

ATTACHMENTS

UNDER SEPARATE COVER 1

Ordinary Council Meeting

28 February 2023

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TAUPŌ AIRPORT



TE TAUNGA WAKA RERERANGI O TAUPŌ



Taupō Airport Authority

Draft Statement of Intent
for the period 1 July 2023 to 30 June 2026

Taupō Airport
929 Anzac Memorial Drive
RD 2
TAUPŌ
Website: [www. Taupōairport.co.nz](http://www.Taupōairport.co.nz)

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1. INTRODUCTION

This Statement of Intent (SOI) is presented by Taupō Airport Authority (TAA) in accordance with the requirements of Section 64(1) of the Local Government Act 2002. It represents the objectives, nature and scope of activities to be undertaken and performance targets by which TAA will be measured.

It covers the three years of operations from 1 July 2023 to 30 June 2026 and supersedes the previous SOI.

1.1 The Local Government Act

The Local Government Act 2002 requires Council Controlled Organisations to:

- Review their SOI prior to the commencement of each financial year
- Have a financial year ending 30 June each year

Schedule 8 of the Local Government Act 2002 states that the purpose of an SOI is to:

- State publicly the activities and intentions of the Council Controlled Organisation (CCO) for the year and objectives to which those activities will contribute
- Provide an opportunity for the shareholders to influence the direction of the organisation
- Provide a basis for accountability of the CCO governing body for the performance of the organisation

1.2 Responsibilities

The Aerodrome certification, operation and use are governed by the New Zealand Civil Aviation Authority (CAA) and TAA is currently the Aerodrome Operator Certificate (AOC) holder. TAA will manage the Taupō Airport operations, will be responsible for the ongoing capital development and will be responsible for the maintenance of the Airport assets and core infrastructure, ensuring full compliance with CAA Rule Part 139.

TAA's primary goal is to operate the Airport on a sustainable commercial basis, to optimise the use of its assets and to ensure the ongoing safe and successful operation of the Airport.

1.3 Contact details

Chair

Acting General Manager Wayne Wootton

Address: Taupō Airport Authority
929 Anzac Memorial Drive
RD 2
TAUPŌ

2. TAUPŌ AIRPORT AUTHORITY (TAA)

2.1 Establishment of TAA

TAA is the name given to the Joint Venture (JV) relationship between Taupō District Council (TDC) and the Ministry of Transport (MoT), representing the New Zealand Government, under a Deed drafted in 1973. Each partner has a 50% share in the JV and TAA manage the Airport operations on behalf of the JV partners.

TAA is a Council Controlled Organisation (CCO) as defined under the Local Government Act 2002 and was established to manage the full operations of Taupō Airport. The Airport General Manager reports to the TDC General Manager (Operations and Delivery) rather than the Chair of the TAA governing body.

2.2 The Organisation / Objectives

TAA is governed by a Standing Committee of TDC with powers delegated by the Council to the Committee as necessary to operate the Airport.

The Committee is a mix of TDC and independent skills-based local representatives. The Council, as co-owner of TAA, elects the Chair and TAA operates under this SOI as agreed to by the Standing Committee members and TDC.

All Airport operations and assets are managed by the TAA General Manager who has overall responsibility for implementing the strategic direction and reports to the TAA Committee members and TDC through regular Committee meetings.

The passenger terminal, airside infrastructure, car parking areas, roading and underground utilities form the assets within TAA's financial accounts. These facilities are sited on land owned by TDC that is designated for Airport use.

The Airport provides services to allow the safe and efficient facilitation of travellers and freight and, ancillary to this, it leases terminal space and land at the Airport.

TAA's prime objectives are to:

- operate the Airport in full compliance with the regulations set down by the New Zealand Civil Aviation Authority
- ensure that the business is run on a sustainable commercial basis
- optimise the use of its assets and generate a reasonable rate of return on investment

The key to this is to ensure the ongoing safe and successful operation of the Airport, whilst also facilitating the growth of tourism and trade by working collaboratively with key stakeholders to sustainably increase passenger numbers.

In the management of the Airport operations, TAA can set the following charges at the Airport subject to the approval of the TAA Committee, TDC and the MoT (in the case of landing charges):

- all fees and associated charges in respect to vehicle parking
- all landing and parking charges from regular passenger transport services
- all landing and parking charges from general aviation aircraft
- all revenue from tenant's leases and rents, licences, concession-based contracts and lessees outgoings

The Airport is viewed as an essential infrastructure asset for Taupō and the wider region and has a key role to play in the economic performance, growth and development of the area. TAA will work collaboratively with TDC, Destination Great Lake Taupō (Taupō tourism), Amplify (Taupō economic development agency), Taupō Town Centre, the Taupō Chamber of Commerce and other key stakeholders, ensuring a combined approach to achieve the region's desired strategic goals.

3. TAUPŌ AIRPORT

Taupō Airport was originally constructed in 1963 and provides a complimentary mix of aviation and commercial activities. This includes scheduled regular passenger transport services, general aviation, skydiving adventure operations, scenic flights, agricultural aviation operations as well as non-aviation commercial and retail offerings.

Since the relaxing of the air travel restrictions following the COVID-19 pandemic, Taupō Airport is also beginning to see an increase in the number of jet charters bringing high value customers to the region, particularly international passengers.

In 2017, the Airport was identified as a critical piece of transport infrastructure, requiring urgent investment through the District Economic Strengthening Strategy (produced by Taupo District Council) and the Bay of Plenty Visitor Economy Strategy (produced by the Bay of Connections and partially funded by MBIE).

Subsequently, finance was successfully attained through the Government's Provincial Growth Fund scheme and, with the aid of both MoT and TDC funding as JV partners, a new terminal and associated infrastructure project was completed in early 2022.

The opening of the new terminal and much needed upgrade of infrastructure provides an incredible asset for the region and a community experience that is authentic, safe and efficient. It will ensure a great experience not only for the travelling public but is also a destination in its own right.

4. GOVERNANCE

Governance sits with the Committee members of TAA and the Committee is responsible for the strategic and overall direction of the Airport, laying down solid foundations for management and oversight.

TDC employs an Airport General Manager who monitors the organisation's performance against pre-established criteria and has overall responsibility for implementing the Airport's strategic direction.

The Committee members are appointed by TDC and meet regularly with Airport Management to review the Airport's performance and provide quarterly, half yearly and annual business performance reports.

The TAA Committee members are:

- Chris Johnston
- Chris Grace
-
-
-

5. MANAGEMENT

Management of the Airport is the responsibility of the General Manager with the assistance of a small team comprising of a full-time Operations Manager and a part-time Safety Manager.

For economic efficiency, Airport management also utilises the Air New Zealand and Sounds Air ground handling operator to assist with the day-to-day running of the Airport. This is through an Airport Operations Contract which also includes terminal cleaning, car park management and basic security.

Grounds and general maintenance of the Airport is split into two contracts:

- The airside bulk mowing is carried out by TDC's Parks and Reserves team with supervision by TAA management for aircraft movement compliance.
- The remainder of the airside grounds maintenance and all landside work is through a Grounds and General Maintenance Contract with a local company which includes maintenance of the terminal precinct, car parking areas, landscaping, fencing and gates.

The General Manager is accountable to the TAA Committee members and TDC for implementing the Airport's strategic direction, business development, stakeholder relations and to ensure the ongoing safe and successful operation of the Airport in full compliance with CAA Rule Part 139 and the Health and Safety at Work Act 2015.

6. RESPONSIBILITY TO THE SHAREHOLDERS

6.1 Statement of Intent

In accordance with the Local Government Act 2002, TAA will submit a Statement of Intent (SOI) for the coming financial year to TDC. The SOI sets out the Company's overall objectives, intentions, financial and performance targets for the following three years.

The draft SOI is required to be submitted to the JV partners for comment by 1 March, following which the final SOI is to be provided to the JV partners by the 31 May for adoption in June, prior to the start of the SOI period.

6.2 General information flows and reporting

TAA Committee aims to ensure that the JV owners are informed of all major developments affecting the Airport's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public

Whilst noting that TAA may operate in a different market to Council, the Airport is aware that it operates in a public environment and, as such, TAA will exercise due care and attention in accordance with Council's policies and procedures, including sensitive expenditure.

Within these constraints, information will be communicated as follows:

- Quarterly reporting against the SOI's performance measures and financial forecasts to be provided within 60 days of the end of the quarter.
- Delivery of a half-year report within 90 days of the end of the first six months of the financial year.
- Delivery of a Committee-approved annual report with an unqualified Audit Opinion within 90 days of the financial year end.
- Regular meetings between TAA General Manager and TDC senior executives to ensure strong communications and alignment between the Council and TAA.
- Meetings as required between TAA, TDC and the MoT
- Other ad-hoc reports and briefings to inform well in advance of any material for significant events, transactions or other issues that would be considered contentious or attract wide public interest – operating a *no surprises policy*.

6.3 Strategic focus

a) TDC / TAA support services

Historically, TDC has provided services to TAA to ensure the Airport operations, in consideration of the small Airport management team, are managed effectively from a cost perspective. These support services include:

- Financial
- IT
- Legal
- Communications
- Grounds maintenance (large scale airside mowing)
- Facilities compliance (building warrant of fitness etc.)

TDC invoice TAA on a monthly basis for some of the support services but there is no formal agreement in place.

The intention during the early part of this SOI is for TAA and TDC to enter into discussions to formulate a Service Level Agreement between the two entities for the support which will detail the services to be provided and associated costs.

b) Governance structure review

TAA is a Council Controlled Organisation (CCO) as defined under the Local Government Act 2002 but, due to the historic size and scale of the airport, TAA has been essentially run as an activity of Council. This limits the ability to effectively manage the Airport as a standalone business.

In 2019 TDC engaged a consultant to carry out an independent review on the Governance structure of TAA which resulted in feedback and advice to move TAA from a Standing Committee of Council to a full Council Controlled Organisation structure, including the development of an independent Board of Directors tasked with providing high level governance over the Airport Company.

This would give the opportunity for the Airport to be managed on a more commercial footing and operate at industry best practice level whilst still providing stakeholders with the ability to provide valued input on strategic direction.

The process of forming a fully functioning CCO will initially require TAA to be registered as a business, the development of a company constitution and various agreements between TDC and TAA to be established, all with the full involvement of the MoT as the JV partner.

c) New Zealand Civil Aviation Authority (CAA) requirements

As holder of the Aerodrome Operator Certificate (AOC), TAA is responsible for meeting all aviation operations and health and safety obligations under CAA Rule Part 139 including the ongoing management of an Airport Safety Management System (SMS).

TAA's General Manager is designated on the AOC as the Aerodrome Chief Executive, having direct accountability to the CAA.

TAA will keep Council officers and the CAA informed at all times of any changes in the status of these obligations or any other matters relating to CAA Rule Part 139.

The current AOC is due to expire on the 28 July 2023 and TAA management will submit an application to the CAA for a five-year renewal of the certificate during this SOI period. This will entail a complete review of the Aerodrome Exposition consisting of the following manuals, followed by a comprehensive audit to be undertaken by the CAA:

- Operations
- Safety Management System
- Emergency Response

d) Airport Master Plan

In 2020 Airport management, in collaboration with local Architects, worked on the development of an Airport Master Plan and produced high level pictorial imagery of a proposal to segregate the Airport land into seven zones or precincts. Each zone considered various development opportunities, both aviation and non-aviation, and also included the acquisition of a parcel of land to the north west of the Airport.

At the current time TDC owns all of the Airport land with an Airport boundary in place which basically covers the operational areas. To fully develop the intent of the Airport Master Plan, it will be necessary for TDC and TAA to investigate options for the land surrounding the Airport and the possibility of redefining the boundaries to allow and expansion of Airport designated land.

e) Airport Asset Management Plan

Following the completion of the terminal and associated infrastructure redevelopment project, this has given the opportunity to take stock of all of the Airport assets:

- Buildings
- Fixtures and fittings
- Landside infrastructure – roading, paving, landscaping, underground services
- Airside infrastructure – runways, taxiways, apron, drainage
- Airport land

Currently, these assets are generally under TDC ownership, although they are included in TAA's statement of financial position.

TAA will work with TDC during this SOI period to formulate a detailed Airport Asset Management plan. This will require some definition as to asset ownership, a detailed asset register to be developed and who will be responsible for maintaining the Asset Management Plan moving forward.

f) Stakeholder relations

To effectively grow passenger traffic through the Airport and be of benefit for the region, a concerted effort has to be made by all interested parties for a common goal:

- Airport
- Airlines
- Council
- Tourism
- Economic development

Whilst there has been some coordination in the past between certain entities, this now has to take a much stronger direction, especially as the recovery continues from the devastating impacts of the COVID-19 pandemic.

During the SOI period, TAA will support this process by participating in regular forums with representatives from the key stakeholders and work towards the overall objective of making Taupō and the region the place to live, work, play and visit.

7. CAPITAL EXPENDITURE PROPOSALS

During the period of this SOI the following capital expenditure projects are being proposed subject to feasibility studies and sound business cases being presented by TAA management to the TAA Committee, TDC and the MoT for approval:

a) Airside apron extension

The Airport has recently completed a major redevelopment with the construction of a new terminal and associated infrastructure which was co-funded between the Crown (Provisional Growth funding and MoT) and TDC.

An apron extension to accommodate the growth in aircraft movements, particularly jet charters, was included in the terminal redevelopment project and this is due to be completed by the end of June 2024 to meet the requirements of the Government funding.

The apron extension project was originally estimated in 2020 and a budget of \$800k was proposed, however, considering inflation pressures since the estimate was carried out, the project will be reviewed and a new estimate produced.

For this draft SOI a provisional figure of \$1 million has been included in the forecasted Capital Expenditure table below and the updated estimate figure, once known, will be incorporated in the final SOI document.

b) Airside security fencing

As part of the terminal redevelopment the old terminal building will be demolished leaving an open area to the airside apron. Fencing will be necessary to prevent unauthorised access to the apron and TAA will take the opportunity to install 2.44m high security fencing in accordance with the Civil Aviation Authority (CAA) regulations.

The requirement for security fencing for 300m either side of the terminal was introduced at Tier 2 airports in 2017/18 but at that time Tier 3 airports were excluded from the rule. However, with the high number of jet charters at Taupō, the increasing number of regular passenger transport activity and the fact that the CAA may extend the rule to Tier 3 airports such as Taupō in the future, it has been decided that the appropriate security fencing is to be installed.

The MoT as JV partners have been approached for co-funding of this project and have agreed a 50% contribution.

c) Surface treatment works to the main sealed runway

In November 2022 management engaged an aviation consultant to carry out a runway condition survey.

The runway was last resurfaced with a 50mm asphaltic overlay in 2010 and such surfacing generally lasts between 15 to 20 years. A longer surface life of up to 30 years can be achieved with the appropriate use of a bitumen surface treatment.

To maintain the integrity of the surface and extend the life of the runway, the consultant has recommended that a proprietary surface treatment be applied during this SOI period for which a specialist contractor will be engaged to design and carry out the operation.

The consultant has anticipated that the cost of the treatment works will be circa \$600k.

In addition to the key projects above, further capital works are proposed over the three-year period of this SOI including:

- Resurfacing of the refuelling area to the north of the apron
- Rehabilitation works to the sealed taxiways
- Underground services
- Internal roading

Forecasted capital expenditure

	2023/24 \$000	2024/25 \$000	2025/26 \$000
Apron extension	1,000	-	-
Airside security fence	60	-	-
Runway surface treatment	-	600	-
Other capital works	50	200	300
Total	1,110	800	300

As part of the development of an asset management plan, a rolling programme of maintenance and capital improvements will be developed.

If any capital works are required in the future that cannot be funded from Airport operations, TDC and the MoT as JV owners, will be approached with regards contributions for the works.

8. OPERATIONS

The Airport is an essential infrastructure transport hub for Taupō and the surrounding area and provides facilities that are safe, efficient and welcoming to all users.

It is essential that TAA positions the Airport for future aviation growth by close collaboration with the airlines and key stakeholders to facilitate the expansion of tourism, trade and domestic air travel and to play a key role in the economic performance and development of the region.

The operational performance of TAA will be judged against the following measures:

8.1 Operational performance

- 1) Maintain the Airport facilities to avoid any disruption of scheduled commercial flights other than for weather or airline related problems.
- 2) Meet all the operating, maintenance and interest costs from Airport revenue.
- 3) Manage Taupō Airport in full compliance with the approved operating procedures of Civil Aviation Authority Rule Part 139.
- 4) Complete the Airport apron extension project before June 2024.

8.2 Passenger numbers

	2023/24	2024/25	2025/26
Forecasted passenger numbers	76,000	78,000	80,000

9. FINANCIALS

9.1 Ratio of TAA's capital to total assets

For the next three years, the ratio of total capital to total tangible assets is expected to range from 0.95:1 to 0.96:1. TAA's capital includes:

- Retained earnings
- Capital account

Total tangible assets include:

- Current assets
- Property, plant and equipment

9.2 Accounting policies

The accounting policies will be consistent with:

- The Financial Reporting Act 1993
- New Zealand Generally Accepted Accounting Principles (NZGAAP)
- Accounting Standards Review Board pronouncements

9.3 Financial performance

The following outlines TAA's anticipated financial performance for the three-year period ending 30 June 2026 assuming forecasted passenger growth, current and known future aircraft type and size, and other proposed commercial activity within the Airport confines:

Financial performance

	2023/24 \$000	2024/25 \$000	2025/26 \$000
Operating revenue	1,218	1,531	1,582
Operating expenditure	867	895	925
EBITDA	351	636	657
Depreciation, Interest & Tax	522	644	682
Net profit	(171)	(8)	(25)

9.4 Forecast statement of financial position

	2023/24 \$000	2024/25 \$000	2025/26 \$000
Assets			
Current assets	467	201	456
Property, plant and equipment	21,627	21,782	21,401
Total assets	22,094	21,983	21,857
Liabilities			
Current liabilities	196	198	200
Non-Current borrowings	946	842	739
Total liabilities	1,142	1,040	939
Net assets/liabilities	20,952	20,943	20,918
Total equity	20,952	20,943	20,918

9.5 Commercial value of TAA

In keeping with the spirit of the Act, the value of the investment is the capital. This rationale is based on the fact that TAA is a going concern and that the total assets are carried at fair value and assessed for impairment annually. This estimate will be re-assessed in the same manner on an annual basis.

	2022 \$000	2021 \$000	Movement \$000
Land	5,217	4,036	1,181
Infrastructure and buildings (landside assets)	7,187	2,528	4,659
Runway, taxiways and apron (airside assets)	4,607	4,748	(141)
Furniture and fittings	22	28	(6)
Total	17,033	11,340	5,693

9.6 TDC loan to TAA

With the focus to be more commercially sound, profitability from the Airport operations is expected to improve over the coming years.

In 2020 TDC agreed a loan facility to TAA and, whilst interest payments on the outstanding debt will be maintained, provisions will be made by TAA to repay the capital portion of the loan based on surplus funds once revenue received from Airport operations has met operational requirements.

9.7 Information to be provided

TAA will make the following available to JV partners if there are any material changes:

- Details of any new developments which would involve a significant movement away from the current activities of the business.
- Information and details on any new developments which have not been covered in the Statement of Intent.

9.8 Accounting designation

TAA is designated as a Public Benefit Entity for accounting purposes.



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

15 February 2023

Dear Gareth

Draft Statement of Intent

Please find attached the draft Statement of Intent for Destination Great Lake Taupo. In accordance with the Trust Deed and Local Government Act requirements the draft is due with Taupo District Council by 01 March 2023, so that it can be considered formally by Council, and any comments provided in advance of May 2023.

The board looks forward to the opportunity to discuss the draft with Councillors in due course.

Yours sincerely

Tim Castle
Chairman

Destination Great Lake Taupō

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Chief Executive Officer
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46 Horomatangi Street
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Yours sincerely

Tim Castle
Chairman

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**DESTINATION
GREAT LAKE TAUPŌ**

Statement of Intent 2023-2026



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1. Introduction

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

DGLT is governed by a Board appointed by the Taupō District Council (TDC) under the Trust Deed (6 September 2010) establishing the CCO. DGLT is funded largely by a grant from TDC, on behalf of Taupō District ratepayers, along with industry and partnership contributions to various marketing initiatives. 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. The National Tourism Strategy

TOURISM 2025 & BEYOND A SUSTAINABLE GROWTH FRAMEWORK



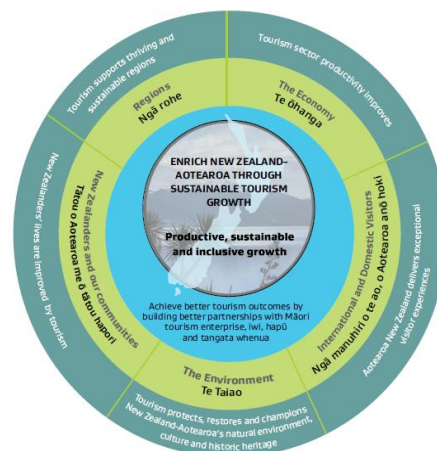
In 2019, prior to Covid-19, Tourism Industry Aotearoa (TIA) released **Tourism 2025 and Beyond**, a strategic planning document designed to align the industry nationally. The framework places sustainability at its heart and is built on the foundation of kaitiakitanga (guardianship), manaakitanga (hospitality)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

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 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. It is reviewing how to provide better work opportunities for those in the tourism and hospitality industries. 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. Public consultation on the draft [Better Work Action Plan](#) occurred from 10 August to 14 September 2022. Feedback from consultation is currently being considered and will inform the final Better Work Action Plan, with public release anticipated in early 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. New Zealand Tourism Outlook:

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 Bn and underpinned the sector's growth and year-round activity. Domestic visitors were an essential contributor to the tourism economy accounting for almost 60% of total spend, predominantly focused on weekend travel and school and public holiday periods. Furthermore, over 8% of the national workforce was directly employed in tourism, and the sector made a direct contribution to GDP of \$16.4 billion (5.5%) and generated \$3.9Bln in GST of which \$1.8Bln came from international visitors.

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.

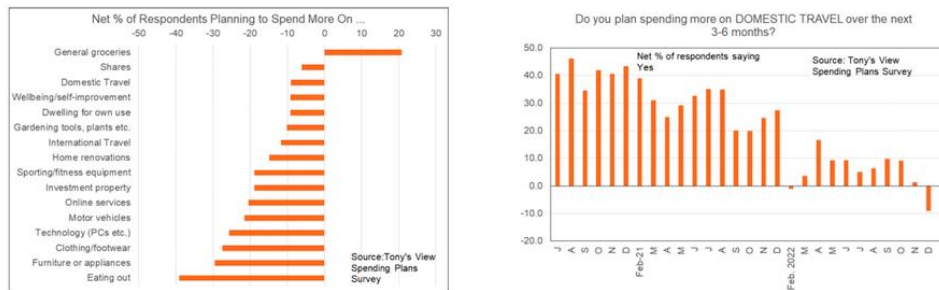
Although the immediate outlook for Quarter 4 is positive, ongoing capacity constraints (labour shortages and availability of residential accommodation for workers) is impacting operating hours and available capacity of visitor accommodation in many regions across the country. Rising inflation, the threat of an upcoming recession, fluctuating Covid case numbers and the continued slow visa processing times will also provide ongoing challenges for the New Zealand tourism sector in 2023-2024.

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

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

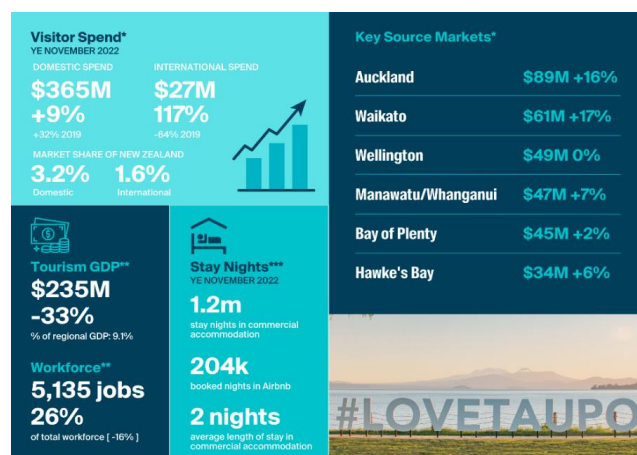
³ Source: [MBIE: International Visitor Survey Quarter 3 Nov 2022](#)

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.



Although recent Kantar research⁴ indicated 71% of New Zealanders intend to take a domestic holiday in the next 12 months, 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 airfares, lack of airline capacity, and constrained household budgets.

4. Taupō District Tourism Outlook:



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.

However, the last half of 2021 was very challenging for our local industry with Auckland and parts of the Waikato in an extended lockdown. With our number one source market unable to travel,

⁴ Kantar – October 2022 for Tourism New Zealand

⁵ Tony Alexander – Tony's view spending plan survey Nov 2022

⁶ MBIE MRTE's – Year ending December 2019

⁷ MBIE TECT - June 2020

and a significant number of event cancellations, our domestic spend dropped dramatically, down 26% for the 4 -month period of August to November 2021⁸.

Despite this significant decline in the latter half of 2021, domestic visitation year ending November 2022 has 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 has been 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 Taupo 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.

Although the industry remains exceedingly optimistic, it will be a very busy and exhausting summer for many operators at a time when they are already feeling the emotional and physical impacts of the last 3 years.

5. Taupō District Tourism Strategy – 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.*
- *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.*

⁸ TECT – Nov 2021

⁹ MBIE TECT November 2022

¹⁰ MBIE TECT November 2022

Our key priorities are:

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



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. Our media initiatives will support this activity so that we can firmly establish the destination has an authentic and justified world-class brag factor around these key experiences. Our communications strategy will keep these prospects inspired, keep them coming back and encourage them to share their experience with others. This content is primarily targeting domestic visitors, but we will be testing some passion group activity (golf and fishing) in Australia and USA this year. In addition to our passion groups, we will continue to target families, couples and friends through our conversation led strategy to 'meet in the middle' – especially mid-week and through shoulder season periods where demand drops significantly.

- 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/Hapū initiatives and agreements to protect, enjoy and advance the values, interests, and aspirations of our communities.

- Work alongside Ngāti Tūrangitukua and other Iwi/ 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 Taupo District Council and Ngāti Tūrangitukua.
- Provide opportunities for Iwi and Hapu to share their stories, tikanga and history with manuhiri and the broader Taupō regional communities.
- Grow our understanding of the history of mana whenua recognising their seminal historical Treaty of Waitangi settlement with the Crown.

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. Performance and Other Measurements

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

Objective 1 – Grow the value of the local tourism economy.					
Strategic Priority	Data sources	Baseline data	2023-24	2024-245	2025- 26
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	2023-24	2024-245	2025- 26
Implement a Destination Management strategy ensuring the balance of economic growth with the social, cultural, and environmental well-being of the community.	Quarterly meetings of Te Ihirangi Leadership Advisory Group	Commence implementation of Te Ihirangi Destination Management Plan	Ongoing	Ongoing	Ongoing
	Grow industry capability.	Industry workshops	Carbon Reduction Te Ao Māori Digital	TBC	TBC
	Fill product gaps through new product development	Work with Amplify and Iwi to identify new product development opportunities.	Ongoing	Ongoing	Ongoing
	Social license - connect with residents.	Biannual community sentiment survey, brand and tourism strategy workshops for Mangakino and Tūrangi.	Ongoing	Ongoing	Ongoing
Objective 3 - Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.					
Strategic Priority	Data source	Baseline data	2023-24	2024-25	2025- 26
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% 2023: 83%	80%	80%	80%

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.

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 2023-34 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 Reporting entity

The Trust is a legal entity. The Board has authority to govern Destination Great Lake Taupō (DGLT) under the terms of this Statement of Intent as delegated to it by Council. It seeks to manage its activities in 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	4-10years	13.33% - 25%
Furniture and fittings	2-10 years	10% - 50%
Computer equipment	4 years	25%
Machinery	4 years	25%

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

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

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

7.10 Financial liabilities

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

7.11 Employee entitlements

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

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

Superannuation schemes

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

7.12 Interest-bearing borrowings

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

7.13 Income Taxation

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

7.14 Advertising costs

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

7.15 Equity

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

7.16 Balance-sheet ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As of 30 June 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 Taupo Projected Statement of Comprehensive Revenue & Expense

	Projected FY 23/24 Financials	Projected FY 24/25 Financials	Projected FY 25/26 Financials
Income			
Revenue from services provided	40,000	40,000	40,000
Grant received from Taupo 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 25/26 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	5000	IT equipment, furniture replacement
2024/25	5000	
2025/26	5000	

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

7.22 Other financial matters

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

Year	\$
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. Contact Details

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

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

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

Tim Castle
CHAIRMAN

Approved by shareholder on: (Date):

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For Taupō District Council

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

10. Appendix One: Terms and Definitions

RTO – Regional Tourism Organisation

TDC – Taupō District Council

TIA – Tourism Industry Aotearoa

DOC – Department of Conservation

MBIE – Ministry of Business, 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