



ANNUAL REPORT
FOR THE YEAR ENDING 30 JUNE 2021



DIRECTORY

Governing Body	Destination Lake Taupō Trust Board Tim Castle (Chairman) Nicola Harvey David Steele Kiri Atkinson – Crean
General Manager	Jane Wilson
Bankers Auditors	Bank of New Zealand, Taupō – Transactional Banking Audit New Zealand on behalf of The Controller & Auditor General
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DESTINATION GREAT LAKE TAUPŌ (DGLT) AGM 2021: CHAIRMAN'S REPORT

Ray Salter (previous Chairman of the DGLT Board) said in his report last year that “I do not expect that the next year to August 2021 will be any easier for tourism”. Ray was spot on in his prediction. Here we are 12 months later and in a nationwide lockdown.

However, there has been some positives for the region. The Taupō economy is recovering well from the COVID-19 shock with provisional estimates that GDP grew by 4.5% in the June 2021¹ year, which was slightly higher than national growth of 4.2%. The local economy is now larger than its pre-pandemic level.

The recovery in the economy is reflected in consumer spending growth of 11.6%² over the year to June 2021, significantly higher than national growth of 7.7%. Consumer spending is being bolstered by tourism expenditure which was up 16.7% in the June 2021 year. Compared to a national increase of 5.4%. Spend was approximately \$377 million during the year to June 2021, which was up from \$323³ million a year ago.

Both the economic activity and consumer spending results are abnormally strong because the previous year includes the lockdown-affected June 2020 quarter. But there is little doubt that the Taupō region has recovered well from lockdown, with consumer and tourist spending, and the construction sector leading the way.

Taupō's labour market is strengthening in line with its economy. The number of Jobseeker Support recipients dropped to 1,452 in the June quarter after peaking at 1,544 in the December 2020 quarter. The number of Taupō residents in work grew by 1.1% over the year to June 2021, a significantly better outcome than the slight decline at the national level. Unemployment sits at a very low 3.4%⁴. This is impacting the sector with many businesses across hospitality and accommodation struggling to find adequate staff.

DGLT's response to the lockdown and the subsequent enabling of domestic travel was to initiate a significant marketing campaign to raise awareness in the domestic market of the Taupō Districts visitor offering. The focus is on those that have the resources and time to travel. Given the lack of aviation capacity, the emphasis was on those within driving distance of the Taupō region. The initial target market was on the young professionals and the older demographic on the assumption that they will have more flexibility and funds to travel and were less risk adverse following lockdown. In addition, there is no spill over into the international market and so the messaging and channel could be concentrated. With a “meet in the middle” emphasis on the messaging, the goal was to target the initial phase of post lockdown pent- up demand to reunite with friends and family, and to get outdoors and enjoy the freedom of experiences and activities that were available. Funding for the campaign was augmented by shifting the planned expenditure on international marketing and trade activity that is on hold until the borders reopen.

The campaign received widespread recognition and support. The content of the campaign was used again as part of a broader Phase 2 campaign focusing on domestic deals over the past year.

Leveraging this broader campaign was a more targeted approach focussing on attracting “passion group” travellers that the Taupō tourism offer appeals to. We are very fortunate to have assets that cover a broad spectrum of interests and so mountain biking, fishing, walking, hiking, and golf are candidates for this approach. In addition, Tourism New Zealand has been investing in a significant domestic campaign encouraging New Zealanders to ‘Do Something New’ and we have been able to leverage off this activity to promote the Taupō district.

Historically over two thirds of Taupō's spend comes from domestic visitation, largely concentrated in the school holiday and summer periods. Post lockdown and over the summer we observed high levels of domestic travel – this is partly normal domestic visitation but also there has been the opportunity to capture some of the estimated \$9B that New Zealanders spend on international travel.

To echo last year's report, at the writing of this report, there is little sign of the borders reopening in any way that represents a return to “normal” in 2021 and our focus remains on the domestic market.

¹ Infometrics Quarterly Report June 21

² Infometrics Quarterly Report June 21

³ MBIE TECT June 21

⁴ Infometrics Quarterly Report June 21



With the support of MBIE we have received funding to enable DGLT to push forward with our work in the Destination Management space. This is the coordinated management of all aspects of a destination that contribute to a visitor's experience including access, amenities, attractions, awareness, and community attitudes. The General Managers report will cover this work in more detail.

I am extremely grateful to my fellow board members for the contribution they have made this year. I'd like to acknowledge the retirement of Ray Salter after ten years on the board. His contribution and steady hand has seen the organisation weather significant challenges. His knowledge of the tourism sector and vast network within the industry will be sorely missed.

The challenges of the last 18 months forced us to make some important strategic and tactical decisions to ensure we continue to be effective in promoting the Taupō District as the visitor destination for New Zealanders. Unfortunately, these decisions did impact on some staff. Although a challenging time for the organisation I am pleased to advise that the reorganisation has resulted not only in necessary operational cost savings (ensuring that there is more money to spend on promotion) but in realigning the skills of the team to match our revised objectives.

Glynn Williams and Jonathan Cameron both finished their terms on the Board, and I wish to thank them for their service over the last 3 years. Three new members were appointed to the Board this year and they are already adding value to the organisation. We look forward to building on the foundations laid by the previous board and DGLT team.

My greatest thanks go to Jane Wilson as General Manager. An organisational restructure is not easy at the best of times, but the addition of a significant budget cut, reduced resourcing, and the uncertainty of Covid on people's lives meant it was a particularly challenging period for Jane. Her professionalism and commitment to the role are to be commended. Jane and the entire DGLT team certainly exceeded the expectations of the Board.

We have navigated through the crisis of 2020-2021, but as we are aware the challenges presented by Covid are far from over. The next year to August 2022 will not be any easier for tourism. The coming year will be another busy one for the board and the DGLT team as we navigate the Delta variant and the impact this will have on international and domestic travel.

Report to Taupo District Council for 01 July 2020– 30 June 2021

On behalf of the DGLT Board:



Tim Castle
DGLT Board Chairman
14 July 2022

Independent Auditor's Report

To the readers of Destination Lake Taupō Trust's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Destination Lake Taupō Trust (the Trust). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, 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 18 to 36, that comprise the statement of financial position as at 30 June 2021, 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 14 to 15.

In our opinion:

- the financial statements of the Trust on pages 18 to 36:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Trust on pages 14 to 15 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 2021.

Our audit was completed late

Our audit was completed on 14 July 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 67(5) of the Local Government Act. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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 evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- 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 13, 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.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, 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 2020-21 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.

A substantial cut in resources and the changes caused by COVID-19 saw a strategic review of DGLT's core priorities and activities. However, a 12-month grant of \$700,000 from Central Government as part of the Tourism Recovery fund (STAPP) offset the TDC budget cuts allowing DGLT to meet its obligations as set out in the 2020-2021 Statement of Intent.

In accordance with the Trust Statement of Intent, DGLT remained focused on the three key areas of destination marketing, destination management, and industry liaison. Post lockdown, 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.

Two further changes post lockdown saw the transfer of the I-sites back under the Taupō District Council from 01 July 2020, and a \$500,000 cut in budget resulted in an organizational restructure with a reduction in FTEs from 7.8 to 4.5.

The performance of the I-sites is no longer included in this report.

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 onset of Covid-19 and the closure of international borders domestic visitors have become almost the sole source of visitor spend in the last financial year and have delivered \$363 M to the region YE June 2021⁵ (up 40% compared to 2020 and +30% compared to 2019)

Our marketing activity for the 2020-2021 financial year focused on mitigating the ongoing impact of closed international borders for our operators and district. Our 3 core objectives were:

- to leverage pent-up demand from Auckland, Wellington, and neighbouring regions post lockdown
- to ensure the Taupo region was top of the consideration list
- to drive visitors to our tourism businesses to 'keep them alive'

Our post lockdown campaign activity launched in May 2020 focussed on reactivating the domestic market as cross regional travel was once again permitted at Alert Level 2. A substantial media campaign "Right in the Heart of this Place" (RITHOP) aimed to kickstart domestic travel to the Taupō region from our key markets of Auckland, Bay of Plenty, Waikato, Hawkes Bay and Wellington. The campaign included a substantial spend in traditional media including TV, Out of Home (outdoor billboards) and print which was underpinned with digital and social activations. This campaign proved highly successful with operator feedback indicating that business was up 20-30% on the same period last year. Marketview spend data supported this feedback reporting Taupō regional spend in June 20 was up 3 times the national average with July seeing the Taupō region with the highest occupancy for commercial accommodation across the country.

Our success in engaging industry in this initial campaign gave impetus to further "deal" driven campaigns including 'Cheeky Midweeky' in September (to fill midweek vacancies) and the relaunch of RIHOTP Phase 2 in Feb 21 where over 160 operator deals were included in our campaign.

These campaigns delivered over 100,000 referrals directly to our operators (up from 24,000 organic referrals prior to Covid). Conversion from these campaigns has driven a substantial increase in referrals to our operators and as a result many are reporting lovetaupo.com is now their number one referral site (beating newzealand.com in some cases 15-fold!).

The launch of RITHOP was a major strategic shift in our marketing strategy moving from brand to tactical response with the aim of delivering direct benefit to our operators. This change has delivered exceptional results in terms of engagement with our content, strong conversion to travel from our key

⁵ MBIE Tourism Electronic Card Transaction (TECT) Report Aug 21

domestic source markets but importantly it has also built a stronger partnership with our industry and a platform for future collaboration. Industry has developed a greater understanding of the value of our assets resulting in a strong increase in sales for operator advertising on lovetaupo.com.

This tactical approach also allowed us to identify capability gaps within our local industry. In addition to the recruitment of our Industry Partnerships Manager in September 2020, we will be introducing one-on-one digital training with operators in 2021/2 to ensure they have the skills, the right content and digital presence to deliver an exceptional visitor experience, along all touchpoints of the customer journey, into the future.

Our post campaign learnings have informed our marketing strategy for 2021/22 and we will continue to deliver 'deal' lead tactical campaigns domestically. We will increase our focus on building further digital capability with industry to enable the tracking and conversion of referrals to actual bookings. This will better measure the economic value and impact from our campaign spend to the region and our industry.

In addition to the RITHOP campaigns we have continued to target people who travel for a passion. Our mountain biking and fishing acquisition campaigns allow us to have ongoing engagement with over 20,000 highly passionate domestic travellers. In 2021-22 we will launch golf and hiking passion group activity in partnership with golf wholesaler Experience Golf and the NZ Mountain Safety Council.

Other post-lockdown activity included collaborations with Tourism New Zealand, Visit Ruapehu and the Explore Central North Island partnership group to inspire domestic visitors to "do something new", take a road trip or pick up a midweek deal – all aiming to keep the tourism economy moving and our operators welcoming as many visitors to the region as possible.

Our in-house PR/media programme continues to proactively target New Zealand and Australian journalists. Partnerships with Tourism New Zealand and a large increase in domestic media visits have seen a significant increase in print and online media coverage producing a positive equivalent advertising value of over \$27.4M (up 215% YE June 2020). Stories from across the entire region have included print and online exposure throughout the NZME network, NZ Herald, Kia- Ora Magazine, Tots to Teens, Lets Travel, Scout and Woman Magazines and many others.

Our social media and lovetaupo.com channels remain the key conversion points for our campaigns and 'always on' activity. Our campaign activity has delivered a significant increase in engagement across these channels contributing to a 14% increase in both Facebook and Instagram followers, a 181% increase in sign-ups to our consumer newsletter and 39.75% increase in visitation to our website.

Five film shoots and the hosting of 7 social influencers as part of a Tourism New Zealand content drive allowed us to update our media assets to ensure we continue to present our region in a fresh and compelling way.

Up until our borders closed on 20 March 2020 our International Marketing activity continued into our core markets of Australia, UK/Europe, and the USA. Unlike domestic visitors, international travellers tend to tour across multiple locations. Therefore, our marketing approach for both the UK/Europe market and North American market is undertaken in collaboration with the seven other regional tourism organisations of the central North Island (Hamilton/Waikato, Rotorua, Coromandel, Bay of Plenty, Gisborne, Hawkes Bay and Ruapehu) via a collective called 'Explore Central North Island (ECNI)'. Over the 2020-21 year the collective agencies dialed back our international activity but partnered on a domestic campaign "Get Out More". This campaign highlighted self-drive itineraries across various target segments e.g., couples, empty nesters, families. As the Australian bubble opened the partnership ran a series of virtual training events for wholesale and retail agents to ensure our trade partners were ready to leverage the renewed interest in trans – tasman travel.

Additional virtual training sessions have been held with Singapore, Australia and USA travel agents and trade partners in conjunction with Tourism NZ organised events.

Corporate and business event clients are high value and are a key source of revenue often in shoulder and low season periods. Nightly spend for Business Event (BE) delegates is approximately twice that of the domestic holiday visitor. An unexpected influx in enquiries from the Business Events sector post lockdown prompted a re-evaluation of our work in this segment. Recognizing that BE provides an excellent, high-value opportunity for the region and our operators, we redirected resource and STAPP funding into this sector. We have established a BE Partnership Group and currently have 25 operators



who have joined the group. The partnership has been very effective and the formation of 3 working groups has seen a true collaboration with our industry around this activity. This has included running capability workshops for industry, exhibiting with 6 operators at the annual “Meetings” trade show in Auckland and developing a set of collateral to enhance our engagement with BE wholesalers.

Funding applications to Tourism NZ and the Regional Events Fund also added \$65,000 to the partnership budget.

DESTINATION MANAGEMENT:

Destination Management is the coordinated management of all aspects of a destination that contribute to a visitor’s experience including access, amenities, attractions, awareness, and community attitudes.

DGLT is currently working closely with TDC, MBIE, Amplify and Ngāti Tuwharetoa in conjunction with other local agencies to co-design a bi-cultural Destination Management Plan (DMP) which will articulate a coordinated vision and action plan outlining the tourism future for the Taupō District.

The recruitment of a dedicated Destination Management contractor in December 20 and the formation of a Leadership Advisory Group (bringing together the key decision makers across industry, DOC, mana whenua and Council) has enabled the facilitation of this important workstream.

Three key projects have included a full Product Audit across the region, the development of a ‘Regional Story’ and building capability of our local tourism industry.

The Product Audit is in its final stages of completion and will provide an in-depth record of existing tourism product, infrastructure, and operator performance (through tracking consumer review sites). This audit enables us to identify product gaps and opportunities for product development as well as highlighting where industry needs to build greater capability to deliver an exceptional visitor experience.

The second project is creating a “Regional Story”. The key purpose of this work is to identify the underlying essence of the region to ensure all sectors, stakeholders and community share a united vision and voice across the marketing, future development, investment, and protection of our region.

Both projects will provide an evidence base and structure to inform future development and strategy to ensure the sustainable growth of our district.

Our third key focus is on building capability within the industry. This is an important part of Destination Management as it is critical that the sector remains sustainable, competitive and meets customer expectations across all aspects of the customer journey. DGLT held several training workshops for industry throughout the year with the key emphasis on building greater skill and expertise in digital marketing, leveraging the Tourism NZ platform and delivering business and regional events. In addition, many tourism operators tapped into the Regional Business Partners Network funding scheme for one – on- one business continuity planning, financial and marketing advice. This work has clearly indicated a need to provide more personalised hands-on training for our smaller operators. In 2021-2022 we will be introducing one-on-one training onsite to help address this need.

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. A new metric TECT (Tourism Electronic Card Transactions) is now being used as an interim replacement for the Monthly Regional Tourism Estimates.

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 will be smaller than those of the MRTEs, as they only represent part of the total tourism spend.



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.

In the year ending June 21, the Taupo region has performed strongly compared to many regions. Other than the traditionally high-season months of November – January, the growth in domestic spend has offset the losses from international with the total year end spend resulting in a 17% growth on 2020 and a 6% growth on 2019 figures. Domestic spend grew 40% compared to year end June 2020 and 31% compared to pre-covid 2019-year end data. This compares to national growth of 19% and 22% respectively.

Guest nights:

With the cessation of the Commercial Accommodation Monitor data programme in September 2019 we lost the ability to track occupancy and performance within the Commercial Accommodation sector until June 2020 when Freshinfo launched the Accommodation Data Programme (ADP). This 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 as a top 10 performer almost every month since lock-down, with many months in the top 5.

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 2021. Following a severe drop during lockdown, revenue generated on the platform has bounced back over the last 12 months and is well used by both domestic and Australian visitors. The average length of stay in region remains consistent at 1.8 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 2020	Target/Goal YE Jun 2021	Interim YTD Jul 20 – Oct 20	YE Actual 2020-2021	Status	Comments
Growth in tourism expenditure	MRTE's	\$612M	\$500M	\$216M	Not recorded	Not achieved	MBIE suspended publishing the MRTE data as of October 2020, and consequently this metric can not be reported beyond October 2020. This model was considered unfit for purpose due to Covid – 19 border closures and changes in the way data was captured for international and domestic visitors. Please refer to https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/monthly-regional-tourism-estimates/latest-update/data-download/
Objective 2 - Sustainably manage and develop the destination to create a 'Destination of Excellence'							
As measured	Data Source	Prior Year Actual YE Jun 2020	Target/Goal YE Jun 2021	Interim YTD Jul 20 – Nov 20	YE Actual 2020-2021	Status	Comments
Visitor experience Satisfaction	AA Monitor Nett Promoter Score	NPS: 52	NPS: 50	NPS: 53	Not recorded	On target	AA monitor surveys were discontinued from November 2020
Objective 3 - Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry							
As measured	Data Source	Prior Year Actual YE Jun 2020	Target/Goal YE Jun 2021	Interim YTD	YE Actual 2020-2021	Status	Comments

Support for DGLT marketing initiatives	Measured by free of charge, in-kind support, or paid partnership marketing activity.	\$122,149	\$40,000	\$90,908	Achieved	With the continuation of closed borders there has been no international travel agent or media famils this year – reducing the in-kind support figure compared to 2020. However, an increase in domestic media famils has offset some of this loss
Stakeholder Satisfaction	Survey of active Tourism operators	76%	85%	82%	Not Achieved	The survey conducted via Survey Monkey was sent out to 333 industry operators across the Taupo District. 44 responses were received. 10% margin of error at 95% confidence level.



SUMMARY OF FINANCIAL STATEMENTS

OVERVIEW

Destination Great Lake Taupo is a Council Controlled Organisation of the Taupo District Council. Funding is primarily provided by a grant from the Taupō District Council. However, DGLT has received significant additional funding from Central Government through grants from the Strategic Tourism Assets Protection Programme (STAPP) and the Regional Events post-covid recovery funds. In addition, the Business Events partnership has delivered over \$30,000 in membership payments from operators and a grant of \$25,000 from Tourism New Zealand. Industry has shown greater support for our activity and advertising sales for lovetaupo.com exceeded \$40,000.

STATEMENT OF FINANCIAL PERFORMANCE

Revenue for the year was \$2,118,771 comprised of the TDC grant, Central Government funding through the Strategic Tourism Assets Protection Programme (STAPP) and Regional Events Fund, a grant from Tourism New Zealand for Business Events, partnership activity with industry and interest received. Operating expenditure for the year was \$1,972,223 resulting in a surplus of \$146,548. The surplus includes provision for one off restructuring costs that were incurred as a result in the reduction of the grant and the transfer of the I-site back to Taupō District Council

STATEMENT OF FINANCIAL POSITION

Trust equity has increased to \$219,528 and the Trust has a working capital position of \$151,046

COMMENTARY ON FINANCIALS:

TDC Grant income was set at the reduced level of \$1,329,636 for the year to 30 June 2021. TDC have paid an additional reimbursement of \$159,287 to compensate for the:

- 2019-20 I-site losses \$88,774
- Compensation for costs incurred in restructure \$70,513

Other Funding Grants included a \$700,000 grant from MBIE for the STAPP, \$40,000 for the Thermal Explorer Regional Events Fund and a \$25,000 grant from Tourism New Zealand for Business Events.

DGLT remains in a strong financial position with sufficient cash and reserves carrying over to the financial 21/22 year. Current cash reserves as of 30/06/21 are \$385,731.

Report to Taupō District Council for 01 July 2020 – 30 June 2021

Prepared by:



Jane Wilson
DGLT General Manager
14 July 2022



Destination Lake Taupo Trust
Financial statements
for the year ended 30 June 2021

Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2021

	Note	Actual 2021 \$	DLTT SOI 2021 \$	Actual 2020 \$
Revenue				
Operating grants	5	2,054,060	1,329,636	2,098,847
Revenue from services provided	4	64,383	-	465,347
Finance revenue	6	328	-	8,316
Other gains/(losses)		-	-	2,705
Total revenue		2,118,771	1,329,636	2,575,215
Expenditure				
Employee benefit expenses	7	511,869	350,000	1,174,018
Depreciation and amortisation expense	13,14	43,747	65,000	63,227
Finance costs	6	-	-	-
Other expenses	7	1,416,607	914,636	1,565,919
Total operating expenditure		1,972,223	1,329,636	2,803,164
Operating surplus/(deficit) before tax		146,548	-	(227,949)
Income tax (expense)/credit		-	-	7,000
Surplus from continuing operations		146,548	-	(220,949)
Total comprehensive revenue and expenses attributable to:				
Destination Lake Taupo Trust		146,548	-	(220,949)

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 2021

	Note	Actual 2021 \$	DLTT SOI 2021 \$	Actual 2020 \$
Net Assets/Equity at start of the year	8	72,978	-	293,927
Total comprehensive revenue and expenses		146,548	-	(220,949)
Balance at 30 June	8	219,528	-	72,978

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



Statement of Financial Position
As at 30 June 2021

	Note	Actual 2021 \$	DLTT SOI 2021 \$	Actual 2020 \$
ASSETS				
Cash and cash equivalents	9	385,731	-	312,278
Other financial assets	12	-	-	-
Trade and other receivables	10	34,964	-	114,101
Inventories	11	-	-	37,245
Prepayments		20,175	-	23,711
Total current assets		440,870	-	487,335
Non-current assets				
Property, plant and equipment	13	18,572	-	86,545
Intangible assets	14	49,910	-	85,987
Total non-current assets		68,482	-	172,532
Total assets		509,352	-	659,867
LIABILITIES				
Current liabilities				
Trade and other payables	15	243,720	-	473,165
Employee benefit liabilities	16	46,104	-	112,306
Current tax liabilities		-	-	-
Total current liabilities		289,824	-	585,471
Non-current liabilities				
Employee benefit liabilities	16	-	-	1,418
Total non-current liabilities		-	-	1,418
Total liabilities		289,824	-	586,889
Net assets (assets minus liabilities)		219,528	-	72,978
EQUITY				
Contributed equity	8	100	-	100
Accumulated funds	8	219,428	-	72,878
Total equity		219,528	-	72,978

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

Statement of cashflows

For the year ended 30 June 2021

	Actual 2021 \$	DLTT SOI 2021 \$	Actual 2020 \$
Note			
Cash flows from operating activities			
Receipts from customers	119,201	-	446,708
Receipts from Taupo District Council operating grant	1,488,922	-	2,098,847
Finance revenue	328	-	8,316
Other revenue	757,992	-	2,705
Payments to suppliers	(1,834,364)	-	(1,286,144)
Payments to employees	(579,488)	-	(1,173,735)
Interest paid	-	-	-
Net GST refunded / (paid)	60,599	-	(76,029)
Net cash flow from operating activities	13,190	-	20,668
Investments made	-	-	-
Investments matured	-	-	250,000
Proceeds from sale of property, plant and equipment	65,984	-	-
Purchase and development of property, plant and equipment	(5,721)	-	(11,013)
Net cash flow from investing activities	60,263	-	238,987
Net increase (decrease) in cash held	73,453	-	259,655
Add cash at start of year	312,278	-	52,623
Cash, cash equivalents, and bank overdrafts at the end of the year	385,731	-	312,278
	9	-	312,278

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 2021

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 markets 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 2021. The audited financial statements were approved by the Board of Trustees on 14 July 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 20th June 2022 Council provided a letter of support 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.

2 Summary of significant accounting policies

Commitments and contingencies are disclosed exclusive of GST.

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) Finance leases

Leases

Leases in which substantially all of 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 lease are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

At the start of the lease term, finance leases are recognised as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum 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, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on derivative 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.

(ii) 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 Summary of significant accounting policies

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.

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.



2 Summary of significant accounting policies

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.

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.

Website

Website development costs recognised as assets are amortised using the straight-line method over their estimated useful lives (not exceeding 8 years).

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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.

Cash generating assets are those assets that are held for the primary objective of generating a commercial return. Value in use is the present value of expected future cash flows.

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return. The value in use for non-cash generating assets is the depreciated replacement cost

2.13 Financial Liabilities

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



2 Summary of significant accounting policies

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.

2.16 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 2021 \$	Actual 2020 \$
<u>Revenue from significant activities</u>		
I-Site operations	7,140	360,124
Other revenue	1,254	11,248
Marketing fees	55,989	93,975
Total revenue from services provided	64,383	465,347

The i-Site Operations revenue (including stock movement) is shown below:

Analysis of I-site Revenue

Retail sales	-	144,342
less cost of goods sold	-	(81,738)
Gross margin on retail sales	-	62,604
less stock losses	-	(3,860)
	-	58,744
I-Site Commissions	7,140	152,356
I-Site Operator advertising revenue	-	51,453
Other	-	11,973
Total I-site operations revenue	7,140	274,526

5 Revenue from grants

	DGLT	
	Actual 2021 \$	Actual 2020 \$
Grants		
Other government grants*	565,138	-
Operating grant from Taupo District Council**	1,488,922	2,098,847
Total revenue from government grants	2,054,060	2,098,847

*Other government grants comprise a \$25,000 grant from Tourism New Zealand and a \$40,000 grant from the Regional Events Fund for the purpose of stimulating domestic travel between regions through the holding of events. Also included is a \$700,000 grant received from MBIE as part of the Strategic Tourism Assets Protection Programme. The programme is nationwide and is intended to protect core tourism offerings to ensure their survival through the disruption caused by Covid 19. The Trust has been able to utilise a portion of each grant to continue to develop and implement destination management and marketing activities within the Taupo region. At balance date, the unutilised share of the STAPP grant has been transferred to Revenue in Advance on the basis that any unused funds are required to be returned to MBIE. There is no use or return condition attached to the Tourism New Zealand or Regional Event funds, enabling the Trust at balance date to recognise the full amount of each of these grants as income.

**The operating grant from Taupo District Council was reduced for the 2021 financial year from an initial projected amount of \$1,829,636 to \$1,329,636. The reduction in funding was the consequence of a whole council expenditure review, necessitated by the adverse impact of Covid 19 on revenue. Additional funding of \$159,286 was also provided by Council to compensate for prior year I Site losses and costs incurred in relation to the staff restructure.

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



6 Finance revenue and finance costs

Finance revenue
Interest revenue
Less finance costs
Interest expense
Net finance costs

DLTT	
Actual 2021 \$	Actual 2020 \$
328	8,316
-	-
328	8,316

7 Operating expenditure

Employee benefit expenses
Salaries and wages
Increase/(decrease) in employee entitlements/liabilities
Defined contribution plan employer contributions
Total employee benefit expenses

Depreciation by asset class:

Office equipment
Furniture and fittings
Machinery

Amortisation of intangible assets:

Website Development

Total depreciation and amortisation

Other expenses

Advertising
Audit fees for financial statements audit
Bad debts written off
Bank fees
Board meeting fees
Building rental
Conference fees
Industry expenses
Insurance
Inventory cost of goods sold
Inventory writeoff
Legal fees
Loss on disposal of property, plant & equipment
Maintenance
Materials and supplies
Memberships and subscriptions
Other expenses
Printing & stationery
Professional services fees
Publicity
Staff expenses
Taupo District Council administration expenses
Travel & accommodation
Total other expenses

DLTT	
Actual 2021 \$	Actual 2020 \$
566,381	1,196,120
(67,620)	(55,091)
13,108	32,989
511,869	1,174,018
-	8,318
7,670	18,733
-	-
36,077	36,176
43,747	63,227
974,500	689,144
19,061	18,525
965	1,040
355	28,052
41,934	39,308
32,188	157,159
11,872	22,201
817	-
2,572	2,451
-	81,738
-	3,860
2,170	575
40	1,240
9,411	8,999
11,814	17,068
58,104	48,510
40,242	76,621
5,782	27,275
119,209	52,362
2,420	5,546
3,001	8,453
50,000	179,000
30,150	96,792
1,416,607	1,565,919

8 Net assets/equity

	DLTT	
	Actual 2021 \$	Actual 2020 \$
Trust Equity		
Accumulated funds	219,428	72,878
Balance as at 30 June	219,428	72,878
Contributed equity		
Equity	100	100
Balance as at 30 June	100	100
Total equity	219,528	72,978
Accumulated funds		
Balance as at 1 July	72,880	293,827
Surplus/(deficit) for the year	146,548	(220,949)
Balance as at 30 June	219,428	72,878

9 Cash and cash equivalents

	DLTT	
	Actual 2021 \$	Actual 2020 \$
Cash at bank and in hand	-	1,500
Call deposits	385,731	310,778
Term deposits with maturities of less than three months	-	-
Total cash and cash equivalents used in statement of cashflows	385,731	312,278

10 Trade and other receivables

	DLTT	
	Actual 2021 \$	Actual 2020 \$
Trade receivables	9,741	28,098
Net debtors	9,741	28,098
Other	-	181
GST refund	25,223	85,822
	25,223	86,003
Total current net trade and other receivables	34,964	114,101
Total debtors and other receivables from exchange transactions	9,741	28,098
Total current net trade and other receivables from non-exchange transactions	25,223	86,003

10 Trade and other receivables

Total current net trade and other receivables

34,964	114,101
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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 2021 are detailed below:

	DLTT	
	Actual 2021 \$	Actual 2020 \$
Current	1,293	717
Past due 1-30 days	2,081	11,177
Past due 31-60 days	3,278	-
Past due 61+ days	3,089	16,204
Total individual impairment	9,741	28,098

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

11 Inventories

Commercial inventories

- held for use in the provision of services

Total inventory

	DLTT	
	Actual 2021 \$	Actual 2020 \$
	-	37,245
	-	37,245

12 Other financial assets

At beginning of year
Disposals (sale and redemption)
At end of year

	DLTT	
	Actual 2021 \$	Actual 2020 \$
	-	250,000
	-	(250,000)
	-	-



13 Property, plant and equipment

	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 2020 \$	Accumulated depreciation 30 Jun 2020 \$	Carrying amount 30 Jun 2020 \$
DGLT 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
DGLT 2020									
Operating assets									
Furniture and fittings	125,690	(37,780)	87,910	5,157	-	(18,733)	130,847	(56,513)	74,334
Office and computer equipment	62,614	(46,701)	15,913	5,854	(1,238)	(8,318)	63,582	(51,371)	12,211
Total DLTT	188,304	(84,481)	103,823	11,011	(1,238)	(27,051)	194,429	(107,884)	86,545

There is no provision for impairment this year (2020 \$nil)

14 Intangible assets

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

	Website \$	Total \$
Year Ended 30 June 2020		
Opening net book amount	122,162	122,162
Amortisation charge **	(36,175)	(36,175)
Closing net book amount	<u>85,987</u>	<u>85,987</u>
At Actual 2020		
Cost	144,308	144,308
Accumulated amortisation and impairment	(58,321)	(58,321)
Net book amount	<u>85,987</u>	<u>85,987</u>
	Website	Total
Year ended 30 June 2021		
Opening net book amount	85,987	85,987
Amortisation charge **	(36,077)	(36,077)
Closing net book amount	<u>49,910</u>	<u>49,910</u>
At 30 June 2021		
Cost	144,308	144,308
Accumulated amortisation and impairment	(94,398)	(94,398)
Net book amount	<u>49,910</u>	<u>49,910</u>

** Amortisation of \$36,077 (2020: \$36,175) is included in depreciation and amortisation expense in the statement of comprehensive income.

15 Trade and other payables

	DLTT	
	Actual 2021 \$	Actual 2020 \$
Trade payables	18,622	372,223
Accrued expenses	24,990	91,962
Provision for ACC	245	1,973
Revenue in advance	199,863	7,007
Total creditors and other payables	243,720	473,165
Total creditors and other payables from exchange transactions	43,612	464,185
Total creditors and other payables from non-exchange transactions	200,108	8,980
Total current creditors and other payables from exchange and non-exchange transactions	243,720	473,165

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.

16 Employee benefit liabilities

	DLTT	
	Actual 2021 \$	Actual 2020 \$
Current portion		
Accrued pay	15,237	5,745
Annual leave	30,580	44,771
Alternative leave	287	542
Provision for Redundancies	-	61,248
Total current portion	46,104	112,306
Non-current portion		
Long service leave actuarial accrual	-	1,418
Total non-current portion	-	1,418
Total employee entitlements	46,104	113,724



17 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 \$1,488,922 (2020: \$2,098,847) 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 2021 \$	Actual 2020 \$
Remuneration (Trustees and Senior Management Personnel)	240,574	460,063
Full Time Equivalent Personnel	8	10
Total key management personnel compensation	240,574	460,063
Total full-time equivalent personnel	8	10

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.

18 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 2021 \$	Actual 2020 \$
Payable no later than one year	22,850	-
Later than one, not later than two years	15,233	-
Total operating sub-lease	38,083	-

19 Contingencies

As at 30 June 2021 the Trust had no contingent liabilities or assets (2020: \$nil).



20 Financial instruments

Financial instrument categories

Assets	Assets at fair value				Total \$
	Held for trading \$	through surplus or deficit \$	Loans and receivables \$	Available for sale \$	
DLTT 2021					
Cash and cash equivalent	-	-	385,731	-	385,731
Receivables and prepayments	-	-	9,741	-	9,741
Total assets	-	-	395,472	-	395,472
DLTT 2020					
Cash and cash equivalent	-	-	312,278	-	312,278
Receivables	-	-	28,098	-	28,098
Other financial assets: Term Deposits	-	-	-	-	-
Total assets	-	-	340,376	-	340,376

Liabilities	Liabilities at fair value			Total \$
	Held for trading \$	through surplus or deficit \$	Measured at amortised cost \$	
DLTT 2021				
Payables and accruals	-	-	228,853	228,853
Total liabilities	-	-	228,853	228,853
DLTT 2020				
Payables and accruals	-	-	473,165	473,165
Total liabilities	-	-	473,165	473,165

21 Events after balance date

There were no significant events after balance date.



22 Explanation of major variances against budget

Explanations for major variations from the DGLT's budget figures in the SOI are as follows:

Statement of comprehensive revenue and expense

	DLTT 2021 \$	DLTT 2020 \$
Budget - surplus before tax	-	-
Employee benefit expenses - higher than budget due to utilising funding opportunities which became available after the Statement of Intent (SOI) was completed. The SOI reflected lower staff numbers due to the planned staff restructure that was part of the Trust's response to Covid 19. The restructure reduced staff capacity from 7.8 to 4.5 full time equivalent positions. Following completion of the SOI, the Trust received a \$700k government STAPP grant enabling extra resource to be added back to the team, including a full-time position to undertake destination management.	(161,869)	62,764
Revenue from services provided - other revenue was budgeted at nil for the 2021 financial year due to the planned transfer of the I-Sites to TDC and the uncertainty around the impact of Covid 19 on marketing revenue. In the current financial year, the Trust received income predominantly from website advertising and business partnering fees in relation to the Taupo Business Events project.	64,383	(271,333)
Other income - interest income only	328	3,221
Marketing, advertising, and other expenses - this expenditure was well above budget for all cost categories due to utilising the revenue secured from the Strategic Asset Protection, Tourism New Zealand and Regional Event funding programmes. The availability of extra funding enabled the Trust to spend an additional \$172k on marketing and advertising visitor attractions within the Taupo district. The funding also offset administration and other expenses, giving rise to an overall lower than budget spend in these areas.	63,167	-
Grant from Taupo District Council - higher than budget due to specific receipts to cover 2020 I-Site losses and costs incurred in relation to the staffing restructure.	159,286	103,997
Depreciation and amortisation expense - lower than budget due to I Site Assets being transferred to the Taupo District Council in the current financial year resulting in a nil depreciation claim on these assets.	21,253	(37,566)
Prior year other expenses - higher than budget due to increased advertising in response to Covid-19	-	(90,186)
Prior year tax provision - higher than budget as reversal of tax provision not budgeted	-	7,000
Actual - surplus before tax	<u>146,548</u>	<u>(222,103)</u>

23 Impact of Covid-19

Prior to the Covid 19 pandemic, tourism was a major contributor to the local economy, delivering an estimated 17.4% of local GDP and employing 30% of the local workforce. The industry has been hit hard by the pandemic and the Trust has had to undergo some changes to continue to deliver on its business strategy. Within the current financial year, one of the changes that has taken place is the Trust's relinquishment of I Site ownership with the transfer at book value, of all I Site assets to the Taupo District Council. The Trust's liquidity position has improved by \$65k due to the I Site transfer. The finances of the Trust have also been positively impacted owing to the I Sites having sustained operating losses over recent periods.

Another major change for the Trust was the receipt of \$500k less in funding from the Taupo District Council as part of the Council's response to the Covid 19 downturn. The reduced funding was consistent with the Trust's Statement of Intent and accordingly a staff restructure was also planned whereby staff levels were reduced from 7.8 to 4.5 full-time equivalent positions. In addition to the planned funding, the Trust also received from Council extra funding of \$159k to specifically accommodate the cost of the staff restructure[\$70k] and prior year I Site losses[\$89k]. The staff restructure was completed early in the current financial year and formed part of the Trust's response to the economic uncertainty attributable to Covid 19.



23 Impact of Covid-19

Following completion of the Trust's Statement of Intent and implementation of the planned staff restructure, the government instigated covid assistance measures and the Trust made submissions to the appropriate extent for this assistance. The outcome of the Trust's submission was receipt by the Trust of government grants in the vicinity of \$740k. The government funding essentially replaced the current year's lost revenue from Council enabling the Trust to reassess their human resource capacity and continue efforts to effectively promote the Taupo region as a destination. Overall, the measures that the Trust has taken to overcome the impact of Covid 19 have been positive in terms of the effect of these measures on the Trust's financial position at balance date

24 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.

25 Breach of Legislative Reporting Requirement

Destination Great Lake Taupo Trust was required under section 67(5) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 30 November 2021. The November deadline has not been met because Audit New Zealand was unable to complete the audit within the necessary timeframe, due to an auditor shortage and the consequential effects of Covid 19, including lockdowns.

