



DESTINATION GREAT LAKE TAUPŌ

Statement of Intent

2023–2026



GREAT LAKE TAUPŌ

TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	THE NATIONAL TOURISM STRATEGY	2
3.	NEW ZEALAND TOURISM OUTLOOK	6
4.	THE TAUPŌ DISTRICT TOURISM OUTLOOK	10
5.	TAUPŌ DISTRICT TOURISM STRATEGY	14
6.	PERFORMANCE AND OTHER MEASUREMENTS	19
7.	FINANCIAL DISCLOSURE	22
8.	GOVERNANCE STATEMENTS	31
9.	CONTACT DETAILS	34
10.	APPENDIX ONE: TERMS AND DEFINITIONS	35

1



DESTINATION GREAT LAKE TAUPŌ (DGLT) is a Council Controlled Organisation (CCO) for the purposes of the Local Government Act 2002. It has no subsidiaries and is a not-for-profit organisation.

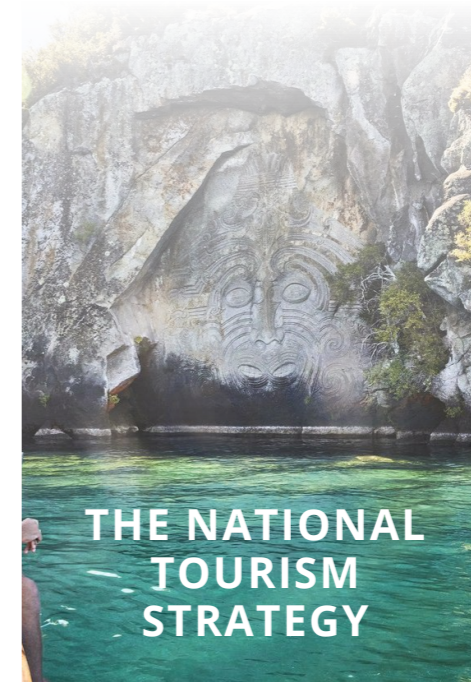
DGLT is governed by a Board appointed by the Taupō District Council (TDC) under the Trust Deed (6 September 2010) establishing the CCO. DGLT is funded largely by a grant from TDC, on behalf of Taupō District ratepayers, along with industry and partnership contributions to various marketing initiatives. Additional funding grants from Central Government were received through the Strategic Tourism Assets Protection Programme in support of Regional Tourism Organisations (RTO's) following the onset of Covid-19, with the last of this funding to be spent by 30 June 2023.

This Statement of Intent (SOI) sets out DGLT's strategic direction for 2023-2026, outlining the RTO's priority objectives and performance measures.

While DGLT's core focus is to promote the destination to attract more visitors, encourage them to stay longer and spend more, the organisation has an increasing

advocacy and leadership role around management and development of the destination. Recognising the growing importance of sustainability and regeneration, it is essential tourism not only brings benefit to the local economy but does so in a way that preserves and enriches our environment, our culture and local community whilst delivering an exceptional world class experience for our visitors.

2

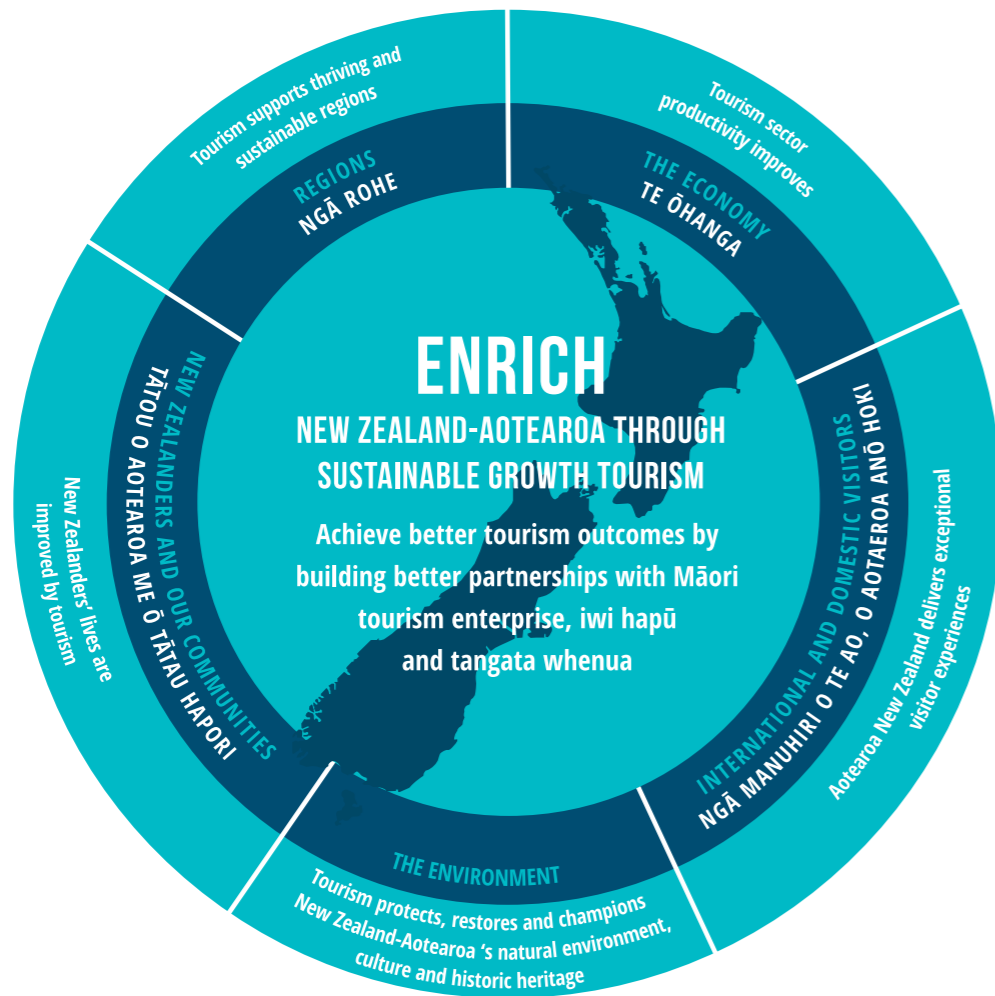


In 2019, prior to Covid-19, *Tourism Industry Aotearoa* (TIA) released *Tourism 2025 and Beyond*, a strategic planning document designed to align the industry nationally. The framework places sustainability at its heart and is built on the foundation of *kaitiakitanga* (guardianship), *manaakitanga* (hospitality) and *whanaungatanga* (belonging).

TOURISM 2025 & BEYOND

A Sustainable Growth Framework





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

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

With a change in Tourism Minister in late 2020, the Tourism Taskforce was disbanded with the announcement of the Tourism Industry Transformation Plan (ITP) in November 2021. The ITP is a partnership model between industry, workers, and government which has an overall focus on regenerative tourism, ensuring the tourism system leaves people, communities, and the environment better than before.

The Tourism ITP is taking a phased approach with phase one focused on investing more in people. Tourism is generally regarded as a low paying, short term work option with little future pathway for young graduates to build a successful and lasting career within the sector. The [Better Work Action Plan](#) was released in March 2023.



TIA is currently establishing a process for resetting the industry strategy to replace the Tourism 2025 & Beyond framework. This new strategy will articulate the industry’s strategic ambition and how to get there. It will sit alongside and complement the government strategy for tourism. It is anticipated that the reset strategy will reflect the shifts that have occurred since the 2019 update and will include a wide set of values and objectives. TIA is aiming to release this new strategic framework mid-2023.



The second priority looks at tourism’s relationship with the environment. This phase of the ITP builds on the work by the Parliamentary Commissioner for the Environment, Tourism Futures Taskforce, and the Climate Change Commission, to lift industry standards and transform it to a more regenerative model. Reducing the contribution that tourism makes to greenhouse gas emissions will help contribute to Aotearoa New Zealand’s emissions reduction commitments and to ensure it remains a popular destination for the increasing number of climate-conscious visitors.

Three pillars underline the scope of this phase of the ITP:

Climate change adaptation – understanding the impact that climate change will have on the tourism industry and taking action to ensure the industry can adapt to climate events

Climate change mitigation – transforming the tourism industry into a low carbon emissions industry

Fostering positive ecological outcomes, such as biodiversity and ecosystem restoration

There is currently some discussion on a third phase of the ITP which will look at the funding sustainability of the sector. For more information on Central Governments strategic priorities for tourism refer to the *2022 Tourism Snapshot*.

3



Prior to Covid-19 and the closure of international borders in March 2020, tourism was the number one contributor to the New Zealand economy delivering over \$41.49 billion¹ in total tourism expenditure. International visitors spent \$17.75 billion and underpinned the sector’s growth and year-round activity. Domestic visitors were an essential contributor to the tourism economy accounting for almost 60% of total spend, predominantly focused on weekend travel and school and public holiday periods. Furthermore, over 8% of the national workforce was directly employed in tourism, and the sector made a direct contribution to GDP of \$16.4 billion (5.5%) and generated \$3.9 billion in GST of which \$1.8 billion came from international visitors.



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



The recently released [Tourism Satellite Account](#)² (TSA) captures the deep impact of the pandemic on New Zealand’s tourism industry. The TSA is the official annual measurement of the New Zealand tourism sector. It includes measures of tourism spend by international and domestic visitors, the number of people employed through tourism, tourism’s share of export earnings and its contribution to New Zealand’s GDP. The latest TSA covers the 12-month period to March 2022 which was dominated by closed borders (except for the Australian ‘bubble’ April-July 2021). Domestically, it included periods of lockdown especially for Auckland, and the impacts of the traffic light framework. While the statistics make sobering reading, it is a valuable snapshot of the impacts of the pandemic. It is also a reminder of how far the industry has come in the last few months since borders reopened.

Key figures year ending March 2022 are:

Total tourism expenditure was **\$26.5 billion**, down \$14.9 billion on YE March 2020.

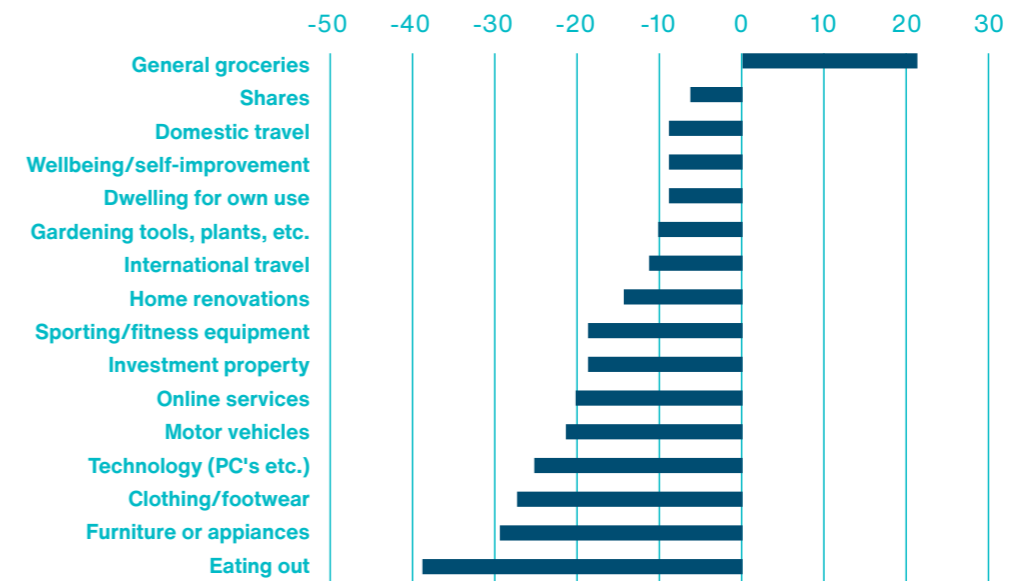
International tourism expenditure was **\$1.9 billion** (\$17.75b in YE March 2020).

The number of people directly employed in tourism was **145,032**. Prior to the pandemic, 219,093 people were directly employed in tourism meaning 74,000 jobs had been lost since the start of the pandemic. This includes tourism working proprietors which were down to 19,413 (from 27,204 for YE March 2020) – 7791 small businesses have been lost.

The news that New Zealand’s borders would reopen in stages from February 2022 was cause for significant optimism. Although anticipated to be an initially slow recovery, international visitors have returned more quickly than expected. The international Visitor Survey (IVS) returned in July 2022 with Quarter 3 results (July- September 2022) highlighting the strong uptake in a holiday to Aotearoa. Spend from all international visitors totalled \$1.03 billion in the September quarter with holiday makers spending \$479M and those visiting friends and family \$292M³. Over 60% of arrivals were from Australia, followed by the USA and UK. Airline capacity also continues to increase and will average 70% of 2019 levels over the 2022-2023 summer. North American connections are particularly strong with direct services into Los Angeles, San Francisco, Houston, Dallas, Chicago, New York, Hawaii, and Vancouver.

Various surveys regarding Kiwi’s intentions around both international and domestic travel have shown that travel plans are affected by fluctuations in news about Covid, and more recently news of an impending recession.

Net % of Respondents Planning to Spend More on...

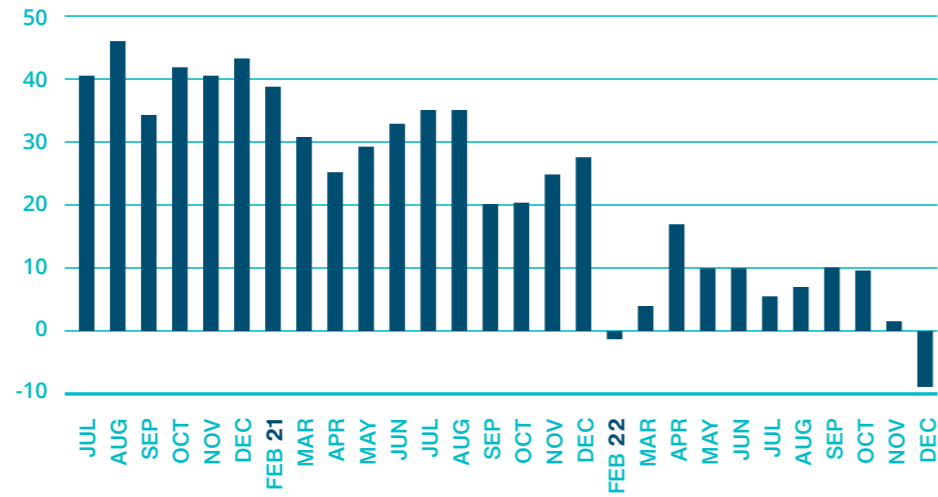


² Source: www.stats.govt.nz/information-releases/tourism-satellite-account-year-ended-march-2022

³ Source: MBIE: International Visitor Survey Quarter 3 Nov 2022



Do you plan spending more on DOMESTIC TRAVEL over the next 3-6 months?
 Net % of respondents saying Yes



Although recent Kantar research⁴ indicated 71% of New Zealanders intend to take a domestic holiday in the next 12months, a further survey⁵ shows consumers are planning to reduce spending on both domestic and international travel for the next 3- 6 months. Plans for international travel have fallen to the lowest level since the borders re-opened. This likely reflects the combined effects of some delayed and revenge travel having already been undertaken, very high fares, lack of airline capacity, and constrained household budgets.

4



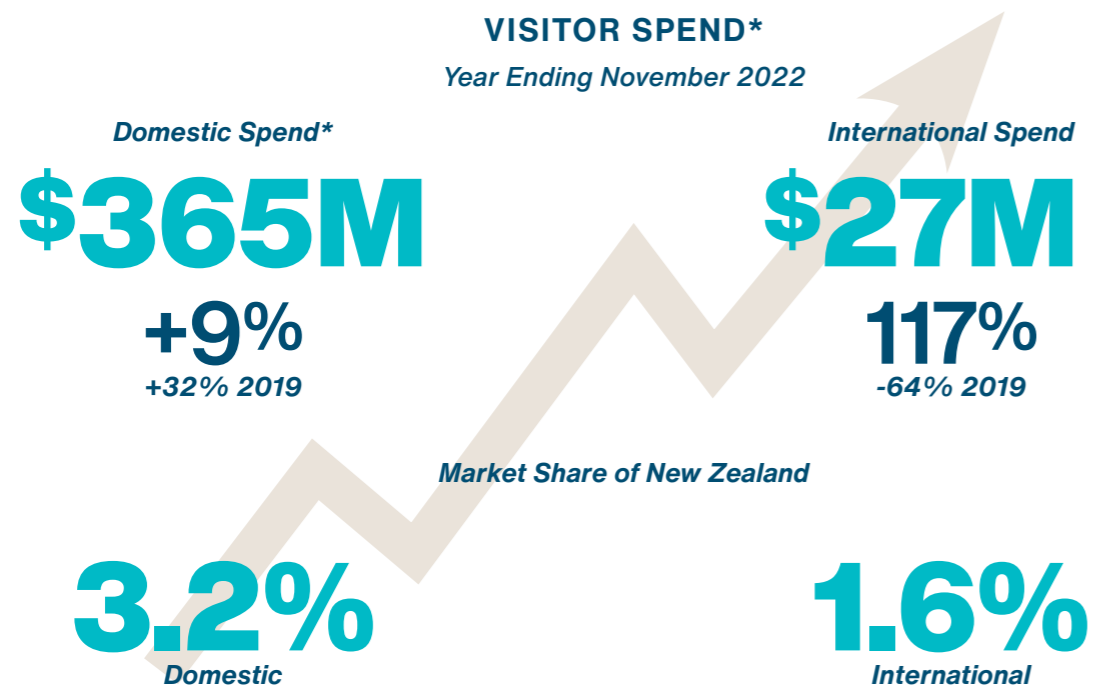
Tourism is a major contributor to the overall economic and social fabric of the Taupō District. Prior to Covid-19 visitors contributed \$689M⁶ to the local economy with domestic visitors generating \$462M and international arrivals \$227M.

As already noted, our local tourism industry was severely impacted during the first year of the pandemic. However, our central location, reputation as an iconic Kiwi holiday destination and our early entry back into market later in 2020 saw the Taupō region initially bounce back better than many. Domestic spend data year ending June 2020 rose 40%⁷ on the previous 12-month period and was up 30% on pre-covid levels, placing the Taupō District as one of the top performers across the country.

⁴Kantar – October 2022 for Tourism New Zealand
⁵Tony Alexander – Tony’s view spending plan survey Nov 2022



⁶MBIE MRTE’s – Year ending December 2019
⁷MBIE TECT - June 2020



STAY NIGHTS***
Year Ending November 2022

\$1.2M

stay nights in commercial accommodation

204k

booked nights in Airbnb

2 nights

average length of stay in commercial accommodation

***Freshinfo and Air DNA 2022



TOURISM GDP**

\$235M

-33%

% of regional GDP: 9.1%



WORKFORCE**

5,135 jobs

26%

of total workforce (-10%)

* MBIE TECT Nov 2022

** Infometrics 2021

KEY SOURCE MARKETS

AUCKLAND	\$89M	+16%
WAIKATO	\$61M	+17%
WELLINGTON	\$49M	0%
MANAWATU/WHANGANUI	\$47M	+7%
BAY OF PLENTY	\$45M	+2%
HAWKE'S BAY	\$34M	+6%

#LOVETAUPO

Domestic visitation year ending November 2022 delivered a strong result for the region, with domestic visitor spend up 9% year on year compared to 7% nationally⁹. Auckland remains our number one source of domestic visitors with over 25% of total spend attributed to this market, followed by Waikato, Wellington, Manawatu- Whanganui and Bay of Plenty.

With international borders reopening to Australia and visa-waiver countries in July 2022, inbound visitors have been growing month on month. Although international arrivals to the Taupō region are slower than some other destinations across the country, November 2022 saw a significant jump in arrivals, up 44% on October compared to 33% nationally¹⁰. Although total international revenue remains down significantly on pre-covid levels (-64%), the monthly spend in November was down just 19% on November 2019 figures.

There was a strong start to the summer tourist season with many hotels and motels reporting a significant increase in international arrivals, particularly from the USA, Australia, UK, and Europe. However, much like many parts of the country, the Taupō region is experiencing ongoing capacity constraints. Rebuilding the workforce remains the most pressing issue and dynamic planning, capacity limits and carefully managing product availability is the reality for any operators. Tight accommodation availability (due to high business events demand and reduced room stock due to labour shortages), a lack of residential housing for working holidaymakers and the resurgence in Covid-19 cases is also impacting operational efficiencies.

5



Key objectives and activities for 2023

Following the impacts of Covid-19, and the increasing role the organisation is playing in destination management, the DGLT Board has reviewed the organisations strategic direction, our operational priorities and the resources required to meet our objectives for the next 12 months. It is essential that DGLT’s activity is focussed on the key activities and destination values that will ensure tourism enriches not only our economy, but also our community, environment, and culture for the benefit of future generations.

The DGLT Trust document outlines two key purposes:

To promote the Taupō District as a leading tourism and visitor destination by promoting our tourism and visitor attractions

To support, promote and assist in activities and projects which will increase the opportunities for employment in the tourism and visitor sector within the Taupō District.

⁹MBIE TECT November 2022
¹⁰MBIE TECT November 2022



Our key priorities are:

To grow our local tourism sector through targeted marketing activity that attracts high value domestic, business events and international visitors who disperse across our region, stay longer, and respect and care for our communities, environment, and culture.

To assist our local tourism industry to leverage campaign opportunities, build capability and support them to deliver an exceptional and sustainable visitor experience across the entire customer journey.

To work with local Iwi and Hapū, government agencies and local stakeholders to implement DGLT led actions within the Destination Management Plan.

To support the ongoing development and collaboration with Iwi and Hapu to build collaborative and effective partnerships through a shared aspiration of working together for the benefit of both mana whenua and the wider tourism sector

To operate an efficient and effective regional tourism organisation which delivers an excellent ROI for all stakeholders.

5.1 Grow the value of our local tourism sector.

In support of the outcomes of our Destination Management Plan we will focus on specific segments that align with the values and aspirations of our community, targeting prospective visitors that tread lightly, stay longer and contribute positively to our community. Our fully integrated marketing campaigns will continue to attract visitors who travel for a passion (bike, hike, golf, fishing) through nurtured email and social campaigns, eDM's and the regular release of fresh and compelling content.

- Business Event visitors remains a priority. Our focus will be on attracting mid week, off-peak smaller incentive and Association groups (up to 250 Pax)

- Ensure regional content and messaging allows DGLT to jointly design partnership campaign opportunities as and where possible. Examples include Tourism New Zealand and affinity partnership campaigns e.g., NZ Fish and Game, DOC, Golf NZ.
- We plan to work closely with our local industry and tourism partners (Explore Central North Island, Tourism NZ, Inbound Tour Operators, international travel partners) to grow awareness of the Taupō District, making it a must stop destination on all international North Island itineraries.
- Our region and its rich history permit connections with our cultural past, our stunning landscapes, and our vibrant community. We intend to distribute our content in a compelling and easily consumable way, using fresh imagery and emotive story-telling across our print collateral and digital platforms.

5.2 Commence the implementation of the destination management plan for the Taupō District.

We will work alongside Iwi/Hapū, tourism stakeholders, central and local government agencies to implement the recently completed Destination Management Plan. DGLT will lead the following workstreams:

- Support Iwi and Hapū-led cultural product development to strengthen cultural wellbeing, unique visitor experiences and employment pathways.
- Review our destination identity and branding to ensure its reflective of the values, the places, and people across the entire region
- Work in partnership with Iwi, Hapu and local communities to develop a strategic tourism plan for Tūrangi and Mangakino, recognising their unique differences to Taupō township.
- Develop a destination climate adaptation plan for the tourism sector and implement actions to reduce the industry's impact on the environment.
- Support the development and promotion of Inclusive Tourism products and itineraries to ensure the destination welcomes all visitors.
- Actively support tourism businesses and operators (including hospitality and accommodation sectors) to enhance their capability to deliver exceptional experiences consistent with the values of the destination.

5.3 Support the ongoing development of the joint Iwi and Hapū initiatives and agreements to protect, enjoy and advance the values, interests and aspirations of our communities.

- Work alongside Ngāti Tūrangitukua and other Iwi and Hapu groups to better understand their aspirations for their rohe.
- Acknowledge the significant value and importance of the Mana Whakahono co-governance agreement developed jointly by Taupō District Council and Ngāti Tūrangitukua. DGLT's involvement and efforts in the development of the relationship with Ngāti Tūrangitukua will be guided by the key principles set out in Part A of the Mana Whakahono. The partners commit to the following principles under this Mana Whakahono:
 - *acknowledgement of Ngāti Tūrangitukua as mana whenua over Ngāti Tūrangitukua rohe;*
 - *recognition of and respect for Te Tiriti o Waitangi and its principles, including partnership, active protection and participation;*
 - *recognition of and respect for the tikanga and kawa of Ngāti Tūrangitukua;*
 - *acknowledgement of and respect for the role and responsibilities of the Council under legislation, with an understanding that those roles and responsibilities may change over time;*
 - *the need to operate in a manner that respects the individual autonomy, mandate and authority of each of the Partners;*
 - *a commitment to building a strong and enduring relationship based on respect, good faith and open and honest communication, and*
 - *a commitment to a genuine partnership.*

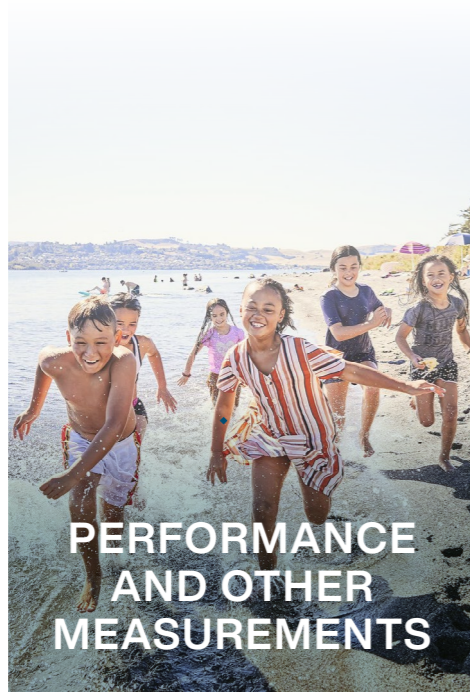
5.4 Support and assist our local tourism industry to deliver an exceptional visitor experience

- Effective stakeholder communication is vital to ensure that the district operates as a coherent and collaborative entity. The DGLT team will focus on meeting with industry through a regular calling schedule, quarterly industry events, regular updates on our recently launched industry portal, and distribution of newsletters as and when required. Co-operative marketing activity will also seek to better access industry funds and in-kind contributions.
- Build business capability of our local industry through the delivery of a regular programme of training events and workshops. These will assist our industry in maximising their digital channels, leveraging our marketing activity, building greater understanding of Te Ao Māori, and developing successful and effective partnerships with other local operators and international trade partners.
- Develop and implement a "Pathway to Carbon Zero" programme to assist operators progress their sustainability credentials with the aim of introducing carbon zero itineraries across the destination by 2025

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

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

6



6.1 Rationale for performance measures:

The 2023 SOI retains a performance measure around tourism expenditure. The purpose of this measure is to track spending as an overall measure of the economic benefit generated from tourism. With international borders closed, the historical data source provided by MBIE (Monthly Regional Tourism Estimates) was deemed no longer fit for purpose. MBIE released the new TECT data from November 2020 as an interim measure. MBIE strongly advise that the total spend figures cannot be compared to the MRTE's. They do not provide the total value of tourism to the region as they do not capture cash, online or pre-purchase tourism spend. They recommend using the trend data only and have provided data back to 2018 to enable these comparisons. With the resumption of international travel this measurement is under review.

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

Objective 1 – Grow the value of the local tourism sector.					
Strategic Priority	Data sources	Baseline data	2023-2024	2024-2025	2025-2026
Growth in tourism expenditure	Tourism Electronic Card Transactions (TECT's)	TECT YE June 2023: Domestic International	Grow domestic spend 2% Grow international spend to 70% of pre-Covid level of \$75M (measured by TECT YE Dec 2019)	Grow total spend by 4%	Grow total spend by 4%
Objective 2 – Sustainably manage and develop the destination to create a 'Destination of Excellence' where tourism enriches our community, culture, environment and economy.					
Strategic Priority	Performance Measures	Baseline	2023-2024	2024-2025	2025-2026
Implement a Destination Management strategy ensuring the balance of economic growth with the social, cultural, and environmental well-being of the community.	Activation of Destination Management Plan Grow industry capability. Fill product gaps through new product development Social license - connect with residents.	Commence implementation of Te Ihirangi Destination Management Plan Industry workshops Work with Amplify and Iwi to identify new product development opportunities. Biannual community sentiment survey, brand and tourism strategy workshops for Mangakino and Tūrangi.	Ongoing Carbon Reduction Te Ao Māori Digital Ongoing Ongoing	Ongoing TBC Ongoing Ongoing	Ongoing TBC Ongoing Ongoing
Objective 3 - Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.					
Strategic Priority	Data source	Baseline data	2023-2024	2024-2025	2025-2026
Support for DGLT marketing initiatives	Measured by free of charge, in-kind or advertising support for marketing and famils activity. Participation in DGLT hosted activities and campaigns	YE June 2022: \$101,825	\$85,000	\$85,000	\$85,000
Stakeholder satisfaction	Annual Industry Survey	2019: 67% 2020: 76% 2021: 82% 2022: 83%	80%	80%	80%

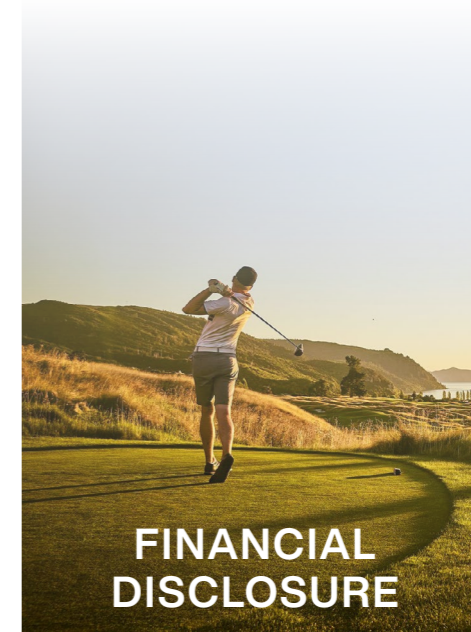


For the purposes of this SOI our marketing priorities will remain primarily focussed on the domestic market, however we will undertake some activity in our key offshore markets of UK/ Europe, USA and Australia. The Tourism Export Council estimate international visitation will continue to grow year on year with arrivals reaching pre-covid levels by 2025.

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

An additional measure is included to capture industry support for our activity. This includes in-kind support of our trade and media famils, partnership campaign contributions, participation in DGLT campaign activity e.g., loading deals onto loveTaupō.com, and advertising on DGLT platforms. Our 2023-24 target is an estimate of the level of support for our activity as the industry recovers from the covid-19 pandemic.

7



FINANCIAL DISCLOSURE

7.1 Rationale for performance measures:

The Trust is a legal entity. The Board has authority to govern Destination Great Lake Taupō (DGLT) under the terms of this Statement of Intent as delegated to it by Council. It seeks to manage its activities in 2023/24 within the base funding allocation provided by Council as in the attached Statement of Comprehensive Revenue and Expense.

7.2 Accounting policies and basis of preparation and compliance

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

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

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

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

7.3 Goods & services tax

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

7.4 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

7.5 Leases

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

Operating lease payments

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

Finance lease payments

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

Financing costs

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

7.6 Cash and cash equivalents

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

7.7 Financial Assets

The Trust classifies its investments as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive revenue and expense.

7.8 Trade receivables

Trade receivables are recognised at their cost less impairment losses.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

7.9 Property, Plant, and Equipment

Property, plant, and equipment consist of operational assets, which include office equipment, furniture and fittings, computer equipment, and machinery. These assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be reliably measured.

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

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

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

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

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

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

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

7.10 Financial liabilities

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

7.11 Employee entitlements

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

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

Superannuation schemes

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

7.12 Interest-bearing borrowings

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

7.13 Income Taxation

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

7.14 Advertising costs

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

7.15 Equity

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

7.16 Balance-sheet ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As of 30 June 2022, the total Trust Equity comprised \$283,473 and the total assets were \$1,017,725. The resulting equity to asset ratio is 27.85%.

7.17 Going Concern

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

7.18 Distributions to shareholders

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

7.19 Procedures for the purchase and acquisition of shares

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

7.20 Value of settlor's investment

The value of the settlor's (Taupō District Council) investment is \$100 as per the Trust Deed.

There is no other equity investment by the Council in the Trust.

DESTINATION GREAT LAKE TAUPŌ

Projected Statement of Comprehensive Revenue and Expense

Income

Revenue from services provided	40,000	40,000	40,000
Grant received from Taupō District Council (Marketing)	2,116,147	2,169,051	2,212,432
Grant received from other government organisations	-	-	-
Interest Income	-	-	-
Total Revenue	2,156,147	2,209,051	2,252,432

Expenditure

Employee benefit expenses	799,438	819,423	835,812
Depreciation and amortisation	13,954	13,372	11,277
Management and administration expenses	117,000	118,200	119,184
Other operating expense	1,225,755	1,258,055	1,286,159
Total Expenses	2,156,147	2,209,051	2,252,432

Other operating expenses is categorised as follows:

	Projected FY 23/24 Financials	Projected FY 24/25 Financials	Projected FY 24/25 Financials
Other Operating Expenditure:			
Marketing & Advertising	906,043	935,297	956,945
Destination Management	216,000	221,400	225,828
Other	103,712	101,358	103,386
	1,225,755	1,258,055	1,286,159

7.21 Capital Expenditure Forecast

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

Year	\$	Purpose
2023/24	5,000	IT equipment, furniture replacement
2024/25	5,000	
2025/26	5,000	

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

7.22 Other Financial Matters

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

Year	\$
2023/24	50,000
2024/25	50,000
2025/26	50,000

8



GOVERNANCE STATEMENTS

8.1 Approach to governance

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

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

8.2 Membership

Appointments to the Board have been made for a three-year period; but consider the importance of continuity in terms of existing members. The Council can remove one or more Board members at any time should there be clear evidence of non-performance. The Council shall include in its selection panel an independent selector with relevant skills and experience. The Board may co-opt additional non-voting members at its discretion. (Co-opted members will not be eligible for meeting fees or expenses).

8.3 Reporting to Council

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

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

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

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

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

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

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

8.4 Support Services

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

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

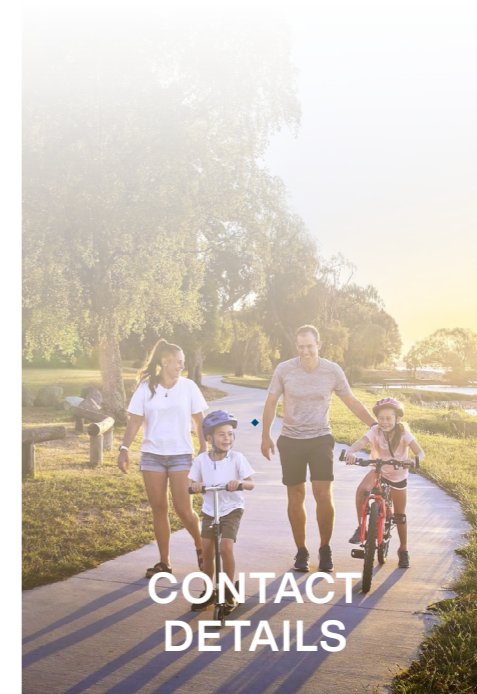
8.5 Guidance and Resources

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

8.6 Board Performance and Accountability

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

9



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

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

Tim Castle
 CHAIRMAN

Chairperson and Trustees:
 Tim Castle (Chairman)
 Nicola Harvey
 David Steele
 Kiri Atkinson-Crean
 Simon Jolly

Approved by shareholder on: (Date):

.....

For Taupō District Council

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

10



TERMS AND DEFINITIONS

10.0 Appendix One: Terms and Definitions

DGLT – Destination Great Lake Taupō

RTO – Regional Tourism Organisation

TDC – Taupō District Council

TIA – Tourism Industry Aotearoa

DOC – Department of Conservation

MBIE – Ministry of Business, Innovation and Employment

MRTE – Monthly Regional Tourism Estimates

TECT – Tourism Electronic Card Transactions

ECNI – Explore Central North Island – a marketing alliance between 8 neighbouring RTO's within the central North Island including Coromandel, Hamilton Waikato, Hawkes Bay, Rotorua, Taupō, Ruapehu, Tairāwhiti - Gisborne, Bay of Plenty

Amplify – the Economic Development Agency for Taupō District

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

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

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