were no significant events after balance date.

20 Explanation of major variances against budget

| | DLTT | |
|-------------------|----------------------|-------------------|
| | Actual 2022 \$ | SOI 2022 \$ |
| Total Revenue | 2,601,725 | 1,954,321 |
| Total Expenditure | (2,537,780) | (1,954,321) |
| | <u>63,945</u> | <u>-</u> |

Explanations for major variations from the Statement of Intent

| | Actual \$ | SOI \$ |
|---|--------------------|--------------------|
| Major variances in revenue against budget | | |
| TDC Funding | 1,779,636 | 1,779,636 |
| STAPP Grant - additional funding received after completion of SOI | 781,099 | 174,685 |
| Revenue from services provided - unbudgeted website advertising | 34,865 | - |
| Finance Revenue - interest income only | 6,125 | - |
| | <u>2,601,725</u> | <u>1,954,321</u> |
| Major variances in expense against budget | | |
| Employee benefit expenses - higher than budget due to increased STAPP funding | (592,729) | (486,720) |
| Marketing, advertising and other expenses - over budget for all cost categories, utilising the additional STAPP funding | (1,945,051) | (1,467,601) |
| | <u>(2,537,780)</u> | <u>(1,954,321)</u> |
| Actual - surplus before tax | <u>63,945</u> | <u>-</u> |

21 Impact of Covid-19

Within the current financial year, Trust operations were impacted by Covid-19 as Auckland and Waikato endured extended lockdowns and Covid-19 emerged in the Australian states of New South Wales and Victoria at a time when the Trust was promoting Taupo as a travel destination, specifically to these locations. As a result, marketing campaigns and planned industry events were either delayed or cancelled impacting the ability of the Trust to promote the Taupo region. Both the Taupo District Council grant and the STAPP grant were underspent with more STAPP funds than forecast sitting unused at balance date and the Trust ending the year in a surplus position.

22 Going Concern

The financial statements have been prepared on the basis that the Trust is a going concern. The Trust is dependent upon the continued financial support of Taupo District Council in order to continue as a going concern. Taupo District Council has provided a letter of comfort to the Trustees that outlines the Council will continue to provide support to the Trust to ensure it remains a going concern.