



GREAT LAKE TAUPŌ

Gareth Green
Chief Executive Officer
Taupo District Council
46 Horomatangi Street
Taupō 3330

26 February 2018

Dear Gareth

Interim 6 month report on Trust operations

In accordance with the Destination Great Lake Taupo Trust Deed, please find attached a copy of the interim 6 month report on Trust operations.

The board looks forward to present the report to Councillors and answer any questions at the workshop on Tuesday 27 March 2018.

Yours sincerely

Ray Salter
Chairman
Destination Great Lake Taupo Board

Destination Great Lake Taupō

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In association with





DESTINATION GREAT LAKE TAUPŌ

INTERIM REPORT

FOR THE SIX MONTHS ENDING 31 DECEMBER 2017



GREAT LAKE TAUPŌ

DIRECTORY

Governing Body

Destination Lake Taupō Trust Board

Ray Salter (Chairman)

Kathy Guy

Laura Duncan

Dennis Christian

Glyn Williams

Jonathan Cameron

General Manager

Damian Coutts

Bankers

Bank of New Zealand, Taupō – Transactional Banking

Auditors

Audit New Zealand on behalf
of The Controller & Auditor
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PERFORMANCE OVERVIEW

This Interim Report consolidates the 6 monthly financial statements for the Destination Great Lake Taupō Trust, an assessment against key performance indicators in the 2017-20 DGLT Statement of Intent, and a report on the Trust's activities (in accordance with Section 13.2(a) of the Trust Deed).

Despite some initial concern around the possible impact of the recent algal bloom over the peak period, year to date trends and anecdotal evidence suggest there has been good growth in both international and domestic tourism. Data suggests strong spring and summer growth, well beyond the target of 4.8% growth in spending as set out in the Statement of Intent (in both domestic and international tourism). This growth is reflected in commercial accommodation numbers for international visitors, but not so for domestic, where there has been a significant shift (and growth in) private accommodation. For example, there has been a 203% growth in the number of Airbnb listings over the 12-month period (representing a growth rate significantly above that occurring in commercial accommodation). Much of this expenditure is not captured in either the Monthly Regional Tourism Estimates or Marketview report, so it is likely that the level of tourism growth is beyond that currently recorded (in terms of accommodation spend).

In terms of DGLT activity to support and enable growth, business as usual marketing activity has been maintained through 2017/18 and DGLT is on track to hit most of the key performance indicators in the Statement of Intent. The notable exceptions are the performance indicators relating to the i-SITES, with both centres experiencing declining door counts and sales. There has also been a change to the way we count traffic to our visitor website www.greatlaketaupo.com. In 2016/17 we measured total visits/sessions to the site, including traffic generated by the Taupo CBD free wifi landing page. In October 2017 we altered the website so that this free wifi traffic is monitored, but no longer counted in overall website performance (as users of the free wifi service are not always visitors to the region).

The financial position for the trust will remain tight for 2017/18. There has been no increase to the DGLT grant for a number of years, and this is on top of increasing costs, plus significantly reduced revenue (through the i-SITES). While the trust appears to be underspent year to date (relative to 2016), this simply reflects the timing of expenditure, and by year end the expectation is that the financial position will have deteriorated significantly and the trust is planning on drawing down equity to sustain marketing activity, and to fund capital upgrades in the Turangi i-SITE. The trust considers that there is no further ability to buffer cost increases and retain current activity levels. This position is not sustainable, particularly when set alongside an aspiration and strategic direction to ramp up marketing activity.

REPORT ON TRUST ACTIVITIES

Implementation of DGLT Strategic Document:

Through 2016 DGLT spent considerable effort developing a new strategic direction. The new document (*The Next Big Thing* – Destination Great Lake Taupo Strategic Document 2016) was forwarded to Taupo District Councillors in December 2016 and was released to the industry at an industry event in December 2016. DGLT has spent much of 2017 ensuring marketing activity and investment is aligned to the new strategy. This has included a more active role in destination management issues, focusing of marketing activity to target shoulder/winter periods and a specific focus to broaden the range of visitors to the region. The largest single change in direction over this period has been the implementation of a specific winter marketing programme alongside Tourism NZ and Ruapehu Alpine Lifts in Australia (enabled by the extra \$100,000 of funding provided by Taupo District Council). In 2018 the focus will be on aligning content, imagery and marketing material to reinforce this new direction, and a shift more towards a digital approach for all marketing activity.

Destination Marketing:

Domestic **consumer marketing** continues to be targeted to key markets of Auckland, Wellington, Hawkes Bay, Bay of Plenty, and Waikato. We have moved away from our traditional approach of two seasonal campaigns (summer and winter) and developed a spring / 'come early for summer' campaign, an Autumn campaign, and then a Winter campaign to try and bolster visitor numbers in the quieter shoulder and winter seasons (and to avoid focusing growth on the summer period when the region already has good occupancy).

Our 2017 winter domestic winter campaign activity kicked off in May 2017, with various pulses throughout the winter season including a spring push. Winter 2017 was the first year of the Tourism NZ, RAL, Visit Ruapehu and Taupo collaboration around winter/ski marketing in to Australia (utilising the additional funding provided by Taupo District Council). This campaign activity ran in the months prior to the commencement of the winter season and so is not covered in this 6-month period. However significant planning has been occurring for the ramp up in marketing activity planned for winter 2018. This has been enabled by additional investment from Auckland International Airport and growing support from the ski wholesalers.

Our 2018 Autumn campaign activity will kick off in March 2018, targeting April/May travel. Our 2018 winter campaign activity kicks off in Australia in February (targeting travel from July onwards as offshore travelers have a significantly longer lead in time for bookings), and our domestic winter campaign will launch in May 2018. This will be reported as part of the annual report in July/August 2018.

Digital/online marketing remains the focus for our destination marketing. DGLT continues to invest in GreatLakeTaupo.com as the web platform to capture potential visitors, as well as those looking for events, retail and hospitality options and information about the region's assets. The site has been running since 2014 and performance has been very good since that time. There were 334,863 users of the site during this period. However, the digital landscape continues to change rapidly. This has included a rapid shift from desktop and tablet to mobile, Google constantly evolving their algorithms for search, and changing technology/user expectation in terms of the look and feel, content and architecture of destination websites. We have commenced work on the look and feel for our site, to make sure we respond to these changes and sustain performance levels relative to competitor regions/destinations. In November 2017 we reviewed our reporting approach for the site. As a result, we are now extracting the 'free wifi' data and reporting on that separately. We are also working to provide more meaningful insights – around acquisition, behavior (engagement) and conversion. This will be based on a more holistic view of the purpose of the site, rather than concentrating purely on visitor volume.

Additionally, our social media channels remain important channels for promotion to visitors. The main channels we are currently utilising are Facebook, Twitter, Instagram, YouTube and Sina Weibo. DGLT currently has 31,864 Facebook followers, 6,339 Twitter followers, 13,721 Instagram followers and for Sina Weibo we have 3318 followers. YouTube views are at 92,058 from 1 July to 31 December 2017.

We also achieved media exposure across a wide range of domestic and international channels including **print, broadcast and online**. Some key wins included features in Signature Luxury Travel & Style Magazine; Luxury Travel Magazine; Escape (Australia); Tatler Weddings; Cycling Maven; Out & About with Kids; NZ Herald Travel on Sunday (print and online); UNO Magazine; TV3's The Café; stuff.co.nz; plus many others.

The **Official Great Lake Taupo Visitor Guide** was republished in December in collaboration with local firm Ninety-Black and continues to have strong support from local operators. 100,000 copies have been produced and are being distributed around Auckland, Rotorua, Wellington and Taupo.

The focus by DGLT in the **international market** has continued in the first six months of the 2017/18 year to ensure we capitalise on strong growth in international arrivals in to NZ. Due to the scale of the complete international market, DGLT has focused activity around Australia, UK/Europe and the North American markets.

Unlike domestic visitors, international (especially long haul) 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'. Over the past six months the collective ran a series of sales and training events in both the US and UK/Europe for travel sellers which included promotion and training to over 750 agents throughout 9 countries. There is still opportunity to expand activity offshore, in collaboration with Tourism NZ and Explore Central North Island, but this would require additional resourcing.

Corporate and business event clients are high value and contribute to the overall economy often in off-peak and shoulder season times. Conference and business event delegates per night spend within the region is approximately \$504 per person per night (CDS Survey Dec 2016 – MBIE), this is a significant amount higher than the average domestic holiday visitor. The total number of business events held within the Great Lake Taupō region year to date is currently sitting at 588 events (as collected from our main conference venues), which is comparable to the first half of the 2016/17 year. The region is showcased to potential conference and incentive buyers through a range of channels including sales calls, tradeshow and famils. This has included hosting New Zealand based companies to the region over the past 6 months on famils tailored specifically to suit their event requirements and coordinating and running a networking event in Auckland where 18 Taupo based operators joined Destination Great Lake Taupo to showcase what the region has to offer their businesses for meetings and events.

Investment in our **i-SITES** has continued through the facilities in both Taupō and Turangi. However, the i-SITES are experiencing challenges competing for their share of commission sales; advertising dollars and retail spend from various on-line options and other on-sellers. The visitor numbers for both i-SITES are also down. The Turangi door count has dropped 18.8% to 31,803 and the Taupo centre door count has dropped 21.2% to 69,437. Revenue has also declined. For Taupo, gross commission sales are down 1.9% while retail sales are up 0.5%. For Turangi commission sales are down 12.8% while retail are down 47%.

A key project in the i-SITES over the last 6 months has been the upgrade of the Turangi i-SITE building to incorporate the Volcanic Activity Centre, plus upgrades of displays in the Turangi i-SITE as a result of this building work. The Volcanic Activity Centre is now in the building and operational, however the i-SITE work is due to be completed February / March 2018. The inclusion of the Volcanic Activity Centre in the building has helped boost commission revenue significantly for the Turangi i-SITE, while retail sales have been impacted negatively by construction/building work.

Destination Management:

DGLT has worked alongside Tourism Resource Consultants and the Bay of Connections to develop a Bay of Plenty Visitor Strategy, and a specific Taupo District visitor strategy. These documents outline the key infrastructure necessary to cope with and enable future tourism growth. The strategies will be critical to help unlock central government funding support for critical infrastructure projects. DGLT has also worked with Taupo District Council on the development of funding applications to central government for tourism infrastructure, including recent applications for Spa Park / Otumaheke Stream, Reids Farm / Hipapatua and the Taupo Airport. DGLT has continued to work alongside Bike Taupō, Go Tongariro and Taupo District Council on the sourcing of funding to develop a shared use cycleway and walkway between Turangi and Taupō.

DGLT has continued to work on key destination management issues and has been an active part of discussions around management of freedom camping and the Tongariro Crossing in the lead up to the peak summer period.

In October/November DGLT piloted a series of digital and social media marketing professional development workshops for operators. This involved operators participating in two workshops which were well attended. DGLT has run / organised frontliner training for new staff in the tourism industry on the various activities and attractions in the district.

DGLT has continued to support District Events, Towncentre Taupō, Go Tongariro and the business community in Mangakino through the year. This support is a mixture of time and resource. These **partnerships** assist with visitor attraction and provide ongoing capability building. DGLT also informs stakeholders of what is happening within the industry by collecting and sharing useful information/data.

Industry engagement:

Across the period there are hundreds of meetings with individual operators, however in terms of formal (larger) gatherings, DGLT ran its annual industry update in Taupō, plus a Turangi after 5 event in July, in conjunction with Go Tongariro (to debrief the year and engage stakeholders in the key activity planned for 2017/18) and the AGM was held in August. In December the annual DGLT Christmas party was held for operators (in partnership with Tourism Lake Taupo).

Visitor data:

Data collection and monitoring on overall visitor impacts remains a priority for DGLT. The Ministry of Business Innovation and Employment (MBIE) releases the Monthly Regional Tourism Estimates, which provide a monthly calculation of domestic and international expenditure by regional tourism organisation. The data is extrapolated from the national tourism satellite account with data collated by Statistics New Zealand. The latest data was released on 8 February 2018 (for December 2017) and presents the following picture:

- Total tourism spending of \$627 million (year ended December 2017), up 9% from 2016.
- Spending in December of \$80 million (up 8% on the same month in 2016).
- Domestic spending accounted for \$424 million, with the remaining \$203 million from international visitors.

Overall, annual tourism (direct) expenditure for Taupō District is estimated at \$627 million, and when indirect expenditure is also included, the sector accounts for roughly \$1.17 billion of spending. Tourism remains the largest employment sector in the district, with in excess of 5,600 direct full time equivalent employees.

This is reinforced in the Marketview data, which tracks electronic card retail transactions. The Quarter 2 report shows that overall spending is up by 8.2% and transactions are up by 7.2% (relative to 2016). Spending by visitors accounted for 53.4% of total spending in this quarter. Consistent with previous reports in 2016, spending by locals is growing at 6.3%, whereas spending by visitors is growing at a much faster rate (10.3% for domestic visitors and 11% for international). In terms of tourism retail categories, accommodation (11% growth), food and beverage (11%) and recreation/activities (9.7%) are all showing very good growth.

MBIE have also produced a Regional Economic Activity Report with data on the estimated number of international guest nights (drawn from the international visitor survey). These are estimated by MBIE at 1,229,641 guest nights per annum for our region, for the year ended September 2016. This is up from 1,163,842 in 2015, 899,185 in 2014, and 753,138 in 2013.

The other key data set is the commercial accommodation monitor. This tracks monthly data for hotels, motels, commercial backpackers and camp grounds. This means private accommodation, bed and breakfast (plus Airbnb) and freedom camping figures are all excluded. The year-end December 2017 data shows that guest nights rose 5.4% to 1,142,750, with 8.5% growth in international guest nights and an increase in domestic nights of 3.7%. This is in contrast to private accommodation which appears to be growing at a much faster rate, with some significant displacement of domestic guest nights in to holiday home accommodation. For example, Airbnb data shows a growth in listings of 203% over the last 12 months (from around 450 to over 900 properties).

The critical importance of these new data sets is that DGLT is now able to present a coherent picture of total estimated guest nights and visitor spend. While the data sets are all estimates and vary slightly in their overall estimation and scope, the general trends are consistent. Generally, they point to good growth in both visitation and spending. The challenge, however, is to make sure that we can continue to leverage our share of international growth, whilst holding existing market share in domestic. We also need to make sure that growth is targeted to shoulder and winter periods, and is spread around the district.

PERFORMANCE AND OTHER MEASURES ACHIEVED

Below is a table outlining the half year measures against performance targets set for year end 30 June 2018.

Measures of Success –	Measures of Success/Goals	Results/Actuals
Objective 1 – Establish Great Lake Taupo as ‘THE North Island holiday destination’, centred around our natural environment and attractions		
<p><i>Growth in tourism expenditure</i></p> <p><i>Measured by the Monthly Regional Tourism Estimates</i></p> <p><i>Measured by the Quarterly Marketview report</i></p>	4.8% annual growth	<p>In the 12 months ending December 2017 spending is up 9%.</p> <p>Electronic card spending by visitors is up 10.3% for domestic visitors and 11% for international visitors.</p>
<p><i>Visitation in the Taupō and Turangi i-sites</i></p>	260,000 visits to Taupō and Turangi i-sites	<p>Turangī door count July – Dec 2017 31,803; July – Dec 2016 39,164.</p> <p>Taupō door count July – Dec 2017 69,437; July – Dec 2016 88,134.</p> <p>Annual result to be reported YE June 2018</p>
<p><i>Annual sessions on www.greatlaketapu.com as measured by Google Analytics</i></p>	Increase sessions to 1,100,000 (note this figure includes freewifi traffic)	<p>July – Dec 2017: 518,116 total sessions 476,255 (minus the free wifi traffic)</p> <p>Final result to be reported at YE June 2018</p>
<p><i>Visitor experience / satisfaction</i></p>	Net promoter score of 49 as measured via the AA Travel Monitor	<p>This data will be obtained in May 2018.</p>
Objective 2 – Run an efficient and effective regional tourism organization, strongly supported by the local tourism industry		
<p><i>Support for DGLT collateral</i></p>	<p>861 listings on www.greatlaketapu.com</p> <p>212 local operators stocking brochures in the Taupo and Turangi i-SITES.</p>	<p>820 listings on www.greatlaketapu.com. This reduction followed the removal of out of date listings.</p> <p>232 local operators stocking brochures in the two i-SITES.</p>
<p><i>Support for DGLT marketing initiatives</i></p>	Estimated at \$60,000 of free of charge or in-kind support for marketing promotions activity.	<p>\$45,007 in-kind contributions to date based on trade, media, corporate, backpack and i-SITE famils, plus reduced rates for venue hire, and prizes for packages and giveaways at events we have attended and as support for competitions.)</p>
<p><i>Industry Stakeholders are satisfied with DGLT performance as measured by Annual Visitor Industry Survey Maintaining consistency is set as the primary performance target</i></p>	85% Industry satisfaction score	<p>Scheduled for June/July 2018</p> <p>Source: Annual Stakeholder Survey</p>

<i>i-SITE investment by ratepayers, as measured by net i-SITE expenditure over income.</i>	Investment by ratepayers of \$280,000	Taupo i-Site Profit	\$34,287
		Turangi i-Site Loss	\$44,067
		Total i-Site Loss	\$9,780
Final result to be reported at YE June 2018			

SUMMARY OF FINANCIAL STATEMENTS

DGLT is funded by way of a grant from Taupō District Council of \$1,750,000, paid in quarterly installments. In the first 6 months DGLT has received \$875,000.

DGLT had set a target of an overall net cost (factoring in both expenditure and revenue) of \$280,000 for the two i-SITES (in both Taupo and Turangi). Revenue (sales, commissions and advertising) year to date is tracking at \$337,998, which is up on 2016 due to a change in coding practice for i-SITE digital advertising (see below) and an improvement in commissioned sales (due to fine weather in the early part of the peak season). This revenue figure is also distorted by a one-off refund of bank fees following a banking error in 2016. I-SITE costs are down, reflecting the reduction in winter opening hours introduced in early 2017. This means the i-SITES should achieve the performance target in the SOI.

DGLT partnership marketing revenue is currently \$75,477 year to date with significant billing still to occur in Quarter 3 and 4. This is less than in 2016 because we have separated out digital advertising in the two i-SITES (from marketing revenue) and attributed this to the i-SITES. We have also outsourced production of the district visitor guide to local publishing firm Ninety Black, so advertising revenue is collected directly by that firm and is not recognised in the DGLT accounts.

Overall expenditure is behind relative to 2016 by \$128,060. This is largely due to the reduced costs associated with the production of the annual visitor guide (as noted above, we have outsourced production of the guide to Ninety Black), and reduced staffing costs. It should be noted that significant campaign activity is planned in the first half of 2018 due to Autumn and winter marketing, plus additional costs will be incurred associated with displays in the Turangi i-SITE. This activity will mean expenditure will exceed annual revenue and the trust intends to further draw down trust equity so that this work can be sustained. This variance was approved as part of the annual DGLT business plan.

There are some expenditure variations in the 6-month interim report which are worth highlighting:

- Employee expenses are down relative to the same period last year. This reflects the reduced winter opening hours in the two i-SITES and the reduction of one FTE of admin support in the Hub.
- The cost of goods sold is down, reflecting reduced retail sales through the i-SITES.
- Advertising costs are up significantly, while consultant / professional services costs are down relative to 2016. This reflects a change in coding approach for both digital advertising and design fees (for advertising/campaign activity), with this work now largely recognised as advertising spend.
- Travel and accommodation and conference fees are all up relative to 2016. This reflects an increased focus on sales activity with the travel trade both on and offshore, as well as increased attendance at trade show events.
- Printing and stationary costs plus materials/supplies are down because of the outsourcing of the visitor guide (see above).
- Bank fees are down relative to 2016, as there was a banking error in 2016 (which has since been refunded).

Statement of Comprehensive Revenue and Expense
For the half-year ended 31 December 2017

	Note	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Revenue				
Operating grant from Taupo District Council		875,000	875,000	1,750,000
Revenue from services provided	3	423,075	431,021	849,546
Finance revenue	4	388	1,308	2,486
Total revenue		1,298,463	1,307,329	2,602,032
Expenditure				
Employee benefit expenses	5	512,119	532,151	1,092,155
Depreciation and amortisation expense	10	10,271	17,992	37,751
Finance costs	4	-	-	33
Other expenses	5	652,999	781,059	1,489,863
Total operating expenditure		1,175,389	1,331,202	2,619,802
Operating surplus/(deficit)		123,074	(23,873)	(17,770)
Total comprehensive revenue and expenses attributable to:				
Destination Lake Taupo Trust		123,074	(23,873)	(17,770)
		123,074	(23,873)	(17,770)

Statement of Changes in Net Assets/Equity
For the half-year ended 31 December 2017

	Note	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Net Assets/Equity at start of the year	6	121,509	139,279	139,279
Total comprehensive revenue and expenses previously reported		123,074	(23,873)	(17,770)
Effect of correction of rounding in prior years		-	-	-
Balance at 31 December	6	244,583	115,406	121,509

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

Statement of Financial Position
As at 31 December 2017

	Note	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual June 2017 \$
ASSETS				
Cash and cash equivalents	7	769,650	581,250	423,067
Trade and other receivables	8	26,017	37,924	37,617
Inventories	9	32,790	47,945	32,890
Prepayments		24,583	13,554	7,695
Total current assets		853,040	680,673	501,269
Non-current assets				
Property, plant and equipment	10	76,470	93,551	81,676
Total non-current assets		76,470	93,551	81,676
Total assets		929,510	774,224	582,945
LIABILITIES				
Current liabilities				
Trade and other payables	11	472,795	476,284	265,865
Employee benefit liabilities	12	125,766	96,076	109,205
Current tax liabilities		82,942	82,942	82,942
Total current liabilities		681,503	655,302	458,012
Non-current liabilities				
Employee benefit liabilities	12	3,424	3,516	3,424
Total non-current liabilities		3,424	3,516	3,424
Total liabilities		684,927	658,818	461,436
Net assets (assets minus liabilities)		244,583	115,406	121,509
EQUITY				
Equity	6	100	100	100
Accumulated funds	6	244,483	115,306	121,409
Total equity		244,583	115,406	121,509

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

Statement of cashflows

For the half-year ended 31 December 2017

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual June 2017 \$
Note			
Cash flows from operating activities			
Receipts from customers	486,478	451,157	850,828
Receipts from Taupo District Council operating grant	875,000	875,000	1,750,000
Finance revenue	388	1,308	2,486
Payments to suppliers	(464,178)	(572,786)	(1,491,291)
Payments to employees	(496,991)	(520,726)	(1,067,695)
Interest paid	-	-	(33)
Net GST received / (paid)	<u>(86,307)</u>	<u>(25,680)</u>	<u>13,676</u>
Net cash flow from operating activities	<u>314,390</u>	<u>208,273</u>	<u>57,971</u>
Cash flows from investing activities			
Receipts from sale of property, plant, and equipment	<u>35,074</u>	-	-
Purchase and development of property, plant and equipment	<u>(2,881)</u>	<u>(31,872)</u>	<u>(39,753)</u>
Net cash flow from investing activities	<u>32,193</u>	<u>(31,872)</u>	<u>(39,753)</u>
Net increase (decrease) in cash held	346,583	176,401	18,218
Add cash at start of year	<u>423,067</u>	<u>404,849</u>	<u>404,849</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	7 <u>769,650</u>	<u>581,250</u>	<u>423,067</u>

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.

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

1 Statement of accounting policies for the half-year ended 31 December 2017

1.1 Reporting entity

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

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

The financial statements of the Trust are for the 6 months ended 31 December 2017. The financial statements were approved by the Board of Trustees on 23rd February 2018.

2 Summary of significant accounting policies

2.1 Basis of preparation of half-year financial report

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

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 1 PBE accounting standards.

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.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies.

2.2 Foreign currency transactions

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

2.3 GST

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

Commitments and contingencies are disclosed exclusive of GST.

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 Summary of significant accounting policies

2.4 Revenue

Revenue is measured at the fair value.

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.

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 commencement of the lease term, finance leases are recognised as assets and liabilities in the consolidated 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.

2.6 Equity

Equity is the community's interest in DGLT 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 specific uses DGLT makes of its accumulated surpluses. The equity of DGLT 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 Summary of significant accounting policies

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 Inventory

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

2.11 Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include plant and equipment, and motor vehicles.

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

Valuation methodologies

Those asset classes that are revalued, are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

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

2 Summary of significant accounting policies

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.

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.

Transfers

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

Subsequent measurement

Subsequent to initial recognition, classes of PP&E 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:

Machinery	4 years	25%
Computer Equipment	4 years	25%
Office equipment	4-10 years	13.33%-25%
Motor vehicles	4-10 years	10%-25%
Furniture and fittings	2-10 years	10%-50%

Additions

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 measured reliably.

Disposals

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation on assets is calculated using either the straight line or the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The useful lives and associated depreciation rates of assets to be depreciated have been estimated as follows:

2 Summary of significant accounting policies

Class of asset depreciated	Estimated useful life	Depreciation rates
Operational assets:		
Machinery	4 yrs	5% - 50% SL
Computer equipment	4 yrs	25% SL
Office equipment	4 - 10 yrs	13.33% - 25% SL
Furniture & fittings	2 - 10 yrs	10% - 50% SL
Vehicles	4 - 10 yrs	10% - 25% SL

2.12 Impairment

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

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

2.13 Financial Liabilities

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

2.14 Employee entitlements

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

Long service leave, where there is already 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 taking into account 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.

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

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

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
<u>Revenue from significant activities</u>			
I-Site operations	337,998	278,897	602,931
Other revenue	9,600	-	550
Marketing fees	<u>75,477</u>	<u>152,124</u>	<u>246,065</u>
Total Operating Revenue	<u>423,075</u>	<u>431,021</u>	<u>849,546</u>
Analysis of I-site Revenue			
Retail sales	94,104	112,068	249,437
less cost of goods sold	<u>(48,171)</u>	<u>(65,396)</u>	<u>(147,368)</u>
Gross margin on retail sales	45,933	46,672	102,069
less stock losses	-	-	<u>(6,450)</u>
	<u>45,933</u>	46,672	95,619
I-Site Commissions	160,831	108,750	274,873
I-Site Operator advertising revenue	56,260	42,606	46,350
Other	<u>26,803</u>	<u>15,473</u>	<u>32,271</u>
Total I-site operations revenue	<u>289,827</u>	<u>213,501</u>	<u>449,113</u>

4 Finance revenue and finance costs

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Finance revenue			
Interest revenue	388	1,308	2,486
Less finance costs			
Interest expense	-	-	33
Net finance costs	<u>388</u>	<u>1,308</u>	<u>2,453</u>

5 Operating expenditure

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Employee benefit expenses			
Salaries and wages	483,139	514,744	1,042,218
Increase/(decrease) in employee entitlements/liabilities	16,562	4,001	24,462
Defined contribution plan employer contributions	<u>12,418</u>	<u>13,406</u>	<u>25,475</u>
Total employee benefit expenses	<u>512,119</u>	<u>532,151</u>	<u>1,092,155</u>
Depreciation by asset class:			
Motor vehicles	-	9,772	19,366
Furniture and fittings	8,581	6,530	15,033
Plant & Machinery	1,690	1,690	3,352
Total depreciation and amortisation	<u>10,271</u>	<u>17,992</u>	<u>37,751</u>
Audit fees for financial statements audit	7,817	9,871	17,394
Board meetings fees	22,065	20,900	37,793
Bad debts written off	-	-	155
Legal fees	572	2,611	3,629
Taupo District Council indirect costs	89,500	89,500	179,000
Inventory cost of goods sold	48,171	65,396	147,368
Inventory writeoff	-	-	6,450
Advertising	174,615	131,632	476,754
Professional services fees/legal fees	51,366	146,116	37,915
Travel & accommodation	58,067	44,143	80,660
Printing & stationery	5,477	56,362	76,132
Bank fees	15,351	19,193	49,497
Minimum lease payments under operating leases	-	1,279	1,706
Rental	71,509	61,166	125,037
Publicity	4,786	2,264	8,302
Maintenance	4,527	7,793	11,561
Electricity and gas	-	7,220	13,801
Conference fees	37,508	11,798	48,724
Materials and supplies	5,533	22,359	38,100
Vehicle running costs	-	(3,991)	(11,267)
Insurance	1,058	2,321	5,437
Loss on disposal of property, plant & equipment	-	-	-
Staff expenses	4,927	6,909	8,361
Other expenses	<u>50,150</u>	<u>76,217</u>	<u>127,354</u>
Total other expenses	<u>652,999</u>	<u>781,059</u>	<u>1,489,863</u>

6 Net assets/equity

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Trust Equity			
Accumulated funds	<u>244,483</u>	<u>115,306</u>	<u>121,409</u>
Balance at 31 December 2017	<u>244,483</u>	<u>115,306</u>	<u>121,409</u>
Contributed equity			
Equity	<u>100</u>	<u>100</u>	<u>100</u>
Balance at 31 December 2017	<u>100</u>	<u>100</u>	<u>100</u>
Total equity	<u>244,583</u>	<u>115,406</u>	<u>121,509</u>
Accumulated funds			
Balance at 1 July	<u>121,409</u>	139,179	139,179
Surplus/(deficit) for the half-year	<u>123,074</u>	<u>(23,873)</u>	<u>(17,770)</u>
Balance 31 December	<u>244,483</u>	<u>115,306</u>	<u>121,409</u>

7 Cash and cash equivalents

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Cash at bank and in hand	<u>43,357</u>	22,836	1,300
Call deposits	<u>726,293</u>	<u>558,414</u>	<u>421,767</u>
Total cash and cash equivalents used in statement of cashflows	<u>769,650</u>	<u>581,250</u>	<u>423,067</u>

8 Trade and other receivables

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Trade receivables	<u>25,610</u>	<u>33,584</u>	<u>24,095</u>
Net debtors	<u>25,610</u>	<u>33,584</u>	<u>24,095</u>
Other	407	1,766	764
GST refund	<u>-</u>	<u>2,574</u>	<u>12,758</u>
	<u>407</u>	<u>4,340</u>	<u>13,522</u>
Total current net trade and other receivables	<u>26,017</u>	<u>37,924</u>	<u>37,617</u>
Total debtors and other receivables from exchange transactions	<u>25,610</u>	<u>33,584</u>	<u>24,095</u>
Total current net trade and other receivables from non-exchange transactions	<u>407</u>	<u>4,340</u>	<u>13,522</u>
Total current net trade and other receivables	<u>26,017</u>	<u>37,924</u>	<u>37,617</u>

The status of receivables as at 31 December 2017 are detailed below:

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited actual 2017 \$
Current	4,165	17,569	10,572
Past due 1-30 days	649	14,666	5,616
Past due 31-60 days	5,913	-	2,963
Past due 61+ days	14,883	5,689	4,944
Impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total individual impairment	<u>25,610</u>	<u>37,924</u>	<u>24,095</u>

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

9 Inventories

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
<i>Commercial inventories</i>			
- held for use in the provision of services	<u>32,790</u>	<u>47,945</u>	<u>32,890</u>
Total inventory	<u>32,790</u>	<u>47,945</u>	<u>32,890</u>

No inventories are pledged as security for liabilities (2017 \$nil).

10 Property, plant and equipment

December 2017	Cost 1 Jul 2017 \$	Accumulated depreciation 1 Jul 2017 \$	Carrying amount 1 Jul 2017 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation \$	Cost 31 Dec 2017 \$	Accumulated depreciation 31 Dec 2017 \$	Carrying amount 31 Dec 2017 \$
Operating assets at cost									
Office furniture and fittings	53,761	(20,421)	33,340	-	-	(5,351)	53,761	(25,772)	27,989
Plant and equipment	50,514	(27,652)	22,862	2,880	-	(4,920)	53,394	(32,572)	20,822
Motor Vehicles	77,393	(51,919)	25,474	-	(25,474)	-	-	-	-
Leasehold improvements - WIP	-	-	-	27,659	-	-	27,659	-	27,659
Total DGLT 31 December 2017	181,668	(99,992)	81,676	30,539	(25,474)	(10,271)	134,814	(58,344)	76,470
December 2016	Cost 1 Jul 2016 \$	Accumulated depreciation 1 Jul 2016 \$	Carrying amount 1 Jul 2016 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation \$	Cost / revaluation 31 Dec 2016 \$	Accumulated depreciation 31 Dec 2016 \$	Carrying amount 31 Dec 2016 \$
Operating assets at cost									
Office furniture and fittings	24,363	(12,160)	12,203	21,516	-	(3,162)	45,878	(15,321)	30,557
Plant and equipment	40,158	(17,529)	22,629	10,356	-	(5,059)	50,514	(22,588)	27,926
Motor Vehicles	77,393	(32,553)	44,840	-	-	(9,772)	77,393	(42,325)	35,068
Total DGLT 31 December 2016	141,914	(62,242)	79,672	31,872	-	(17,993)	173,785	(80,234)	93,551
June 2017	Cost 1 Jul 2016 \$	Accumulated depreciation 1 Jul 2016 \$	Carrying amount 1 Jul 2016 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation \$	Cost / revaluation 30 June 2017 \$	Accumulated depreciation 30 June 2017 \$	Carrying amount 30 June 2017 \$
Operating assets At cost & valuation									
Office furniture and fittings	24,363	(12,160)	12,203	29,398	-	(8,261)	53,761	(20,421)	33,340
Plant and equipment	40,158	(17,529)	22,629	10,357	-	(10,124)	50,514	(27,652)	22,862
Motor vehicles	77,393	(32,553)	44,840	-	-	(19,366)	77,393	(51,919)	25,474
Total DGLT 30 June 2017	141,914	(62,242)	79,672	39,755	-	(37,751)	181,668	(99,992)	81,676

There is no provision for impairment this year (2017 \$nil)

11 Trade and other payables

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Trade payables	268,495	317,374	138,775
Accrued expenses	200,902	158,539	125,256
Provision for ACC	388	371	1,433
Revenue in advance	-	-	401
GST payable	3,010	-	-
Total creditors and other payables	<u>472,795</u>	<u>476,284</u>	<u>265,865</u>
Total creditors and other payables from exchange transactions	<u>469,397</u>	<u>475,913</u>	<u>264,031</u>
Total creditors and other payables from non-exchange transactions	<u>3,398</u>	<u>371</u>	<u>1,834</u>
Total current creditors and other payables from exchange and non-exchange transactions	<u>472,795</u>	<u>476,284</u>	<u>265,865</u>

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.

12 Employee benefit liabilities

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Current portion			
Accrued pay	-	-	3,148
Annual leave	124,494	94,365	98,521
Long service leave & lieu days	1,272	1,711	7,536
Total current portion	<u>125,766</u>	<u>96,076</u>	<u>109,205</u>
Non-current portion			
Long service leave actuarial accrual	3,424	3,516	3,424
Total non-current portion	<u>3,424</u>	<u>3,516</u>	<u>3,424</u>
Total employee entitlements	<u>129,190</u>	<u>99,592</u>	<u>112,629</u>

The present value of retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation figure. Any changes in these assumptions will affect the carrying amount of the liability.

A discount factor of 2.12% (2017 2.12%) and an inflation factor of 2% (2017 2%) were used.

13 Related party transactions

The Destination Lake Taupo Trust (the Trust) is a Council Controlled Organisation of Taupo District Council and received a significant amount of operating grants 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

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 2017 \$
<i>Board</i>			
Remuneration (Trustees)	22,065	20,900	37,793
Full-time equivalent members	6	6	6
<i>Senior Management</i>			
Remuneration (GM & SMT)	195,817	196,700	397,481
Full-time equivalent members	4	4	4
Total key management personnel compensation	217,882	217,600	435,274
Total full-time equivalent personnel	10	10	10

Due to the difficulty in determining the full-time equivalent for Board Members, the fulltime equivalent figure is taken as the number of Board Members.

Key management personnel includes the Trustees, General Manager, and the senior management team.

14 Capital & operational commitments and operating leases

Non-cancellable operating leases as lessee:

The Destination Lake Taupo Trust leases property, plant and equipment in the normal course of its business. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Unaudited Actual For the 6 Months to 31 December 2017 \$	Unaudited Actual For the 6 Months to 31 December 2016 \$	Audited Actual 30 June 2017 \$
Payable no later than one year	-	115,007	114,581
Later than one, not later than two years	-	-	-
Later than two, not later than five years	-	-	-
Total non-cancellable operating leases	-	115,007	114,581

30 June 2017 relates to one year's rental for 1/32 Roberts Street, Taupo I-Site, and Turangi I-Site

15 Contingencies

As at 31 December 2017 the Trust had no contingent liabilities or assets (December 2016 & June 2017: \$Nil).

16 Events after balance date

There were no significant events after balance date that require reporting.