



**DESTINATION
GREAT LAKE TAUPŌ**

Statement of Intent 2022-2025



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1. Introduction

Destination Great Lake Taupō (DGLT) is a Council Controlled Organisation (CCO) for the purposes of the Local Government Act 2002. It has no subsidiaries and is a not-for-profit organisation.

DGLT is governed by a Board appointed by the Taupō District Council (TDC) under the Trust Deed (6 September 2010) establishing the CCO. DGLT is funded largely by a grant from TDC, on behalf of Taupō District ratepayers, along with industry and partnership contributions to various marketing initiatives. In 2020 and 2021 additional funding grants from Central Government were received through the Strategic Tourism Assets Protection Programme in support of Regional Tourism Organisations (RTO's) following the onset of Covid-19. Ongoing funding for 2022 has not yet been confirmed.

This Statement of Intent (SOI) sets out DGLT's strategic direction for 2022-2025, outlining the RTO's priority objectives and performance measures.

While DGLT's core focus is to promote the destination to attract more visitors, encourage them to stay longer and spend more, the organisation has an increasing advocacy and leadership role around management and development of the destination. Recognising the growing importance of sustainability and regeneration, it is essential tourism not only brings benefit to the local economy but does so in a way that preserves and enhances our environment, our culture and local community whilst delivering an exceptional world class experience for our visitors.

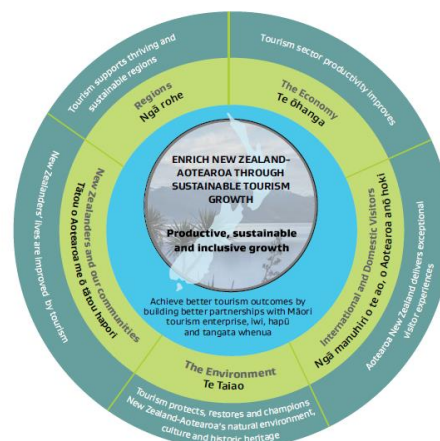
2. The National Tourism Strategy



In 2019, Tourism Industry Aotearoa (TIA) released **Tourism 2025 and Beyond**, a strategic planning document designed to align the industry, nationally, towards growing tourism expenditure to \$50 billion by 2025. The framework places sustainability at its heart and is built on the foundation of kaitiakitanga (guardianship), manaakitanga (hospitality) and whanaungatanga (belonging).

The Ministry of Business, Innovation and Employment (MBIE) in partnership with the Department of Conservation (DOC) also released the **New Zealand – Aotearoa Government Tourism Strategy** in May 2019. The Government sees its role as one of stewardship ensuring that the whole tourism system is working effectively, helping to shape visitor demand, co-ordinate, facilitate and regulate activity and outcomes across the sector.

Government’s goals for tourism are very much in line with TIA’s strategy. It is underpinned by a focus on enriching New Zealand-Aotearoa through regenerative tourism growth to significantly boost our economy, bring greater prosperity to our regions, protect, and support our environment and improve New Zealanders quality of life and wellbeing.



TIA announced 5 priority areas for joint action with government agencies to ensure a sustainable tourism future for the country.

These are:

1. Regenerative growth
2. Improved data and insights
3. Building a sustainable tourism workforce
4. Destination management and planning
5. Carbon and climate change

Covid-19 has created significant and long-term impacts on the tourism industry, but it has also provided the opportunity to review the past and re-imagine the future of tourism.

In June 2020, the **Tourism Futures Taskforce** was set up as a public/ private partnership to lead the thinking on the future of tourism in New Zealand. The main purpose of the Taskforce was to advise and recommend what changes New Zealand could make to the tourism system, so that tourism enriches both New Zealand and the wellbeing of New Zealanders.

With a change in Tourism Minister in late 2020, the Tourism Taskforce was disbanded, and the draft recommendations made in December 2020 were taken no further.

In March 2021, the Tourism Minister outlined four key principles for the tourism sector:

- Re-setting and re-building tourism to be more sustainable as the industry can't simply return to business as usual
- Ensuring Aotearoa, New Zealand is seen as one of the world's most aspirational travel destinations
- Recognising that costs and negative impacts associated with tourism must be mitigated or priced into the visitor experience so that neither ratepayers nor taxpayers are bearing the costs of hosting visitors
- More partnership between the government and the tourism industry including with businesses and workers

The government has since declared its commitment to tourism with the November 2021 announcement of the Tourism Industry Transformation Plan (ITP) – a partnership model between industry, workers, and government which will have an overall focus on regenerative tourism, ensuring the tourism system gives back more to people and places than it takes from them and the environment.

This will mean investing more in people, deepening the talent pool, and providing better work opportunities for those in the tourism and hospitality industries. For this reason, the first stage of the ITP is about better work, followed by tourism’s relationship with the environment. The ITP will build on recent work by the Parliamentary Commissioner for the Environment, Tourism Futures Taskforce, and the Climate Change Commission, among others, to lift industry standards and transform it to a more sustainable model. The first draft of the ITP is due in the second quarter of 2022.

3. New Zealand Tourism Outlook:

In 2022, the ongoing COVID-19 pandemic continues to be the disruptor event by which the tourism sector monitors its performance. Prior to COVID-19 and the closure of international borders in March 2020 tourism was the number one contributor to the New Zealand economy delivering over \$41.9 billion¹ in total tourism expenditure. International visitors spent \$17.5 Bn and underpinned the sector’s growth and year-round activity. Domestic visitors were an essential contributor to the tourism economy accounting for almost 60% of total spend, predominantly focused on weekend travel and school and public holiday periods. Furthermore, over 8% of the national workforce was directly employed in tourism, and the sector made a direct contribution to GDP of \$16.4 billion (5.5%) and generated \$3.9Bln in GST of which \$1.8Bln came from international visitors.

Following the resumption of domestic travel in May 2020 after the first lockdown there was an immediate uplift in expenditure, and domestic tourism expenditure increased 2.6% (\$622 million) to \$24.6 billion YE 21. However, this did little to offset a 91.5% decline in international visitor spend of just \$1.5 billion compared to the pre-pandemic annual spend of \$17.5 billion.

The trend continued downwards into 2021. The much-hyped Trans-Tasman bubble, allowing MIQ-free travel between Australia and New Zealand, opened, and then closed less than four months later as Auckland and parts of Waikato went into a 100 day-plus lockdown due to another Covid-19 outbreak.

The recently released Tourism Satellite Account² (YE Mar 2021) captures the continued sluggishness of a sector reliant solely on domestic tourism, showing that total tourism expenditure for YE Mar 2021 was \$26.1 billion, a decrease of 37.3% (15.6B) from the previous year. Tourism continues to generate a direct contribution to GDP of \$8.5 billion, or 2.9%, a decrease of 47.5% (\$7.7B) or 2.6 percentage points, reflecting the impact of Covid-19 on the sector which was previously the countries number one contributor.

As in 2021, sustaining a tourism sector reliant on domestic visitors alone presents challenges, so the news that New Zealand’s borders will reopen in stages from February 2022 with fully vaccinated international visitors welcomed back in July 2022 (with isolation requirements) is cause for some optimism. However, the lack of certainty around the self- isolation criteria will be a significant barrier to attracting back lost airline capacity and international travellers in 2022. Additional challenges such as labour shortages, rising inflation (and a potential drop in domestic spending and travel) and

¹ Source: www.stats.govt.nz/information-releases/tourism-satellite-account-year-ended-march-2020

² Source: www.stats.govt.nz/information-releases/tourism-satellite-account-year-ended-march-2021

increasing competition from other 'open' international destinations will provide ongoing challenges for the New Zealand tourism sector in 2022-2023.

The number of people attributed to being directly employed in tourism as of March 21 was 146,295, a decrease of 33.1% (72,285 people). The sector directly employed 5.2% of the total number of people employed in New Zealand, a decrease of 2.7% over the previous year. With unemployment currently sitting at 3.2%, an all-time low, and borders remaining closed to migrant workers until at least April 2022, tourism operators are struggling to fill staff vacancies.

The ever-changing global pandemic environment means much uncertainty remains. The Tourism Association Network³ suggests that it will be summer 2022-23 before there is any significant in-flow of overseas visitors.

There is a possibility international borders will re-open more quickly, particularly with Australia, although the ability to travel across the Tasman poses additional pressure and competition on both Tourism NZ and the Regional Tourism agencies as Tourism Australia and individual States target the Kiwi market with significantly larger marketing budgets.

The challenge ahead is to continue to stimulate domestic spend across the entire week, and to also encourage Kiwis to disperse throughout the entire country as some regions have benefited much more than others post lockdown.

Various surveys regarding Kiwi's intentions around both international and domestic travel have shown that travel plans are affected by fluctuations in news about Covid and these surveys cannot be relied on to predict travel behaviour.

There are no guarantees that travel will recover to pre-COVID-19 levels over the period of this Statement of Intent. In the Tourism Futures Taskforce interim report, released December 2020, the Taskforce suggested a mindset shift needs to occur that acknowledges tourism is part of a larger living system in flux. The challenge is to reinvigorate the sector not to "pre COVID-19 levels" but to a new 'normal'.

4. Taupō District Tourism Outlook:

Tourism is a major contributor to the overall economic and social fabric of the Taupō District. Prior to the Covid-19 pandemic it was the region's number one contributor to local GDP (estimated at 17.4%)⁴ and provided the largest employment statistics in the region, with over 6,600 full time equivalent employees (FTEs)⁵ or 35% of the total workforce.

In the year ending December 2019, visitors contributed \$689M⁶ to the local economy with domestic visitors generating \$462M and international arrivals \$227M.

As already noted, our local tourism industry was severely impacted during the first year of the pandemic with businesses closed for lockdown and then many only partially operating up until the traditional busy Christmas and summer holiday period. However, our central location, reputation as an iconic Kiwi holiday destination and our early entry back into market later in 2020 saw the Taupō region initially bounce back better than many. Domestic spend data year ending June 2020

³ established in 2021 by TIA as a senior leadership forum of tourism sector associations to discuss/respond to strategic tourism issues

⁴ Infometrics – March 2019.

⁵ Infometrics – March 2019.

⁶ MBIE MRTE's – March 2020

rose 40%⁷ on the previous 12-month period and was up 30% on pre-covid levels, placing the Taupō District as one of the top performers across the country.

However, the last half of 2021 was very challenging for our local industry with Auckland and parts of the Waikato in an extended lockdown. With our number one source market unable to travel, and a significant number of cancellations from the events sector due to the Covid Red settings (capacity limits of 100 people), our domestic spend dropped dramatically, down 26% for the 4 - month period of August to November 2021⁸.

The post-Christmas summer period provided some much-needed respite with all spending across the district rising to a \$17.5 million high in early January 2022⁹.

Targeted initiatives to build visitation during the week to bridge peak periods for domestic visitation has seen renewed interest in Taupō as a destination for business events. Post lockdown 2020, following a significant increase in enquiry from the Business Events sector, resource and funding was diverted to leverage this unexpected opportunity in partnership with industry. The momentum has slowed under the Red Light setting in line with national trends, which saw a 50 % drop in event numbers in Q4 2021, but work continues to build capability and quality offerings for business events (BE) in the years ahead.

With borders remaining closed until July 2022, our immediate focus will remain on the domestic market with an agile approach to re-entering the international marketplace when the time is right.

In developing the region's Destination Management Plan in partnership with Iwi/hapū and stakeholders it is clear there are great opportunities for the Taupō region to project a unique DNA story to the world in the years ahead. Eighty-one percent of New Zealand travellers and 72% of Australian travellers surveyed in the Dec 2021 Market Perceptions report agree Taupō is a great place to visit for a short break.¹⁰ The challenge is to harness this sentiment, and to effectively target “return visitor” opportunities in the region, after a trying two years which has severely impacted stakeholder confidence.

DGLT will be operating in an extremely competitive environment in 2022 as all regions target the same domestic audience. This will be intensified as the border starts to open and Kiwis look to re-engage their love of international travel. It will be critical DGLT utilises the ongoing funding and one-off grants made available through government STAPP¹¹ to deliver targeted and compelling marketing campaigns to inspire potential visitors to the region, all the while assisting stakeholders to prepare for a future tourism sector that will look different to the one shuttered when Covid arrived in 2020.

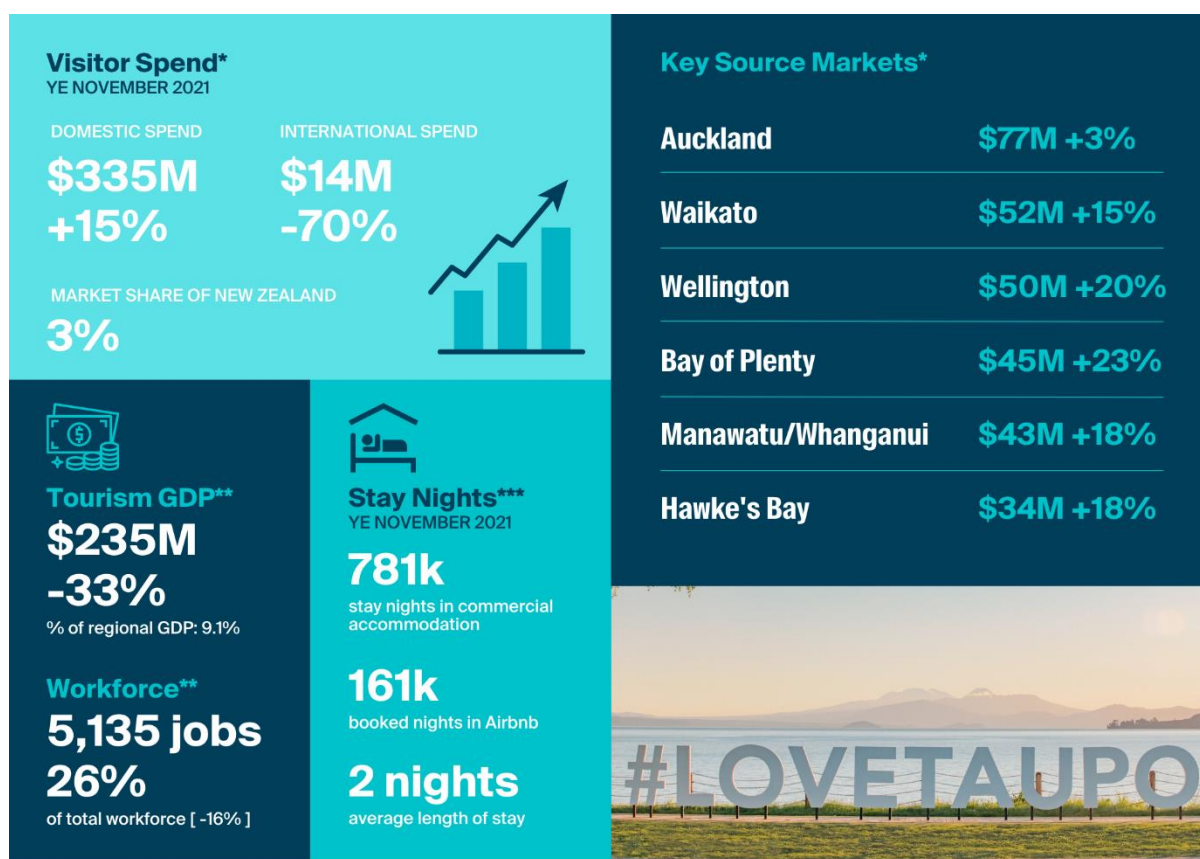
⁷ MBIE TECT - June 2020

⁸ TECT – Nov 2021

⁹ Card transaction data – Worlline network January 2022

¹⁰ Market Perceptions: Taupō July - December 2021, Angus & Associates.

¹¹ Strategic Tourism Assets Protection Programme – Taupō District has received \$1.7 M over 2 years 2020-2022



Sources: *MBIE: TECT Nov 2021 | **Infometrics Feb 2022 | ***Freshinfo and Air DNA Nov 2021

5. Taupō District Tourism Strategy – key objectives and activities for 2022

Following the impacts of Covid-19, the DGLT Board has reviewed the organisations strategic direction, our operational priorities and the resources required to meet our objectives for the next 12 months, and as much as possible, beyond 2022. It is critical that DGLT’s activity is highly focussed on the key activities that will make a difference to the tourism sector, and our regional economy, as we continue to negotiate the challenges of Covid-19.

The DGLT Trust document outlines two key purposes:

- *To promote the Taupō District as a leading tourism and visitor destination by promoting our tourism and visitor attractions.*
- *Support, promote and assist in activities and projects which will increase the opportunities for employment in the tourism and visitor sector within the Taupō District.*

Our key priorities are:

- To grow the value of our local tourism economy through targeted marketing activity that attracts high value domestic and, once borders reopen, international visitors who disperse across our region and actively share their experience with others.
- To work with local Iwi and hapū, government agencies and local stakeholders to develop a sustainable destination management plan which will outline a shared tourism vision and action plan for the future growth, regeneration, and development of the Taupō District.

- To support the ongoing development of the Mana Whakahono co-governance agreement between Taupō District Council and Ngāti Tūrangitukua, the mana whenua of the Tūrangitukua rohe that includes the Tūrangī township and its surrounds. DGLT's focus within this agreement is to build a collaborative partnership through a shared aspiration of working together for the benefit of both Ngāti Tūrangitukua and the wider tourism sector. DGLT wants to work closely with all hapū in the region to develop and expand collaborative initiatives.
- Assist our local tourism industry to leverage campaign opportunities, build capability and support them to deliver an exceptional visitor experience across the entire customer journey.
- To operate an efficient and effective regional tourism organisation which delivers an excellent ROI for all stakeholders.

5.1 Grow the value of our local tourism economy.



Domestically we will continue to focus on specific target segments through the delivery of fully integrated marketing campaigns across traditional and digital platforms. We will continue to target prospects who travel for a passion (bike, hike, golf, fishing etc) through a series of brand response acquisition campaigns to build databases that can be retargeted. Our media initiatives

will target this activity so that we can firmly establish the destination has an authentic and justified 'brag factor' around these key experiences. We intend developing a media communications strategy to keep these prospects inspired, keep them coming back and to encourage them to share their experience with others.

- Ensure regional content and messaging allows DGLT to jointly design partnership campaign opportunities as and where possible. Examples include Tourism New Zealand campaigns and accompanying media opportunities.
- We plan to work closely with our local industry and tourism partners (Explore Central North Island, Tourism NZ) to grow awareness of the Taupō District, making it a must stop destination on all North Island itineraries – for both domestic and international visitors as borders re-open.
- Our region and its rich history permit connections with our cultural past and heritage. Inspiring stories of our people and land abound. We intend to distribute our content in a compelling and easily consumable way, using fresh imagery and emotive story-telling, across our online channels, our print collateral, and digital platforms.

5.2 Develop and implement a destination management plan for the Taupō District.

- We aim to work alongside Iwi/hapū, tourism stakeholders, central and local government agencies, to develop a destination management plan that will:
 - outline a shared vision and action plan for the future of tourism across the district.
 - recognise, respect, protect, and enhance the values of mana whenua and embed the tikanga of Ngā Pou E Toru across all sectors of the visitor economy.
 - provide integrated visitor management plans and resources to address pressure on conservation land, infrastructure, access, and amenities.
 - deliver authentic, safe, world-class visitor experiences.
 - Help communities value and support the tourism sector in welcoming and hosting visitors.
 - ensure long-term regional planning and investment to manage visitor growth and meet international and New Zealand best practice standards, always in a sustainable and culturally responsive way.



The foundational values of Ngāti Tūwharetoa 's Ngā Pou E Toru will inform and guide the Destination Management Plan to ensure we develop a region that is capable of sustaining the whole community in a way that creates a 'Destination of Excellence' for tangata whenua, for manuhiri and for residents, the environment and economy.

5.3 Support the ongoing development of the joint Iwi/hapū initiatives and agreements to protect, enjoy and advance the values, interests, and aspirations of our communities. Of significant value and importance is the example of the Mana Whakahono co-governance agreement being designed and developed jointly by Taupō District Council and Ngāti Tūrangitukua.

- Work alongside Ngāti Tūrangitukua to better understand their aspirations for their rohe
- Provide opportunities to share their stories, tikanga and history with manuhiri and the broader Taupō regional communities
- Grow our understanding of the history of Ngāti Tūrangitukua recognising their seminal historical Treaty of Waitangi settlement with the Crown.

5.4 Support and assist our local tourism industry to deliver an exceptional visitors experience

- Effective stakeholder communication is vital to ensure that the district operates as a coherent and collaborative entity. The DGLT team will focus on meeting with industry through a regular calling schedule, quarterly industry updates and distribution of newsletters as and when required. Co-operative marketing activity will also seek to better access industry funds and in-kind contributions.
- Build digital capability of our local industry through the delivery of a one-on-one mentorship programme to ensure our industry is making efficient use of these channels to enhance customer experience, improve marketing performance and maximise operational efficiency.
- Build operator resilience through the introduction of a series of small business innovative thinking workshops where operators are challenged to explore growth and product improvement, build a strategy, and develop an agile business plan relevant to a changing operational environment.
- Develop and implement a “Pathway to Carbon Zero” programme to assist operators progress their sustainability credentials with the aim of introducing carbon zero itineraries across the destination by 2025

5.5 Operate an efficient and effective Regional Tourism Organisation that is focused on delivering an exceptional ROI for all partners and stakeholders.

- Be fiscally responsible in the way we do business. DGLT recognises its responsibility when using ratepayer funds to deliver our annual programme of work. Regular tracking and reporting of all activity will ensure accountability. Return on this investment remains a high priority across the entire operation.
- Create a workplace where the health and wellbeing of employees is highly valued and ensures the provision of a safe and supportive environment in compliance with the Health and Safety Work Act 2015
- Proactive risk management encompassing the identification, analysis and response to risk factors that can impact the future wellbeing, planning and management of the destination.
- Foster a positive spirit and a resilient workplace culture. Championing the strength and health of employees to create a team of innovative and courageous self-starters, who take ownership and responsibility for delivering exceptional results, able to enjoy those results and receiving credit for them where due.

6. Performance and Other Measurements

Performance against the principal objectives shall be assessed using the following measures.

Objective 1 – Grow the value of the local tourism economy.					
Strategic Priority	Data sources	Baseline data	2022-23	2023-24	2024- 25
Growth in tourism expenditure	Monthly Regional Tourism Estimates (MRTE's) Tourism Electronic Card Transactions (TECT's) <i>(See below for explanation on use of this new dataset.)</i>	MRTE YE Jun 20: \$612M (-10%) Total expenditure including domestic and international spend TECT YE June 2021: Domestic: \$361 M (+40%) International: \$14M (-79%) TECT YE November 2021: Domestic: \$335M (+15%)	Maintain domestic spend Grow international spend 100% (if borders open with no isolation requirements)	Grow total spend by 2%	+4% growth in total spend
Objective 2 – Sustainably manage and develop the destination to create a 'Destination of Excellence'					
Strategic Priority	Performance Measures	Baseline	2022-23	2023-24	2024- 25
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 Te Ihirangi Leadership Advisory Group	Development and implementation of Te Ihirangi Destination Management Plan	Ongoing	Ongoing	Ongoing
	Grow industry capability.	Industry workshops	Carbon Zero Innovative thinking One-on-one digital	TBC	TBC
	Fill product gaps through new product development	Work with Amplify and Iwi to identify new product development opportunities.	Ongoing	Ongoing	Ongoing
	Social license - connect with residents.	Annual Community Sentiment Survey, brand, and community workshops.	Ongoing	Ongoing	Ongoing
Objective 3 - Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.					
Strategic Priority	Data source	Baseline data	2022-23	2023-24	2024- 25
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 and campaigns	YE June 2021: \$90,900	\$80,000	\$80,000	\$80,000
		100 Operator deals listed on loveTaupō.com	120 Operator deals	TBC	TBC
		\$30,000 operator advertising on loveTaupō.com and/or in partnership activity	\$30,000	\$40,000	\$40,000
Stakeholder satisfaction.	Annual Industry Survey	2019: 67% 2020: 76% 2021: 82%	85% Industry satisfaction	85%	85%

6.1 Rationale for performance measures:

The 2022 SOI retains a performance measure around tourism expenditure. The purpose of this measure is to track spending as an overall measure of the economic benefit generated from tourism. With international borders closed, the historical data source provided by MBIE (Monthly Regional Tourism Estimates) were deemed no longer fit for purpose. MBIE released the new TECT

data from November 2020 as an interim measure. MBIE strongly advise that the total spend figures cannot be compared to the MRTE's. They do not provide the total value of tourism to the region as they do not capture cash, online or pre-purchase tourism spend. They recommend using the trend data only and have provided data back to 2018 to enable these comparisons. Once borders reopen in July 2022 this will be reviewed.

For the purposes of this SOI our marketing priorities will remain focussed on the domestic market with an agile approach to international opportunities. It is expected the Australian border will reopen and isolation requirements will be removed late in 2022. If Isolation requirements remain there will be very little growth in international leisure arrivals.

Measuring social license and the value the community places on tourism is a key focus of our Destination Management planning. An annual Community survey will be conducted to monitor sentiment.

An additional measure is included to capture industry support for our activity. This includes in-kind support of our trade and media famils, partnership campaign contributions, participation in DGLT campaign activity e.g.

loading deals onto loveTaupō.com, and advertising on DGLT platforms. Our 2022-23 target is an estimate of our expectations of the level of support that may be available as the industry recovers from the covid-19 pandemic.

As a result of COVID 19 and the suspension of key data sources and series, there is limited ability to set long run KPI's at this time. There may be an opportunity to develop more meaningful KPI's in the future, however this is dependent on high quality national data sources becoming available.

7. Financial Disclosure

7.1 Reporting entity

The Trust is a legal entity. The Board has authority to govern Destination Great Lake Taupō (DGLT) under the terms of this Statement of Intent as delegated to it by Council. It seeks to manage its activities in 2022/23 within the base funding allocation provided by Council as in the attached Statement of Comprehensive Revenue and Expense.

7.2 Accounting policies and basis of preparation and compliance

These Prospective Financial Statements have been prepared for Destination Great Lake Taupō in accordance with the Local Government Act 2002 and therefore also comply with Accounting Standard PBE IPSAS for not-for profit organisations. The primary objective of the Trust is to promote the Taupō District to the domestic and international visitor markets with the specific intention of growing visitor arrivals, spend and dispersal, rather than making a financial return. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of Accounting Standard PBE IPSAS for not-for-profit organisations.

The prospective financial statements are prepared using the historical cost basis except for certain classes of asset and liability which are recorded at fair value. These are detailed in the specific policies below.

The prospective 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.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements. The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

7.3 Goods & services tax

The financial statements have been prepared on a goods and services tax (GST) exclusive basis, except for trade and other receivables and trade and other payables.

7.4 Revenue recognition

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

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

Grants and bequests, other than those related to assets, shall be recognised as revenue over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants and bequests of assets are recognised as revenue when control over the asset is obtained.

Any grants and bequests received without conditions are recognised when control over the asset is obtained.

If there are obligations in substance to return any grants or bequests if conditions of the grant are not met, then the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

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

The main sources of exchange revenue for the Trust are joint venture revenue from the industry to support marketing initiatives.

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

Revenue from any services rendered is recognised in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to surveys of work performed.

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.

7.5 Leases

Leases in which substantially all the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Operating lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense 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.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the Statement of Comprehensive Revenue and Expense. The interest expense component of finance lease payments is recognised in the Statement of Comprehensive Revenue and Expense using the effective interest rate method.

7.6 Cash and cash equivalents

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

7.7 Financial Assets

The Trust classifies its investments as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. 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.

7.8 Trade receivables

Trade receivables are recognised at their cost less impairment losses.

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 the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

7.9 Property, Plant, and Equipment

Property, plant, and equipment consist of operational assets, which include office equipment, furniture and fittings, computer equipment, and machinery. These assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant or 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 reliably measured.

All the Trust's assets are classed as non-cash generating, that is they are not held with the primary objective of generating a commercial return.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit.

Depreciation has been provided on a straight-line basis on all plant and equipment. Depreciation is provided at rates calculated to allocate the asset cost over the estimated useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of asset	Estimated useful life	Depreciation rates
Office equipment	4-10years	13.33% - 25%
Furniture and fittings	2-10 years	10% - 50%
Computer equipment	4 years	25%
Machinery	4 years	25%

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 the 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.

7.10 Financial liabilities

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

7.11 Employee entitlements

Provision is made in respect of the Trust's liability for annual leave. Annual leave has been calculated on an actual entitlement at current rates of pay.

Retiring gratuities and long service leave where there is actual entitlement is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay considering years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Superannuation schemes

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

7.12 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.

7.13 Income Taxation

The IRD has confirmed the Trust is exempt from income tax under sections CW 40 of the Income Tax Act 2007.

7.14 Advertising costs

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

7.15 Equity

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

7.16 Balance-sheet ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As of 30 June 2021, the total Trust Equity comprised \$166,986 and the total assets were \$509,352. The resulting equity to asset ratio is 32.78%.

7.17 Going Concern

The Trust consider that the continued adoption of the going concern assumption for the preparation of this financial report is appropriate. This conclusion has been reached having regard to assurances from the Taupō District Council that financial support and / or funding will be made available to ensure that the organisation can continue its current operations.

7.18 Distributions to shareholders

The Trust is not expected to make profits; any surplus funds remaining from the annual operations of the Trust shall be carried forward to the ensuing year to continue to meet the primary objective of the Trust.

7.19 Procedures for the purchase and acquisition of shares

The Board will give approval before the Trust subscribes for, purchases, or otherwise acquires share in any company or other organisation, which is external to the group.

7.20 Value of settlor's investment

The value of the settlor's (Taupō District Council) investment is \$100 as per the Trust Deed. There is no other equity investment by the Council in the Trust.

Destination Great Lake Taupo

Projected Statement of Comprehensive Revenue & Expense

	Projected FY 22/23 Financials	Projected FY 23/24 Financials	Projected FY 24/25 Financials
Income			
Revenue from services provided	30,000	30,000	30,000
Grant received from Taupo District Council (Marketing)	2,063,896	2,116,147	2,169,050
Grant received from other government organisations	200,000	-	-
Interest Income	-	-	-
Total Revenue	2,293,896	2,146,147	2,199,050
Expenditure			
Employee benefit expenses	585,907	600,740	615,759
Depreciation and amortisatoin	27,041	12,797	14,014
Management and administration expenses	111,200	112,263	113,340
Other operating expense	1,569,747	1,420,346	1,455,938
Total Expenses	2,293,896	2,146,147	2,199,050

Other operating expenses is categorised as follows:

	Projected FY 22/23 Financials	Projected FY 23/24 Financials	Projected FY 24/25 Financials
Other operating expenditure			
Marketing & Advertising	1,451,987	1,308,330	1,341,121
Other	117,760	112,016	114,816
	<u>1,569,747</u>	<u>1,420,346</u>	<u>1,455,938</u>

7.21 Capital Expenditure Forecast

The amount of capital expenditure over the next three years has been determined as follows:

Year	\$	Purpose
2022/23	5000	IT equipment, furniture replacement
2023/24	5000	
2024/25	5000	

Any significant capital expenditure is funded from trust equity so comes at the expense of annual operating funding.

7.22 Other financial matters

We utilise services, as per the Shared Service Level Agreement, from the Taupō District Council for which we pay the following:

Year	\$
2022/23	50,000
2023/24	50,000
2024/25	50,000

8. Governance Statements

8.1 Approach to governance

The Board has a key role in promoting strategy on behalf of the Taupō region's tourism industry, the identification and addressing of strategic issues and the provision of destination marketing and tourism product advice to Destination Great Lake Taupō, Council, and the tourism sector.

As determined by the Destination Great Lake Taupō Trust Deed, in sections 4,5,6,7,10, and 11, the approach to governance and details of structure, function and obligations apply. (Please refer to Destination Great Lake Taupō Trust Deed for a full outline of its provisions)

8.2 Membership

Appointments to the Board have been made for a three-year period; but consider the importance of continuity in terms of existing members. The Council can remove one or more Board members at any time should there be clear evidence of non-performance. The Council shall include in its

selection panel an independent selector with relevant skills and experience. The Board may co-opt additional non-voting members at its discretion. (Co-opted members will not be eligible for meeting fees or expenses).

8.3 Reporting to Council

For the financial year, proceeding the year when Council issues a new Long-Term Council Community Plan, the Board shall deliver to Council recommended budgets required to deliver Council's contribution to those outcomes.

At least 5 months prior to the start of the financial year the Board shall deliver to the Council a report setting out its recommendations on the DGLT annual budget, as reflected in the business plan for that year.

After the end of each financial year, the Board must deliver to Council and make available to the public, a report on the organisation's operations during that year. The Board shall also deliver to Council and make available to the public, the following statements: Comprehensive Revenue & Expense, Changes in Equity, Financial Position, Cashflows and Service Performance Results. This annual report should be completed within two months of the end of the financial year.

Within 2 months after the end of the first half of each financial year, the board must deliver to the Council an interim report on the organisation's operations during that half year.

The Board is obliged to prepare a statement of intent each year setting out its intended activities and objectives. It is also responsible for preparing an interim and annual report – the key elements of these reports being the reporting of performance against the accountabilities outlined in the statement of intent, along with financial information as per the accounting policies, set out in section 5 of this document.

Within 2 weeks after each Board meeting, the Board shall make available to the public the minutes of the previous Board meeting.

The final Statement of Intent will be published for public access from 1 July of each year.

8.4 Support Services

Management and operational services for the Board shall be provided by Destination Great Lake Taupō.

Board members will be paid an honorarium based on Destination Lake Taupō Trust decisions at the Annual General Meeting. Board expenses will be funded directly by Destination Great Lake Taupō.

8.5 Guidance and Resources

The CCO will conduct itself in accordance with its Trust Deed, its annual statement of intent and the provisions of the Local Government Act 2002.

8.6 Board Performance and Accountability

- The Board will be responsible for setting an annual Statement of Intent each year and ensure the interim and annual reporting is delivered within the timeframes set out by the Taupō District Council and the Lake Taupō Trust Deed.
- The Chairman and Deputy Chairman will meet with the Mayor and Chief Executive Officer bi-monthly.
- The performance of the Board and its individual members will be reviewed on a biennial basis.
- Professional development training will occur annually, including but not limited to improving cultural competencies to support engagement with the mana whenua of the region.

9. Contact Details

Destination Great Lake Taupō
Level 1/32 Roberts Street
Taupō 3351
New Zealand

Telephone: 07 376 0400
Email: info@loveTaupō.com

Chairperson and Trustees:
Dennis Christian (Chairman)
Torben Landl
Cushla Clarke
Tim Castle
Nicola Harvey
Andrew Te Whaiti



Dennis Christian
CHAIRMAN

Approved by shareholder on: (Date):

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For Taupō District Council

This Statement of Intent is based on “Recommended Good Practice for the Governance of Regional Tourism Organisations” developed by Local Government New Zealand (February 2004).

10. Appendix One: Terms and Definitions

RTO – Regional Tourism Organisation

TDC – Taupō District Council

TIA – Tourism Industry Aotearoa

DOC – Department of Conservation

MBIE – Ministry of Business and Innovation

MRTE – Monthly Regional Tourism Estimates

TECT – Tourism Electronic Card Transactions

ECNI – Explore Central North Island

Amplify – the Economic development Agency for Taupō District

STAPP – Strategic Tourism Assets Protection Programme – funding granted to RTO's by MBIE as part of the Covid-19 Tourism Recovery package

Marketing terminology:

Trade: Travel agents, travel wholesalers, Inbound Tour Operators, retail travel sellers and airlines

C&I / Business Events: Conference and Incentive, meetings, and any business-related events