

TOURISM NEW ZEALAND

Statement of Intent 2009/10



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Presented to the House of Representatives
pursuant to Section 149 of the
Crown Entities Act 2004

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FOREWORD FROM THE CHAIR OF TOURISM NEW ZEALAND

This years Tourism New Zealand Statement of Intent has been prepared in an economic environment that is the most challenging we have seen in recent memory. The economies of all of our major visitor markets are in recession and governments have taken unprecedented steps to stimulate their economies and hove off the worst effects of the recession.

Consumers have been acting very cautiously. They have reduced expenditure on goods and services across the board. Outbound travel from most of our key markets is declining; consumers are demanding 'deals', booking times have shortened considerably and airlines are reducing flight schedules.

The past summer has held up remarkably well in the face of these economic conditions. New Zealand has a strong product, a well regarded brand and an industry that is responsive to change. The injection of \$2.5m of funds by the Government for extra marketing activity in Australia has assisted greatly.

However, next summer will be a challenging one. Economies around the world are not forecast to recover in 2009; the earliest predictions are for recovery in 2010. Consumers will continue to act cautiously and we will see falls in overall visitor numbers over the next year at least. The targets that we have set for Tourism New Zealand in 2009/10 reflect this fact. In most of our markets our challenge is to mitigate the extent of the decline.

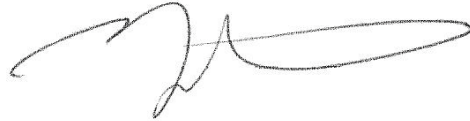
This Statement of Intent sets out how Tourism New Zealand plans to do this. We will continue to focus resources on the markets most likely to respond to stimulation in the short term. We are also looking beyond the current recession at opportunities to strengthen our brand, 100% Pure New Zealand, in key markets so we come out in a strong and competitive position.

Tourism New Zealand's role includes making investment choices between short term stimulation and long term brand building, and between markets. However as currently funded these choices are increasingly compromised when considered against the outcomes we seek to achieve. This is further impacted by the adverse foreign exchange position and the significant diminishing effect this has on our international purchasing power. We are engaged in discussions with Government on the future funding levels that are needed to help stimulate arrivals and provide the platform for a strong recovery.

We have some challenging times ahead, but as this Statement of Intent shows Tourism New Zealand is an organisation in good shape, we have a strong brand, and we are clear about our role in tackling these challenges.



Greg Muir
Chairman
Tourism New Zealand Board



Susie Johnstone
Member
Tourism New Zealand Board

INTRODUCTION

This Statement of Intent has been prepared to guide Tourism New Zealand's activities for the next three years.

This year's Statement includes a significantly changed outcomes framework. This provides a clearer expression of Tourism New Zealand's role in the sector, of the outcomes that we are seeking to achieve and the effect these will have on the tourism industry in New Zealand.

This is the framework within which we develop our activities to 2012.

This Statement of Intent is set out as follows:

Part One – Sets out Tourism New Zealand's purpose and strategic direction including the outcomes to be achieved over the next three years. It then describes Tourism New Zealand's operating environment and how we will manage the capability of the organisation to enable us to deliver our outcomes.

Part Two – Presents the Statement of Forecast Service Performance 2009/10, Forecast Financial Statements, and a Statement of Significant Assumptions underlying these forecasts.

Part Three – Sets out relevant supporting information to this Statement.

PART ONE

1. TOURISM NEW ZEALAND – PURPOSE AND FUNCTIONS

The New Zealand Tourism Board, trading as Tourism New Zealand, is charged with marketing New Zealand as a visitor destination so as to maximise the long-term benefits to New Zealand.

Tourism New Zealand was established by the New Zealand Tourism Board Act 1991, which requires Tourism New Zealand to carry out two specific functions:

- to develop, implement and promote strategies for tourism; and
- to advise the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.

Under the Crown Entities Act 2004, Tourism New Zealand is classified as a Crown agent.

As the National Tourism Organisation, Tourism New Zealand is the only organisation in the sector with the mandate and resources to promote 'destination New Zealand'.¹

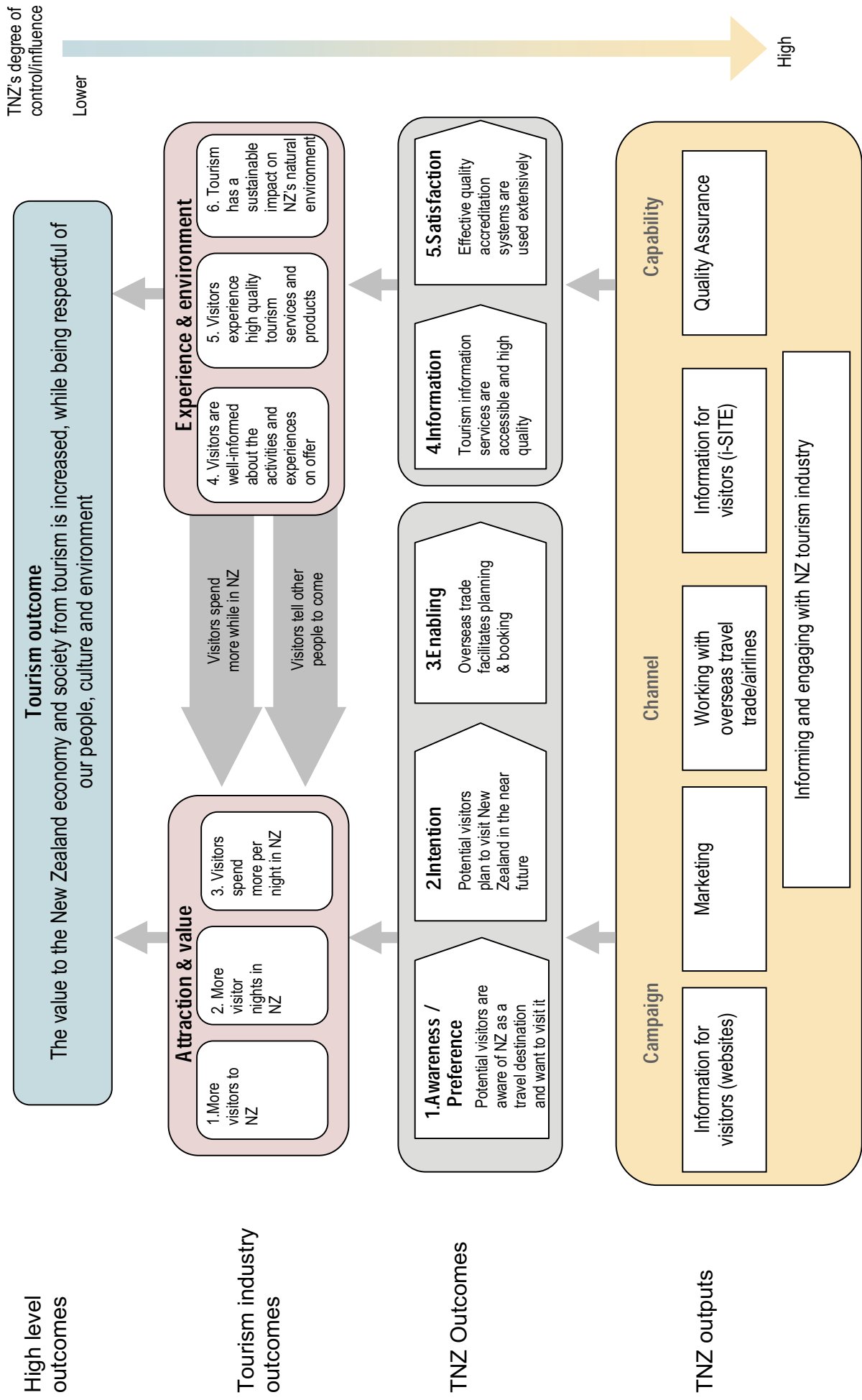
Tourism New Zealand carries out a wide range of activities, which are outlined in this Statement of Intent, to fulfil the purpose and functions for which it was established. All of these activities are carried out under the banner of the "100% Pure New Zealand" campaign, our global campaign.

2. FRAMEWORK FOR TOURISM NEW ZEALAND'S STRATEGY

Tourism New Zealand's strategic direction for the next three years is guided by our Outcomes Framework. Each level of this Framework is expanded on in the sections that follow.

¹ For a full discussion on the justification of the role of a National Tourism Organisation, see the report on the Baseline Review of Tourism New Zealand (in particular the report on the Context Objective) on the Ministry of Tourism's website: www.tourism.govt.nz

DIAGRAM 1: Tourism New Zealand's Outcome Framework



2.1 GOVERNMENT PRIORITIES

The Government's priority is to grow the New Zealand economy in order to deliver greater prosperity, security and opportunities to all New Zealanders. Three priorities have been established for Vote Tourism;

- ensuring tourism provides a high level of economic returns;
- ensuring that New Zealand delivers on the quality promise made by our marketing; and
- improving tourism yield.²

Our outcomes framework describes how Tourism New Zealand's outcomes contribute to these priorities.

2.2 HIGH LEVEL OUTCOME

Tourism New Zealand's activities over the next three years will contribute to the following high level outcome.

High level outcome: "The value to the New Zealand economy and society from tourism is increased, while being respectful of our people, culture and environment".

Economic contribution

Tourism generates value for New Zealand's economy. Visitors inject foreign currency into our economy which leads to both direct and secondary economic benefits including employment, business profits, and household and government income.

Diagram 2 below shows the successive rounds of economic activity generated from initial expenditure by international tourists and illustrates the magnitude of the economic impact on New Zealand.

² Estimates of Appropriations for the Government of New Zealand for the year ended June 2010, Vote Tourism

DIAGRAM 2: Flow of economic impacts through out the New Zealand economy



(Source reference: Tourism Satellite Account 2007)

Socio-cultural impacts

The tourism sector is also linked with broader social benefits.

- tourism has been acknowledged as providing Māori with the opportunity to develop, celebrate and present their culture to the world;
- tourists are an important source of visitors and revenue for our museums, arts festivals and heritage sites;
- tourism supports regional economic growth and contributes to the revitalisation of regional towns and communities; and
- tourism provides a means by which New Zealanders can engage with and experience other cultures and languages.

Environmental impacts

As the '100% Pure New Zealand' Campaign leverages off the beauty of our landscape to attract international visitors, tourism's success relies on protecting New Zealand's natural environment. The New Zealand tourism industry must operate and grow sustainably to protect what is a major motivator for travel to New Zealand. Our target market are sophisticated travellers who will not tolerate a visitor experience that falls badly short of our 100% Pure promise, making it crucial that the campaign matches the reality of what our visitor's experience.

The drivers of value from tourism

Three key variables influence the value generated from tourism. These are:

- the number of visitors who come to New Zealand;
- the length of time that each visitor stays here; and
- the amount of money each visitor spends per day in New Zealand while they are here.

Increases in any or all of these variables increases the value New Zealand gains from tourism.

This value can be further enhanced by:

- promoting regional spread achieved by encouraging tourists to visit non 'traditional' destinations; and
- balancing seasonality and attracting more visitors to New Zealand in non-peak seasons.

Determining the right mix or emphasis on these variables is at the core of Tourism New Zealand's strategic planning. Tourism New Zealand needs to make strategic choices about how to allocate its resources to ensure tourism's contribution to New Zealand's economy and society is sustainably increased over time.

Measuring success

High level outcome 1: “The value to the New Zealand economy and society from tourism is increased, while being respectful of our people, culture and environment”.

Progress made by the New Zealand tourism sector as a whole towards “High level outcome 1” will be measured by several indicators:

- foreign exchange earnings from tourism;
- tourism’s contribution to GDP;
- tourism’s contribution to employment; and
- tourism’s contribution to GST earnings.

Measuring the socio-cultural and environmental impacts of tourism is more difficult, as direct measures have yet to be established. The Ministry of Tourism is researching indicators on the environmental impact of tourism, this may prove useful in time. In the meantime Tourism New Zealand will use a proxy measure which surveys visitors’ attitudes to aspects of their experience here and gathers views on our environment.

2.3 TOURISM INDUSTRY OUTCOMES

The New Zealand tourism industry has three overarching outcome areas to which Tourism New Zealand contributes. They are:

1. **Attraction and value:** this outcome area aims to increase visitor numbers, length of stay and the number of visitors who are likely to spend more per day in New Zealand.

2. **Experience and environment:** this outcome area aims to increase the quality of tourism products and services, information available to visitors and ensure tourism’s impact on New Zealand’s natural environment is sustainable.

A relationship exists between the two Tourism Industry Outcomes. Positive progress made within the ‘Experience and environment’ outcome area contributes to growth within the ‘Attraction and value’ outcome area through development of a positive reputation. This leads to repeat business and word of mouth referrals. It also impacts positively on the total amount spent

because visitors who are aware of a wide range of quality experiences will spend more.

Tourism Industry Outcome	Measure	TNZ Target	Forecast ³	
		2009/10	2010	2011
More visitors to New Zealand	Visitor numbers	2.3m ⁴	2.6m	2.8m
More visitor nights in New Zealand	Visitor nights ⁵	45.3m	51.7m	54.4m
Visitors spend more	Average spend per night	\$139	\$143	\$148

2.4 TOURISM NEW ZEALAND'S OUTCOMES

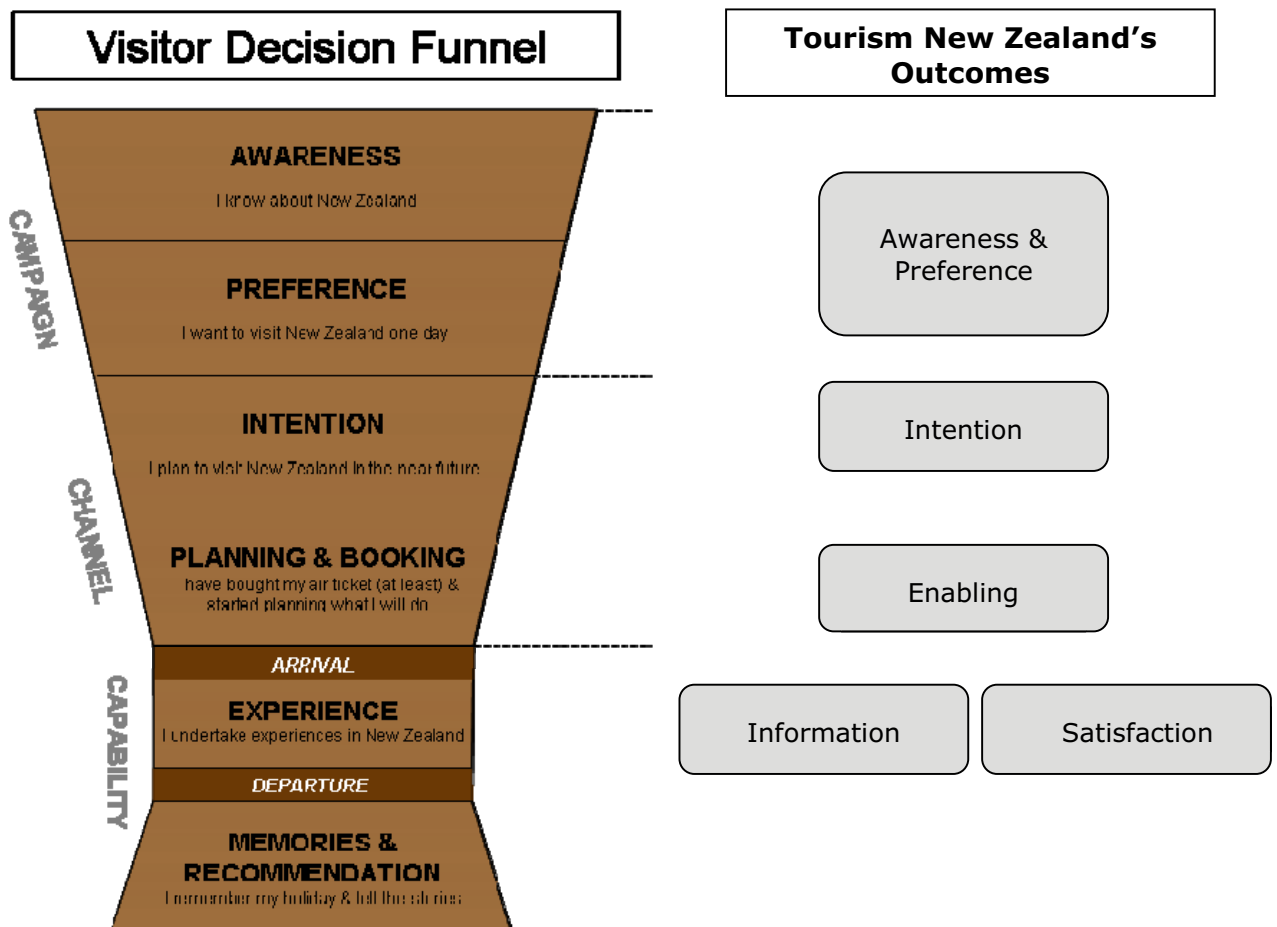
Tourism New Zealand contributes to the Tourism Industry and High level outcomes by focusing on a set of its own specific outcomes.

These outcomes have been identified by Tourism New Zealand using our research and experience in relation to people's decisions about travel. These decisions follow a continuum, known as the 'Visitor Decision Funnel'. Tourism New Zealand's outcomes correspond to the different stages of this funnel.

³ Sourced from forecasts generated by the Ministry of Tourism

⁴ TNZ's target varies from that forecasted by the Ministry of Tourism to take into account the significant changes to the global economy over the past six months. The Ministry has a caveat on their forecasts asking that their 2008-2014 tourism forecasts be treated with caution, particularly for the outlook over the next 1-2 years. TNZ has taken this into account and this target reflects that.

⁵ Average nights per visit is forecasted at 20 nights by the Ministry of Tourism for the years 2009 - 2011



From a Tourism New Zealand perspective, the funnel works in the following way. Tourism New Zealand's marketing activities (including advertising and international public relations) use the 100% Pure New Zealand campaign to raise awareness and preference of New Zealand as a holiday destination and intention to travel here. We undertake work with the overseas travel trade and travel sellers to give them the knowledge and the tools that convert traveller interest into plans and bookings. Finally, we work to ensure visitors have good information on quality services and attractions so that they undertake a wide range of high quality activities which provide a satisfying experience.

Value for money

The funnel is an important framework for allocating resources to those areas most likely to affect a visitor's decision to come to New Zealand. It is important to choose the right output, and to be clear about the impact that is being aimed for, to ensure they are achieved in a cost effective manner.

The funnel also helps to clarify the public and private sector's roles in marketing New Zealand, allowing for co-ordinated allocation of resources.

There is a market failure in destination marketing because private sector firms do not invest to promote awareness and preference for 'destination New Zealand'. This role falls to Government meaning our activity is greatest at the top levels of the funnel. Private sector firms invest at the 'experience' level of the funnel where they can capture the benefits of their marketing and infrastructure investments by charging customers. In the middle of the diagram, in the intention space, there is room for public, private, and cooperative activity.

Tourism New Zealand: Outcome 1

Awareness & Preference: "Potential visitors are aware of New Zealand as a travel destination and want to visit"

What are we seeking to achieve?

Potential visitors are aware of New Zealand as a holiday destination and prefer New Zealand over other holiday destinations.

Why is this outcome important?

Higher awareness of New Zealand within our target market is essential in order to increase the catchment for conversion to arrivals.

In some markets, such as Australia and the UK, there is a high awareness of New Zealand as a visitor destination, however in others, such as the USA, Japan and much of Europe, there are much lower levels of awareness. The challenge is to make more people aware that we exist as a holiday destination. Likewise, we aim to increase preference levels in order to improve our ranking as a preferred destination.

Tourism New Zealand is the only organisation with the mandate and the resources to develop awareness and preference of New Zealand as a tourism destination.

What will we do to achieve this outcome?

The Campaign Tracking and Evaluation Research will continue to run in 2008/09 to inform marketing activity by identifying the marketing problems and opportunities, and to determine our investment levels by market and segment.

For all markets except Australia we will weight our 2009/10 campaign expenditure in the first half of the year to stimulate arrivals in the November – March period.

We will be investing in activity in the following markets in 2009/10:

- UK
- USA
- China
- Germany
- Canada
- Europe (Paris, Amsterdam)

We will continue to have a focus on mass media in our communication mix, but over the 2009/10-2011/12 period it will be increasingly important to add media that allows us to have direct conversations with visitors. This is more likely to be a mix of digital and social media.

In Australia we want to grow arrivals year round. Campaign activity, and funding, in 2009/10 will be spread over the full year.

We will increase our focus on working with media who have high impact multi-platform outputs (broadcast, on-line, print).

- we will target TV production companies and film producers who offer the best opportunities to increase our exposure to our target markets; and
- we will target opinion leaders, focussing on respected business leaders in Asian markets and high profile celebrities in western markets.

We will continue the Global News Room programme that targets events, celebrities, unique individuals, occasions that have the potential to raise New Zealand's profile and create positive word of mouth.

We will increase the distribution of Tourism New Zealand produced video footage to international broadcast media and increase the uptake of this material in the social media space.

In 2008/09 we began developing a new on-line strategy to guide a new approach for the next 2-3 years. The strategy will inform us as to how we can motivate and inspire potential visitors to move from simply researching a New Zealand holiday to booking a New Zealand holiday. We will begin implementation of this strategy in 2009/10.

In 2009/10 we will ensure that monitoring is timed to coincide with the delivery of market activity. This new approach in our Campaign Tracking and Development Research Programme will provide more valuable insight and will deliver better value for money. Over the 2009/10 to 2011/12 period we will undertake a programme of market specific research projects to understand and refine our target markets where needed.

As part of our programme of Rugby World Cup Activity, this year we will:

- host targeted lifestyle media from Italy, France, Japan and Australia in order to promote New Zealand ahead of the All Black matches in those countries in 2009/10; and
- install the Giant Rugby Ball in Japan in October/November (funding to be confirmed), in conjunction with the All Blacks v Australia test match.

We will sponsor the World of Wearable Arts in September 2009 (the final year of our three year contract) to raise the profile of New Zealand. As part of our programme we will host targeted international media and opinion leaders at the event.

Tourism New Zealand will also support:

- the Winter Games and the New Zealand Golf Open in Queenstown in 2009/10; and
- the World Rowing Champs in 2010.

These activities will be funded out of Output 1: Marketing and Output 2: Information for Visitors.

How will we demonstrate our success in achieving this?

Our campaign tracking research measures awareness of the 100% Pure New Zealand campaign in our top six markets.

Prompted levels of awareness of the 100% Pure New Zealand campaign in target markets				
Target market (Interactive Travellers)	YE Dec 2007	YE Dec 2008	Trend	Target⁶ YE Dec 2009
Australia	47%	52%	▲	55%
UK	26%	37%	▲	30%
USA	21%	10%	▼	10%
Japan	15%	14%	▼	12%
China	22%	38%	▲	40%
Germany	43%	22%	▼	22%

In our major visitor markets, we track our ranking as a preferred holiday destination against competitors.

⁶ Tourism New Zealand’s ability to increase awareness levels within some markets has been reduced due to the current economic situation and a decline in purchasing power. Priority in these markets is to maintain or minimise the decline in awareness. This is reflected in some targets for the upcoming years being less than levels recorded in YE Dec 2008.

New Zealand's ranking as a preferred holiday destination in target markets				
Target market (Interactive Travellers)	Dec 2007	Dec 2008	Trend	Target Dec 2009
Australia	2 nd	1 st	▲	1 st
UK	6 th = with Canada	5 th = with France	▲	Top 5
USA	11 th	8 th = with Greece	▲	Top 10
Japan	4 th = with Canada	4 th	▲	Top 5
China	7 th = with Hong Kong	5 th	▲	Top 5
Germany	3 rd	2 nd = with Australia and Spain	▲	Top 5

Tourism New Zealand: Outcome 2

Intention: "Potential visitors plan to visit New Zealand in the near future"

What are we seeking to achieve?

An increase in potential visitors' intentions to visit New Zealand in the near future.

Why is this outcome important?

Tourism New Zealand needs to target activity to convert a desire to come here 'someday' to an actual visit 'now'. To do this we need to create urgency in the mind of the visitor.

What will we do to achieve this outcome?

Our challenge is to identify which markets have high awareness and preference through our Campaign Tracking and Research. Then we need to offer reasons to visit now through our merchandising campaigns.

Our merchandising campaigns will identify suitable places, times and events and present them in a way that motivates a visitor to begin planning and booking a holiday. In 2008/09 this included offering more 'deals' on our website with industry partners.

In 2009/10 we will:

- have a high investment in Australia to run "What's On" year-round;
- target the youth segment as a group that is still travelling in the UK using the, "What do you say UK" campaign; and

- investigate the potential for a 'What do you say?' equivalent campaign in Germany.

In 2009/10 we will seek partnerships with Regional Tourism Organisations and tourism companies, to encourage increased conversion of intention to actual bookings.

These activities will be funded out of Output 1: Marketing and Output 2: Information for Visitors.

How will we demonstrate success in achieving this outcome?

Our Campaign Tracking Research monitors potential visitors' levels of intention to visit New Zealand. This research is done across key markets and over time we analyse changes to show us the effectiveness of particular campaigns.

Intention of potential visitors in target markets to travel to New Zealand				
Target market (Interactive Travellers)	YE Dec 2007	YE Dec 2008	Trend	Target ⁷
Australia	11%	10%	▼	11%
UK	3%	7%	▲	5%
USA	2%	3%	▲	3%
Japan	7%	4%	▼	2%
China	8%	9%	▲	10%
Germany	5%	5%	≈	5%

Tourism New Zealand: Outcome 3

Enabling: "Overseas travel trade facilitates planning and booking"

What are we seeking to achieve?

We want the overseas travel trade to promote New Zealand to their customers and to plan and book satisfying New Zealand holidays for them.

⁷ Tourism New Zealand's ability to increase intention levels within some markets has been reduced due to the current economic situation and a decline in purchasing power. Priority in these markets is to maintain or minimise the decline in intention. This is reflected in some targets for upcoming years being less than levels recorded in YE Dec 2008.

Why is this outcome important?

The travel trade includes retailers, on-line travel sellers and inbound and outbound tour operators. In long haul markets New Zealand's share of international travel sales is typically low (0.5% to 3.0%) so few travel sellers specialise in our destination. With more information about New Zealand and our products and experiences the travel trade can build and market itineraries that are better suited to customer needs. With better training and information travel sellers are also likely to sell more comprehensive holidays and increase tourism's economic impact. Travel sellers are critical in converting a motivation to travel into actual travel.

What will we do to achieve this outcome?

In 2009/10 we will continue to create opportunities for New Zealand tourism operators to engage with and train international sellers on their products and services by:

- partnering Tourism Industry Association New Zealand (TIANZ) in TRENZ 2009 in Auckland in June 2009;
- International Marketing Association (IMA) Roadshow of regional representatives in London, Manchester, Amsterdam, Frankfurt and Munich in July 2009;
- hosting Kiwi Link India in New Delhi, Chennai and Mumbai in September 2009;
- providing a New Zealand presence at World Travel Mart in London in November 2009;
- providing a New Zealand presence at the International Luxury Tourism Market in France in December 2009; and
- hosting Kiwi Link Japan in Tokyo and Osaka in May 2010.

We will provide a programme of familiarisation visits to New Zealand for up to 150 product planners and training managers that directly support our product marketing focus. More focus will be applied this year to developing markets.

In 2008/09, a major upgrade of the www.newzealand.com/travel/trade website was completed. In 2009/10, Tourism New Zealand will:

- add new training and information modules on special interest activities such as golf, luxury experiences, fishing, food & wine, walks, ski and Māori cultural experiences;
- update existing training modules on regions of New Zealand;
- develop better information tools for travel sellers focused on the youth and backpacker market;
- improve tracking and measurement functions for site use to better understand user needs and content preferences;
- improve the content and frequency of the "market snapshot" content for travel trade users;
- promote the site to more travel sellers globally; and

- increase our use of technology to educate and train the trade using 'webinars' - live training seminars over the internet.

To support our increased investment in continental Europe in 2009/10, we will increase our level of participation in travel shows, training opportunities and familiarisations with European travel sellers. We intend to work closely with New Zealand Inbound Operators already experienced in these markets to maximise our training effectiveness.

In 2009/10 we will continue a two year programme to improve cruise customer experiences, product quality and assist in discussions around infrastructure development; a joint project with Tourism Auckland and Cruise New Zealand. We will also place more focus on direct promotion to international cruise lines to secure more coastal New Zealand cruise programmes in future years.

A joint project with the Ministries of Tourism, Transport, Foreign Affairs and Trade and New Zealand Trade and Enterprise to develop an "Air Linkages" strategy for New Zealand will continue into 2009/10. This work focuses on two areas:

1. taking a whole of government approach to retaining existing air route connections on the 16 long haul city pairs that connect New Zealand with the world; and
2. identifying new routes that could provide economic benefits for tourism and trade, and working in partnership with airlines and airport companies to develop these new air links.

We will continue our ongoing programme of 'product audits' of travel companies' promotional material to improve the presentation of New Zealand, using research findings to support recommendations. We will apply a particular focus on product marketing improvement in China, South Korea South East Asia and new markets in Europe.

These activities will be funded out of Output 3: Working with the overseas travel trade and airlines.

How will we demonstrate success in achieving this outcome?

We will use the output measures (and associated targets) on quantity (number of people engaged with) and quality (levels of satisfaction).

International travel seller satisfaction with TNZ's trade training activities			
Year	Average satisfaction level (%)	Trend	Target
YE Jun 2006	94%	▲	75%
YE Jun 2007	86%	▼	90%
YE Jun 2008	95%	▲	90%
YE Jun 2009	N/A	N/A	90%
YE Jun 2010	N/A	N/A	90%

Completions of travel modules by travel trade			
Year	Number of modules completed	Trend	Target
YE Jun 2006	26,711	▲	10,000
YE Jun 2007	23,947	▼	10,000
YE Jun 2008	21,356	▼	10,000
YE Jun 2009	N/A	N/A	15,000
YE Jun 2010	N/A	N/A	15,000

150 Travel Sellers participate in familiarisation experiences			
Year	Number of Travel Sellers	Trend	Target⁸
YE Jun 2006	585	▲	150
YE Jun 2007	327	▼	150
YE Jun 2008	177	▼	150
YE Jun 2009	N/A	N/A	125
YE Jun 2010	N/A	N/A	125

Level of participant satisfaction with familiarisation experience			
Year	Average satisfaction level (%)	Trend	Target
YE Jun 2006	97%	▲	75%
YE Jun 2007	91%	▼	90%
YE Jun 2008	96%	▲	90%
YE Jun 2009	N/A	N/A	90%
YE Jun 2010	N/A	N/A	90%

⁸ The target has been reduced from 150 to 125 for YE Jun 2009/2010 as training of Travel Sellers will be undertaken more in an online space through the Travel Trade website and through the utilisation of 'webinars', resulting in a reduced number of familiarisation's undertaken annually.

Tourism New Zealand: Outcome 4

Information: "Tourism information services are accessible and high quality"

What are we seeking to achieve?

Visitors in New Zealand have a source of high quality and accessible information about things to do, places to go and places to stay.

Why is this outcome important?

Having invested in attracting visitors to New Zealand, it is important that they undertake a high level of paid, high-quality activities to increase their expenditure and their level of satisfaction.

What will we do to achieve this outcome?

Tourism New Zealand seeks to provide visitors with quality information, encourage them to do more, and therefore spend more. We do this through the i-SITE network.

A major challenge to this objective is that each i-SITE is locally owned. We therefore need to influence the quality of service visitors are provided with through a set of agreed standards and practices for the network, which cover issues from customer service to information and booking systems.

The strategic direction for i-SITE New Zealand is outlined in Appendix A.

The immediate focus for i-SITE New Zealand⁹ in 2009/10 will include:

- the delivery of a training programme to i-SITE managers and staff to develop a culture where all i-SITE staff welcome every visitor to a centre, every time, and provide tailored, quality information; and
- continuing the roll-out of the i-SITE National Database (a system which ensures all i-SITE staff have access to the same level of product information). Currently three quarters of all i-SITES have access to the National Database.

Tourism New Zealand will attract visitors to the i-SITE network in 2009-2012, through:

- providing i-SITE New Zealand an ongoing online presence on Tourism New Zealand's consumer and travel trade websites;
- profiling the i-SITE network at events, through PR activity and within publications such as Jasons and the AA Directory;

⁹ i-SITE New Zealand is a subsidiary of Tourism New Zealand. i-SITE New Zealand owns the i-SITE brand which individual visitor centres use (85 currently approved) to show they are part of the network. Individual i-SITE centres are locally owned.

- training the travel trade about i-SITE via online training and familiarisations; and
- i-SITE to align its network with Tourism New Zealand’s campaigns, such as the Australia ‘What’s On’ Green and Gold campaign in which i-SITES were decorated in green and gold.

These activities will be funded out of Output 2: Information for Visitors

How will we demonstrate success in achieving this outcome?

Through the International Visitor Survey, administered by the Ministry of Tourism, and Tourism New Zealand’s Visitor Experience Monitor we track awareness and usage of i-SITES and users satisfaction levels.

Number of i-SITE visitors as a percentage of holiday visitors			
Year	%	Trend	Target
YE Dec 06	55%	V	55%
YE Dec 07	55%	≈	55%
YE Dec 08	55%	≈	55%
YE Dec 09	N/A	N/A	55%
YE Dec 10	N/A	N/A	55%

User satisfaction with quality and usefulness of i-SITE services		
i-SITE services	Average satisfaction level	Target YE Dec 2009
Meeting your needs	8.6/10	8.7/10
Level of personal service	8.5/10	8.6/10
Knowledge of staff	8.5/10	8.6/10
Information available	8.7/10	8.7/10
Facilities	8.6/10	8.6/10
Making bookings	8.8/10	8.8/10

Tourism New Zealand: Outcome 5

Satisfaction: “Effective quality accreditation systems are used extensively”

What are we seeking to achieve?

An increased level of visitor satisfaction with their New Zealand experience by increasing the number of tourism operators who meet agreed quality standards.

Why is this outcome important?

The 100% Pure campaign promises visitors' a high-quality experience in a high quality natural and physical environment. The recent launch of the Qualmark campaign offers visitors "100% Assurance" of a quality experience.

To maintain our reputation, visitors must have a satisfying experience.

The natural environment is still New Zealand's main draw-card. It is necessary, therefore, that we assist the industry in improving its environmental standards.

China is one of our fastest growing markets and it is very important that we provide a quality experience to Chinese visitors so that the market develops positively for the New Zealand industry. In the Chinese market we have a specific quality challenge. The structure of the market is such that many of our visitors arrive for short, organised trips. For some visitors the quality of the tour is poor, with low-quality attractions, activities and accommodation. This leads to very low levels of satisfaction.

What will we do to achieve this outcome?

We will do this through our 60% ownership of Qualmark and through our governance role on the Board.

Qualmark¹⁰ gives us a tool through which we can influence its 2200 licence holders on quality and environmental issues. Focus in the environmental space will continue in the upcoming years with:

- 2009/10 seeing the completion of the assessment of all licence holders against the new environmental criteria that was launched in 2008/09.

Since 2002, the focus for Qualmark has been to grow the number of licence holders. This has seen numbers grow from 700 in 2002 to 2200 in 2009. The focus now is shifting from 'growth' to ensuring that standards are up to date, and consistently enforced.

- a programme of industry standard updates will continue to be rolled out in 2009/10, to ensure Qualmark reflects industry and sector best practice; and
- "business as usual" activity will see all 2200 firms inspected and re-licensed.

¹⁰ Qualmark is a 60% owned subsidiary of Tourism New Zealand. The Automobile Association of New Zealand owns the remaining 40%. The company owns and manages a quality assurance accreditation scheme to which tourism companies can apply to become licence holders. Annual inspections result in a star rating (1-5) for licence holders within the accommodation providers, and an endorsement for activities/transport and service providers.

New Zealand and China have agreed a structured approach for tourism into New Zealand and most holiday traffic operates under the Approved Destination Status scheme. In 2007, Tourism New Zealand took over management of this scheme, funded by a two year grant from the government. An assessment of the scheme is currently being carried out to direct its future shape. Our activity next year will be dictated by the outcomes of this review, which is due in June.

These activities will be funded out of Output 4: Quality Assurance.

How will we demonstrate success in achieving this outcome?

This outcome will be measured through monitoring the level of Qualmark licence holders.

Satisfaction: Effective quality accreditation systems are used extensively			
Year	Number of Qualmark licence holders	Trend	Target
YE Dec 2006	1,854	▲	1,900
YE Dec 2007	2,093	▲	2,100
YE Dec 2008	2,189	▲	2,200
YE Dec 2009	N/A	N/A	2,000
YE Dec 2010	N/A	N/A	2,000 ¹¹

3. TOURISM NEW ZEALAND’S OPERATING ENVIRONMENT

A range of external influences impact on the strategic choices Tourism New Zealand makes about what to focus on, including our choice of visitors, markets, messages and channels. Similarly they can influence the choices made by potential visitors, including whether to come to New Zealand and how long to come for.

Given the current speed of change in global economic conditions, significant issues in our external environment can quickly emerge and change. Tourism New Zealand needs to constantly monitor and analyse the external environment to identify issues and trends and assess their implications.

The table below explains five important factors within this environment that will drive visitor preferences and choices over the next few years and will therefore influence Tourism New Zealand’s strategic direction.

¹¹ Qualmark membership is heavily influenced by the economic climate, therefore the YE Dec 2010 target may be revisited to account for changes within the economic environment at a later date.

TABLE 1: Significant changes taking place in our operating environment

Factor	Description	Tourism New Zealand’s strategic approach
Economic environment	<ul style="list-style-type: none"> The dramatic downturn in the global economy has affected most of our key markets. There is a forecasted decline in arrival numbers from all of New Zealand’s key markets excluding Australia. There is a worldwide decline in consumer confidence. Foreign exchange losses and a weakened New Zealand dollar are impacting Tourism New Zealand’s purchasing power. Unemployment levels are forecasted to continue to rise, impacting consumers’ levels of disposable income. This is being exacerbated by the current Influenza A H1N1 (swine flu) ‘epidemic’. 	<ul style="list-style-type: none"> Tourism New Zealand’s preferred approach would be to heighten investment in the 100% Pure New Zealand brand as in times of uncertainty people turn to quality brands they know and can trust. Investment in conversion activity in markets already displaying signs of high levels of awareness and preference, such as Australia and the UK. Adaptation of strategic focus: Continued focus on yield, but with a heightened focus on visitor numbers. A shift away from printed marketing materials to one that uses screens (TV, electronic billboards, movie theatres) and sees greater utilisation of the internet. This sees greater reach attained and also results in important cost savings. Providing tools, via our consumer website, to assist tourists in planning and booking their New Zealand travel experience. Enticing tourists to do more once they are here, by providing them with high quality information via the i-SITE network.
Reduced marketing spend and purchasing power	<ul style="list-style-type: none"> Current level of funding invested in marketing New Zealand offshore was concluded by the Baseline Review 2005 as the minimal level of investment to make a difference in key markets. China funding ended 2008/09 (\$4m). Foreign exchange movements have reduced our purchasing power by an estimated \$8m in 2008/09, at a time when we need to increase activity. New Zealand is considered a very small player 	<ul style="list-style-type: none"> Completed a line by line examination of all costs and identified savings to invest in marketing activity. Reallocated marketing funds to those markets most likely to respond to stimulation. Tourism New Zealand is investigating, with the Ministry of Tourism, mechanisms that would protect marketing expenditure against future foreign exchange losses.

	<p>in the global tourism industry and our current budget limits our ability to implement full marketing campaigns in all markets.</p> <ul style="list-style-type: none"> • New Zealand's distance from key markets raises concerns amongst visitors about carbon emissions and travel miles. • New Zealand promises through its marketing campaign that New Zealand is '100% Pure'. It is important that reality matches the promise. • Consumers are driving New Zealand to evaluate its environmental performance. 	<ul style="list-style-type: none"> • Through Qualmark, Tourism New Zealand is raising the level of quality and environmental responsibility in New Zealand tourism product and experiences. • Tourism New Zealand continues to support NZTS2015 and lead key actions. • Tourism New Zealand annually produces the Visitor Experience Monitor (VEM). This monitors visitor's satisfaction with and impression of New Zealand's natural environment.
<p>Increasing environmental concerns</p>	<ul style="list-style-type: none"> • Airline companies exert control over international visitor flows to New Zealand with their control over capacity on routes. • New Zealand has traditionally not fared well in the consideration of global route priorities. • Lack of growth in visitor numbers has in some instances been linked directly to a reduction in air capacity. This has recently been very evident in the Japanese market. • Air capacity is down 10% on last year and is expected to deteriorate further. 	<ul style="list-style-type: none"> • Tourism New Zealand works closely with air carriers that fly to New Zealand to ensure supply can meet demand. • Continue to seek improved airline support for New Zealand's inbound visitor industry. • Work in partnership with airlines to stimulate visitor numbers.
<p>Aviation capacity</p>	<ul style="list-style-type: none"> • An increase in the budgets of other National Tourism Organisations will see New Zealand's share of voice (the amount we spend compared to our competitors) further decline. 	<ul style="list-style-type: none"> • Focussing delivery of marketing initiatives in markets that will be most responsive. Tourism New Zealand is currently active in 9 key markets. • Implementation of the Interactive Traveller Strategy ensures Tourism New Zealand continues to target the 'right' type of tourists, which are those that derive high levels of satisfaction from New Zealand's portfolio of experiences and products and thus stay longer and spend more. • Implementation of innovative marketing initiatives that secure significant reach, such as the Giant Inflatable Rugby Ball venue and the 'Have your Say' mobile studio.
<p>Increased levels of investment by other competitor destinations</p>		

4. ORGANISATIONAL HEALTH AND CAPABILITY

Tourism New Zealand's organisational health and capability is related to our investment in our employees, environment and systems. Our practices are consistent with the development goals that aim to lift the performance of the State Services generally. They include:

- Employer of choice
- Networked state services
- Value for money state services
- Co-ordinated state agencies
- Accessible state services
- Trusted state services

Over the next three years, Tourism New Zealand's aim is to maintain or enhance its performance in the following areas:

4.1 OUR PEOPLE

Through our Human Resources programmes and practices we are committed to ensuring our staff are aware that they are valued and that they are given the opportunity to develop and pursue career development opportunities as they become available.

Specifically in 2009/10 we will develop or continue the following programmes and practices.

Māori cultural competencies: Culture is the second greatest motivator for choosing New Zealand as a holiday destination. Tourism New Zealand must have the internal capability and resources to deliver the Māori cultural component of the 100% Pure message.

- In 2009/10 Tourism New Zealand will develop a set of competencies that all New Zealand and off-shore staff will begin, at the level appropriate to their responsibilities.

Graduate/Māori graduate programme: We will continue to offer our graduate/Māori graduate programme. Since 2002 ten graduates have been recruited. Graduates are on fixed term contracts and 'cycle' through the organisation over a 12 month period. At the conclusion of the 12 month cycle, if suitable positions are available, continued employment is offered.

- In the period 2009/10 to 2011/12 we will continue this programme.

International development opportunities: As an international organisation opportunities arise to work in our network of international offices on a

permanent and project basis. It is our policy to offer positions to suitably skilled staff in the first instance.

In 2009/10, subject to funding, there may be opportunities to join the project team managing the deployment of the Giant Rugby Ball in Japan.

4.2 OUR WORKPLACE AND SYSTEMS

Workplace

The environment that we work in is distinguished by the following factors:

- geographic dispersal, with 10 offshore offices crossing timezones;
- significant cultural differences between staff;
- a young and technologically 'savvy' workforce; and
- fluid deployment of staff to international projects.

To create an environment that suits these factors our two main offices in Auckland and Wellington were redesigned in 2007/08 and 2008/09 to a 'hot desk' flexible work environment. The workspace is considerably more flexible than a traditional office layout and accommodates the coming and going of international staff and contractors without disruption. Our Australian and Shanghai offices adopted this office format as part of moves to more affordable office space in 2008/09.

- in 2009/10 and 2010/11 and we will examine the feasibility and cost of applying the 'hot desk' format to our Los Angeles and London offices; and
- over 2009/10 to 2012/12, when our leases expire, as a matter of course we will assess the costs and benefits of cohabiting with other New Zealand Government agencies against accommodation in 'commercial' office space.

Systems

Information systems are critical for ensuring our workforce is able to communicate internally and with the wider tourism industry. Tourism New Zealand operates a 'wireless office' structure that enables all staff to share any workspace at any location. We have also recently installed video conferencing facilities in our key locations (Wellington, Auckland, London, Sydney, Tokyo Los Angeles and Shanghai).

- In 2009/10 we will investigate the feasibility and benefits of introducing collaborative work technologies to the desktop to further assist communication between offices.

The introduction of video conferencing has reduced our travel which, with other initiatives, is part of our commitment to achieve a sustainable work environment. These initiatives enabled Tourism New Zealand to achieve

Bronze within the Qualmark Green¹² environmental accreditation programme during 2008/9.

- Over 2009/10 – 2011/12 we will implement further initiatives, as guided by the assessment criteria, that will improve our sustainability, targeting Silver and ultimately Gold status within this programme.

In 2008/09 we investigated virtualisation of our servers that will see the number of servers reduced from 26 to between 2 and 3. The investigation revealed the project would reduce power consumption considerably, assisting in our Qualmark rating; manage risk, as part of the project involves moving the servers from down-town Wellington on a major fault line to our Auckland office; and offer considerable cost savings over time.

- In 2009/10 we will complete the implementation of the project to reduce and relocate our servers.

4.3 RISK MANAGEMENT

As Tourism New Zealand is a global agency operating across a number of markets, it is inevitable that we will be affected by a range of risks. Tourism New Zealand has established processes for managing its financial and operating risk and has identified all legislation that it needs to comply with. Tourism New Zealand's Risk Management Plan clearly sets out a process for risk evaluation and then categorises risks into four categories:

- Strategic
- Financial
- Operational
- Hazards

A notable financial risk to the organisation derives from the fact that much of our expenditure takes place off-shore, exposing us to volatility in foreign exchange rates. In 2009/10 this has been assessed as reducing our purchasing power by around \$NZD8m. In 2008/09 we investigated, with the Ministry of Tourism, options to (a) improve the rates that we purchase our currencies at and (b) protect our off-shore purchasing power.

- In 2009/10 we will implement the outcomes of the investigation to protect our baseline spend against foreign exchange fluctuations.

Tourism New Zealand's Risk Management Plan includes policies and procedures to effectively identify, treat and monitor principal business risks. Tourism New Zealand's risk profile is reviewed on a regular basis by the Audit Committee and is submitted to the Board for approval on an annual basis.

¹² See <http://www.responsibletravel.co.nz/> for detailed information on standards and assessment processes

In conjunction with Table 1 (p.25/26) which has identified significant risks taking place in our operating environment, Tourism New Zealand has identified a number of additional internal risks. The four that pose the greatest threat and impact are listed below;

Risk Area	Description	Tourism New Zealand's Mitigation Strategies
Funding	If funding levels aren't sufficient, Tourism New Zealand's ability to achieve its objectives is eroded.	<p>Annual consideration of baseline funding in order to meet objectives occurs as part of the budget round.</p> <p>Funding for special projects and pursuing opportunities when they arise can be sought through between budget bids, with agreement of Minister.</p> <p>Communication with Government on our ability to fulfil our function within current funding parameters.</p> <p>Discussion commenced with Government for mechanisms to compensate Tourism New Zealand for foreign exchange exposure from a weakening dollar.</p>
Strategic and Business Planning	If strategic and business plans are poor it may result in uncoordinated long term direction of Tourism New Zealand and unacceptable outcomes for the Government, the Tourism Industry and Tourism New Zealand.	<p>Our Business Planning process commences in November/December each year with a strategic session(s) held by the Executive.</p> <p>This is followed by a Strategic session with the Board in November/December at which the main strategic themes are agreed.</p> <p>Business Planning documentation around these themes is distributed in January and a plan and budget developed and finalised in April/May for submission to the Board for approval in June.</p>
Annual accountability documents	If Annual Accountability Documents aren't robust they will draw criticism from the Minister and the Government, and result in a loss of confidence.	<p>Annual Statements are prepared with significant input by the Executive and management. The statements are presented to the Board for review and approval, prior to being forwarded to the Minister for approval.</p> <p>The annual Statement of Intent is developed in accordance with Treasury/SSC guidance to Crown Entities, in consultation with our auditors.</p>
Advice	If poor advice is provided to the Government and the Tourism Industry critical Government and Tourism Industry support will be lost.	<p>Policy advice is sent to the Executive for consideration and approval prior to it being sent externally.</p> <p>Information to the Minister's office is sent through a centralised point.</p> <p>If appropriate, the Board members' with relevant skills may assist the Executive with the development of Policy Advice.</p>

PART TWO: ACCOUNTABILITY STATEMENTS AND FORECAST FINANCIAL INFORMATION

In this section of the Statement of Intent we provide more information about our activities for 2009/10 within each of our outputs. This includes information about the measures and standards against which our performance in the five output classes will be assessed, as well as the cost of each output. Our Output Agreement for 2009/10 with the responsible Minister further expands on the activities described in this Statement that are designed to achieve our 2009/10 objectives.

1. STATEMENT OF FORECAST SERVICE PERFORMANCE 2009/10

1.1 TOURISM NEW ZEALAND OUTPUTS

Tourism New Zealand delivers a number of outputs to achieve the outcomes we desire. As a result of the redevelopment of Tourism New Zealand's Outcome Framework our activities have been organised into five outputs. This is a change from the three outputs used in last years Statement of Intent; campaign, channel and capability. The new outputs provide greater clarity on what we do and we can allocate activities and their budgets from previous years into this new output structure.

Output 1 –Marketing

Tourism New Zealand's largest output class and that which is most usually associated with us is marketing. Within this output class a range of output activities are undertaken including campaigns, research and public relations (PR) activities are undertaken.

Campaigns

Tourism New Zealand currently runs three campaigns:

- 100% Pure New Zealand – our global brand campaign;
- 'What do you say UK?' – in the UK; and
- 'What' On' – in Australia.

The campaigns are delivered to consumers via the following media:

- pay, free to air and on-line television;
- cinemas;

- out of home/outdoor;
- social media/on-line; and
- mobile media.

Public Relations

The International PR programme includes the following components:

- International Media Programme which hosts 400 international media in New Zealand each year, providing them with itinerary assistance, travel story ideas, high resolution images and video material;
- the Opinion Leaders Programme which targets high profile, influential leaders in key markets and hosts them in New Zealand with the aim that that they lead positive opinion shifts at home;
- the Global Newsroom which identifies significant events, people, occasions in the media that can be used to raise New Zealand's profile;
- provision of high quality video and images to international journalists, and increasingly people using social media; and
- sponsorship and support for events that generate international profile for New Zealand, in exchange for branding rights. In the year ahead this will include the Winter Games and the Michael Hill Golf Open, both in Queenstown. In October 2009, coinciding with the All Blacks visit and subject to funding, we will lead the installation of the Giant Rugby Ball in Tokyo.

Research

Ongoing research programmes include:

- the Campaign Tracking and Evaluation Research that tracks the impact of the campaign on potential visitors;
- the Visitor Evaluation Monitor, which surveys actual visitor's attitudes; and
- one off research projects that provide a better understanding of markets to assist in improving campaign targeting.

Output 2 – Information for visitors

Tourism New Zealand provides information on services, attractions and activities in New Zealand. This is done through our consumer website www.newzealand.com and through our role with the i-SITE network.

www.newzealand.com is the main way Tourism New Zealand provides information to potential visitors. The site introduces users to New Zealand by providing basic, yet core information about New Zealand, and tourism specific information, including information on accommodation providers, attractions, activities, events, transport, how to get around New Zealand and information on destinations. The website also allows the user to view videos.

The website features a database of New Zealand tourism industry operators, enabling the user to contact the individual tourism operator directly. www.newzealand.com also provides a 'Travel Planner' which allows users to build a customised itinerary.

i-SITE New Zealand Visitor Centres (85 around New Zealand) provide an information and booking service for attractions, transport, accommodation and events to international and domestic visitors in New Zealand. Tourism New Zealand has no ownership stake in any of the 85 centres.

i-SITE New Zealand is governed by a Board of directors which includes one ex-officio position a Tourism New Zealand General Manager. i-SITE New Zealand is a subsidiary of Tourism New Zealand, and the subsidiary is the owner of the i-SITE brand and livery. Tourism New Zealand provides staff, support services, business systems, training to i-SITE staff and marketing for the i-SITE network.

i-SITE New Zealand has established the membership standards that individual centres must achieve to use the i-SITE brand, and become a part of the network of centres. These standards are enforced by site inspections of the centres by i-SITE staff. Recently these standards have been included in the Qualmark stable of standards. For more information on i-SITE New Zealand see Appendix A 1.2.

Output 3 – Quality Assurance

Tourism New Zealand is 60% owner of the subsidiary organisation Qualmark New Zealand Ltd. The Automobile Association (AA) of New Zealand owns the remainder of the shares. Tourism New Zealand appoints three directors, including the Chair, from its Executive Team, the AA appoints two directors. The Qualmark business is run on a not-for-profit basis and operates out of separate premises in Auckland. Tourism New Zealand provides funding, governance and some marketing support for Qualmark.

Qualmark provides quality assurance services to around 2200 New Zealand tourism businesses. Qualmark offers a star grading system for accommodation facilities and an endorsement programme for activities, transport and services. Annually Qualmark undertakes around 2200 onsite assessments where trained assessors measure the quality of operator's facilities, business practices including health and safety systems and service systems relating to guest care. Businesses are also assessed on their environmental performance based on their energy efficiency, conservation initiatives, waste management, community activities and water conservation. For more information on Qualmark see Appendix A 1.1.

In China there are particular quality issues that require attention. The Approved Destination Status (ADS) unit that Tourism New Zealand operates licenses New Zealand based Inbound Tour Operators that cater for the Chinese market, and monitors their conduct, performance and quality standards. The ADS Monitoring Unit is responsible for:

- assessing new applicants;
- completing regular compliance assessments;
- monitoring ADS approved operators to ensure compliance with the Code of Conduct; and
- handling complaints and feedback from Chinese Group Tour visitors

Output 4 – Working with overseas travel trade and airlines

Travel Trade Website

The website www.newzealand.com/travel/trade provides access to the 'Industry Guidebook', which provides travel sellers access to trade information via a searchable database. Must do experiences are highlighted in the Guidebook, along with information detailing recent product updates within the New Zealand tourism industry.

The site offers online training modules and access to training tools that include:

- region and product specific online training modules that include knowledge tests that can be completed and marked online, with up to 15,000 modules completed per year;
- a "How to Sell New Zealand" training module for first time sellers;
- the Explore self familiarisation programme that is used by up to 650 travel sellers per year to update themselves on New Zealand tourism products and services;
- access to marketing material such as maps and motivation brochures, image library and guides to itinerary development, brochure production and website development; and
- product specific information areas.

Travel Seller Product Marketing and Training

Tourism New Zealand's internationally based trade marketing staff complete in market training with travel sellers by:

- product marketing seminars for specific travel sellers in each overseas market we service;
- running "train the trainer" courses that up-skill travel company training staff on New Zealand;
- planning and operating familiarisation visits to New Zealand for up to 150 travel company product managers and decision makers; and
- providing a product auditing service in developing markets on how to best represent New Zealand holidays and itineraries in marketing material.

Trade Events

Tourism New Zealand organises trade events and co-ordinated participation by the New Zealand tourism sector at International trade shows.

These include:

- handling the buyer invitation and briefing process for TRENZ which connects more than 280 New Zealand tourism products and Regional Tourism Organisations (RTOs) with more than 230 international buyers over a 4 day event;
- International Marketing Association (IMA) Roadshow of UK/Europe, whereby at least 15 regional representatives from New Zealand will train product planners and frontline travel sellers;
- in-market training events, called Kiwi Link, which connect New Zealand tourism operators with travel sellers;
- providing a New Zealand presence at World Travel Mart in London in November 2009, where up to 10 New Zealand inbound operators or product providers can participate; and
- providing a New Zealand presence at the International Luxury Tourism Market in France in December 2009.

Maintaining and developing airline services to support tourism growth

Activities include:

- monitoring inbound traffic and capacity trends and keeping stakeholders (airport companies, airlines, other government agencies, RTOS and overseas NTOs) well informed;
- facilitating discussions with key stakeholders on "at risk" air routes and working with airlines and airport companies on marketing programmes aimed at sustaining improved traffic and yield outcomes; and
- assisting airport companies with tourism demand information to assist proposals for new air routes to be established

Partnership Marketing with Airlines

In each international region Tourism New Zealand seeks active airline partnerships to leverage the impact of destination marketing and ensure that compatible New Zealand product and price offers are in consumer arena on a regular basis. Typically these partnership initiatives include:

- co-promotion of airfares and holiday packages to New Zealand with airline partners in online, print, cinema and television advertising with advertising costs jointly shared by Tourism New Zealand and the airline concerned. We expect to complete a minimum of 18 such projects per year across 6-8 markets;
- securing airline commitment to supply free of charge or discounted air seats to support our International Media Programme hosting of journalists and film crews;
- securing airline commitment to supply free of charge air seats to bring overseas travel sellers to 1. TRENZ and 2. for familiarisation visits; and

- securing airline commitment for discounted seats to transport New Zealand travel sellers to up to 8 overseas trade and training events per year.

Output 5 – Informing and engaging with the New Zealand tourism industry.

Within New Zealand, Tourism New Zealand provides a range of publications, undertakes speaking engagements, workshops and road shows and offers some tailored regional/product/sector advice.

Publications include regular email updates to the industry, Tourism News distributed via email and post, and market updates and reviews posted on our corporate website, our annual report and corporate profile.

Speaking engagements include industry presentations and seminars that update industry members on, by way of example, changes within the global industry and the specific consequences this will have within the New Zealand tourism market.

Tourism New Zealand has recently produced a DVD on Kaitiakitanga to enhance the understanding of this concept throughout the industry. This DVD will be shown within the context of a workshop to tourism operators, Regional Tourism Organisations and other tourism organisations throughout New Zealand.

Outputs and activities

Specific planned activities 09/10

Performance measures (and standards)

Marketing \$39.5m	Market research conduct market research to inform industry activity and Tourism New Zealand focus	<ul style="list-style-type: none"> Conduct the Visitor Experience Monitor (VEM) Disseminate results from the VEM to industry participants 	<ul style="list-style-type: none"> 4,500 on-line VEM surveys are carried out On-line market reports on www.tourismnewzealand.com include results from the VEM
	Advertising develop and run advertising campaigns in target markets	<ul style="list-style-type: none"> Run the 100% Pure "Youngest Country" campaign Run <i>What's On</i> seasonal campaigns in Australia Run <i>What Do you Say, UK?</i> campaign in the UK 	<ul style="list-style-type: none"> 100% Pure "Youngest Country" run in Australia, USA & UK <i>What's On</i> run in at least 3 seasons in Australia and <i>What do you say UK</i> run in the UK
	International PR activities run an international media programme	<ul style="list-style-type: none"> Select media, plan itineraries and host international media to New Zealand Monitor media exposure generated by media on the programme 	<ul style="list-style-type: none"> Target at least 400 international media to visit New Zealand Level of media exposure, including quantitative results and commentary on quality of exposure

Working with overseas travel trade and airline carriers \$4.2m	Training provide training to overseas travel sellers	<ul style="list-style-type: none"> Provide on-line training to the trade through www.newzealand.com/travel/trade 	<ul style="list-style-type: none"> 15,000 completions of (travel modules) by travel trade International travel seller satisfaction with Tourism New Zealand's trade training activities (90% of participants are very satisfied or extremely satisfied)
	Trade events host and participate in overseas trade events	<ul style="list-style-type: none"> TRENZ (June 2009) International Marketing Association Roadshow of UK/Europe (July 2009) Kiwi Link India (Sept 2009) and Kiwi Link Japan (May 2010) World Travel Mart in London (Nov 2009) 	
	Familiarisations Provide familiarisation experiences to overseas travel sellers	<ul style="list-style-type: none"> Plan and host off-shore product managers on familiarisation experiences around New Zealand Implement Explore programme self familiarisations 	<ul style="list-style-type: none"> 150 Travel Sellers participate in familiarisation experiences. Level of participant satisfaction with familiarisation experience (90% of participants are very satisfied or extremely satisfied) 650 self familiarisations by travel sellers
	Information for offshore trade Maintain and update traveltrade.nz.com website	<ul style="list-style-type: none"> Maintain and update the www.newzealand.com/travel/trade website Increase the number of total visits to Travel Trade website 	<ul style="list-style-type: none"> 20% increase in the number of total visits to the travel trade website (based on approx 165,000 visits in 2008/09 year)
	International air service activity engage with international carriers	<ul style="list-style-type: none"> A joint project with TMT, MOT, MFAT and NZTE to develop an 'Air Linkages' strategy for New Zealand. 	

Information for visitors \$3.0m	Websites maintain and update Tourism New Zealand's consumer website	<ul style="list-style-type: none"> Maintain and update the www.newzealand.com website 	<ul style="list-style-type: none"> Average monthly user sessions User sessions year end User sessions average growth by calendar year
	i-SITE ensure that i-SITES meet the quality standards that are a requirement of membership	<ul style="list-style-type: none"> Contract providers to assess centres against Qualmark standard for i-SITES and to 'mystery shop' at i-SITES 	<ul style="list-style-type: none"> At least 40 i-SITES are assessed against network membership standards At least 40 i-SITES are 'mystery shopped' and results reported to i-SITE New Zealand.

Quality assurance \$1.4m	Qualmark provide quality accreditation/ratings in relation to accommodation, transport, activities, and i-SITE services	<ul style="list-style-type: none"> Undertake activities to retain members and promote to new members to ensure critical mass of membership is maintained, and continue to carry out quality assessments 	<ul style="list-style-type: none"> Number of Qualmark licence holders averages over 2000 over 12 months
	Approved Destination Status process new ADS applications and applications for renewals	<ul style="list-style-type: none"> Facilitate expansion of the ADS scheme through efficient processing of new membership applications Promote retention of existing members through efficient processing of renewal applications 	<ul style="list-style-type: none"> Applications processed within required timeframes (within 90 days of receipt by Tourism New Zealand) Applications for ADS renewals processed within required timeframes (within 30 days of receipt by Tourism New Zealand)

Informing and engaging with NZ tourism industry \$1.4m	Publications	<ul style="list-style-type: none"> Publish fortnightly e-bulletins to provide industry with frequently updated information about current state of the tourism markets and Tourism New Zealand activity 	<ul style="list-style-type: none"> e-bulletins are published fortnightly to a distribution list of at least 3,500 subscribers
	Websites maintain and update Tourism New Zealand's industry websites	<ul style="list-style-type: none"> Ensure the following industry websites are maintained <ul style="list-style-type: none"> TourismNewZealand.com Newzealand.com/travel/media Images.newzealand.com 	<ul style="list-style-type: none"> www.tourismnewzealand.com reviewed, re-designed and re-launched User sessions on the redesigned www.tourismnewzealand.com website increased from current average of 17,000 per month
	Engagements	<ul style="list-style-type: none"> Organise and run road-shows, workshops, presentations, or attend those organised by other entities, to provide New Zealand industry with information on the state of the visitor markets and Tourism New Zealand activities 	<ul style="list-style-type: none"> Number of face-to-face engagements with the New Zealand tourism industry.
	Regional, sector, product development advice Provide advice to regions and Regional Tourism organisations	<ul style="list-style-type: none"> As required 	

2. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

Tourism New Zealand is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, Tourism New Zealand's ultimate parent is the New Zealand Crown.

Tourism New Zealand's financial statements have been prepared in accordance with New Zealand generally accepted accounting practice and the requirements of the Crown Entities Act 2004. The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities as identified in this statement of accounting policies.

For the purposes of financial reporting, Tourism New Zealand is classified as a Public Benefit Entity.

(b) Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for public benefit entities.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency is New Zealand dollars.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of New Zealand Tourism Board trading as Tourism New Zealand and its subsidiaries as at 30 June each year (the Group).

Subsidiaries are combined using the purchase method of combination. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Tourism New Zealand has control.

Business combinations that occurred prior to the date of transition to NZ IFRS have not been restated retrospectively.

(d) Investment in associate

The Group's investment in associates is accounted for under the equity method of accounting in the consolidated financial statements.

An associate is an entity in which the Group has significant influence and which is not a subsidiary nor a joint venture.

The annual financial statements of the associate are used by the Group to apply the equity method. The reporting dates of the associate and the Group are identical and both use consistent accounting policies.

The investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(e) Foreign currency

Where transactions in foreign currencies have been covered by forward exchange contracts, the rates in those contracts are used to convert the transactions to New Zealand Currency. Otherwise, transactions are recorded in the functional currency at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Exchange gains and losses are recognised in the Statement of Financial Performance.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office equipment	5 years
Motor vehicles	4 – 5 years
Furniture and fittings	5 – 8 years
Computer equipment	3 years
Leasehold improvements	Up to term of the lease

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Statement of Financial Performance in the period in which the transaction occurs.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Losses resulting from impairment are reported in the Statement of Financial Performance.

(g) Intangible assets

Intangible assets are recorded at cost at acquisition. Where there is no active market for these assets, or they are determined to hold no future economic benefit, they are written off in the year of acquisition. Tourism New Zealand has no intangible assets with a finite life.

Research and development costs are expensed as incurred.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

(i) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term.

The Group does not enter into Finance leases.

(m) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Grants received from the Crown are recognised as revenue on receipt.

Revenue from the supply of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the supply of services is recognised on a straight line basis over the specified period for the service unless an alternative method better represents the stage of completion of the transaction.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(n) Income tax

Tourism New Zealand is exempt from income tax under the New Zealand Tourism Board Act 1991. Tourism New Zealand's subsidiaries are subject to income tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position date.

Deferred income tax is provided on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Financial instruments

Tourism New Zealand uses derivative financial instruments such as foreign currency contracts to manage its exposure to foreign exchange risk arising from its operational activities. Tourism New Zealand does not hold or issue these financial instruments for trading purposes. Tourism New Zealand has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the Statement of Financial Performance.

Foreign exchange gains and losses resulting from the settlement of derivative financial instruments and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from date of acquisition

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(q) Employee benefits

Pension liabilities: Obligations for contributions to defined contribution retirement plans are recognised in the Statement of Financial Performance as they fall due.

Other employee entitlements: Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported as the present value of the estimated future cash flows.

Termination benefits: Termination benefits are recognised in the Statement of Financial Performance only where there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage

voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash flows.

(r) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are recorded in the Notes to the Financial Statements at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

(s) Segment reporting

Tourism New Zealand's primary function is to market New Zealand as a tourism destination. To achieve this, Tourism New Zealand maintains offices in a number of overseas countries. However, all Tourism New Zealand's activities are co-ordinated from New Zealand.

3. STATEMENT OF SIGNIFICANT ASSUMPTIONS

Assumptions underlying the financial statements include:

(a) Crown funding is assured at least at the levels stated for the period of the Statement of Intent.

(b) No amount has been included for gains or losses on foreign exchange derivatives as these cannot be estimated because of uncertainty surrounding exchange rates over the three year period. There is a risk that movements in exchange rates can have a significant effect on the spending power of Tourism New Zealand and can result in volatility in financial performance as fair value movements on derivatives are recognised.

(c) The net asset position of subsidiaries will not change significantly over the three years.

(d) No significant marketing investment is envisaged in any new markets over the next three years except that there may be a broadening of marketing activity in some European markets.

(e) As all income and expenditure is recorded in New Zealand dollars the loss of purchasing power in overseas markets in 09/10 because of changing foreign exchange rates is not reflected in the financial statements.

4. FORECAST FINANCIAL STATEMENTS

Statement of Financial Performance	Parent				
	Actual 2007/2008 \$000s	Forecast 2008/2009 \$000s	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s
Revenue					
Revenue from Crown	75,071	76,251	69,431	69,431	69,001
Interest income	707	390	300	300	300
Other revenue	4,817	2,936	1,500	1,500	1,500
Foreign exchange gains	7,999	5,554	0	0	0
Total Revenue	88,594	85,131	71,231	71,231	70,801
Expenditure					
Marketing and other costs	66,683	66,545	54,676	54,441	54,051
Fixed support costs	15,391	15,048	16,897	16,790	16,750
Foreign exchange losses	2,477	6,762	0	0	0
Total Expenditure	84,551	88,355	71,573	71,231	70,801
Net Operating Surplus (Deficit) before Taxation	4,043	(3,224)	(342)	0	0
Income tax expense	0	0	0	0	0
Net Surplus (Deficit) for the year	4,043	(3,224)	(342)	0	0

Statement of Financial Performance	Group		
	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s
Revenue			
Revenue from Crown	69,431	69,431	69,431
Interest income	305	304	304
Other revenue	3,704	3,705	3,705
Foreign exchange gains	0	0	0
Total Revenue	73,440	73,440	73,440
Expenditure			
	73,782	73,440	73,440
Net Operating Surplus (Deficit) before Taxation	(342)	0	0
Income tax expense	0	0	0
Net Surplus (Deficit) for the year	(342)	0	0

Statement of Financial Position	Group			Parent		
	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s
Current Assets						
Cash	4,234	4,412	4,447	4,178	4,346	4,381
Receivables	1,070	1,070	1,070	1,000	1,000	1,000
Prepayments & other current assets	410	410	410	400	400	400
Derivative financial instruments	0	0	0	0	0	0
Non-current Assets						
Property plant and equipment	5,714	5,892	5,927	5,578	5,746	5,781
Investment in associate	1,844	1,550	1,458	1,780	1,548	1,457
Accommodation bonds	5	5	5	0	0	0
	500	500	500	500	500	500
Total Assets	2,349	2,055	1,963	2,280	2,048	1,957
	8,063	7,947	7,890	7,858	7,794	7,738
Current Liabilities						
Creditors and other payables	4,785	4,664	4,605	4,516	4,452	4,396
Employee entitlements	884	889	891	854	854	854
Provisions	290	290	290	290	290	290
Derivative financial instruments	0	0	0	0	0	0
Total Liabilities	5,959	5,843	5,786	5,660	5,596	5,540
Net Assets	2,104	2,104	2,104	2,198	2,198	2,198

Equity						
Shareholder's equity	1,805	1,805	1,805	1,805	1,805	1,805
Retained earnings	299	299	299	393	393	393
Minority interests	0	0	0	0	0	0
Total Equity	2,104	2,104	2,104	2,198	2,198	2,198

Statement of Changes in Equity	Group				Parent	
	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s
Equity at beginning of the year	2,446	2,104	2,104	2,540	2,198	2,198
Net operating surplus (deficit)	(342)	0	0	(342)	0	0
Equity at end of the year	2,104	2,104	2,104	2,198	2,198	2,198

Statement of Cash Flows	Group			Parent		
	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s	2009/2010 \$000s	2010/2011 \$000s	2011/2012 \$000s
Cash flows from operating activities						
Crown revenue	69,431	69,431	69,001	69,431	69,431	69,001
Interest received	305	305	304	300	300	300
Other revenue	3,704	3,704	3,705	1,500	1,500	1,500
Payments to suppliers and employees	(72,831)	(72,992)	(72,605)	(70,633)	(70,793)	(70,396)
Goods and services tax (net)	0	0	0	0	0	0
Net cash flows from operating activities	609	448	405	598	438	405
Cash flows from investing activities						
Purchase of property plant and equipment	(400)	(270)	(370)	(400)	(270)	(370)
Net cash flows from investing activities	(400)	(270)	(370)	(400)	(270)	(370)
Net increase (decrease) in cash	209	178	35	198	168	35
Effects of exchange rate on foreign currency balances	0	0	0	0	0	0
Opening cash brought forward	4,025	4,234	4,412	3,980	4,178	4,346
Cash at end of year	4,234	4,412	4,447	4,178	4,346	4,381

PART THREE: SUPPORTING DOCUMENTATION

1. APPENDIX A: TOURISM NEW ZEALAND'S SUBSIDIARIES

Tourism New Zealand has two subsidiary organisations (Qualmark Limited and VIN Incorporated, trading as i-SITE New Zealand) and one associated company (the New Zealand Way Limited).

Raising the world's awareness of New Zealand as a place to visit and then compelling them to visit, and visit now, needs to be supported by managing visitors once they get here. This is the role of Qualmark Limited and i-SITE New Zealand.

Visitor satisfaction and quality are important issues for New Zealand and it is essential that we continue to provide high-quality tourism products, services and information, at all levels, for our visitors, otherwise the value of our marketing activities offshore is lost.

The role and nature of Tourism New Zealand's shareholding interests in Qualmark Limited and i-SITE are outlined below. Information is also provided on the key areas of focus for these subsidiary organisations for 2009/10 (to include information on the focus of Tourism New Zealand's support for these organisations over this same time period).

1.1 QUALMARK LIMITED

Qualmark is the New Zealand tourism industry's official quality assurance agency. It is a Government-backed initiative supported by Tourism New Zealand (60% share) and the New Zealand Automobile Association (40% share) and endorsed by other leading tourism industry organisations. The role of Qualmark is to help achieve the tourism industry's overall goal to enhance New Zealand's reputation as a world-class visitor destination.

Qualmark's key objectives are:

- to enable travellers to select accommodation and activity/attraction/transport options with confidence, knowing that the business they choose has been independently quality-assessed; and
- to work with operators and the New Zealand tourism industry to provide the best possible experience for visitors.

Qualmark provides a grading system for seven different types of accommodation business and an endorsement system for activities, transport and services. This enables visitors and the tourism trade to be better informed about the nature, quality and sustainability of accommodation and services, while also encouraging the industry as a whole to lift the bar on the quality and sustainability of their products and services. Currently, around 2,160 businesses are Qualmark licensed.

Qualmark's key areas of focus for 2009/10 are to:

- place emphasis on improving alignment between those businesses that are quality assured and the 100% Pure brand promise;
- review criteria to ensure experiences appropriately match visitor's expectations;
- complete the assessment of all licensed businesses against the Responsible Tourism criteria;
- assist businesses to improve their star ratings;
- improve consumer and travel trade awareness of New Zealand's quality assurance system through the 100% Pure Assurance marketing campaign; and
- maintain a leading role in destination management and delivery by ensuring consistency of quality and overall performance of Qualmark licensed businesses.

1.2 i-SITE

Tourism New Zealand supports the i-SITE Network to provide a quality experience for visitors that matches the 100% Pure New Zealand Promise.

To fulfill this role i-SITE New Zealand has identified a vision (or outcome) for the Network within its Strategic Plan 2008-2011:

"All visitors who use an i-SITE are provided with a 100% Pure Welcome"

i-SITE New Zealand's impact on customers

i-SITE New Zealand will undertake its business activities to achieve the vision in accordance with its Strategic Plan and Annual Business Plan as approved by the i-SITE New Zealand Board.

i-SITE New Zealand has identified three impacts that it wishes to have on its customers, that will achieve the outcome (or vision) above. These are incorporated into i-SITE New Zealand's Annual Business Plan.

- i-SITE Centres deliver a 100% Pure Welcome to visitors. i-SITE New Zealand will create a sense of what is meant by 100% Pure Welcome and inspire and engage the network itself, and all the stakeholders involved, in delivering it.
- i-SITE centres are a must visit and deliver the best possible visitor experience. i-SITE New Zealand will provide the operational, marketing and technical support necessary for the centres individually and collectively to ensure that business processes are efficient and effective and that awareness of the i-SITE brand within the visitor market remains high.

- i-SITE Centres are valued by stakeholders and are seen to play an important role within local communities and economies. i-SITE New Zealand will proactively advocate for i-SITE centres amongst all key stakeholder groups and champion the value of i-SITE to the industry and to local communities.

i-SITE New Zealand Outputs

To generate the impacts outlined here, i-SITE needs to deliver the following outputs, which have been clustered into three operational areas.

Output 1: Culture creating and building

- Standards and assessments – Monitor the performance of i-SITE Centres against quality standards, and assess the delivery of the customer experience.
- Training and development – Build the capability of i-SITE Managers and maintain a consistent level of qualifications amongst all i-SITE staff.
- Member communications and networking – Develop effective platforms for sharing best practice and generating excitement about the delivery of the 100% Pure Welcome.

Output 2: Operational and marketing support

- Business systems – Develop and improve systems that link i-SITE Centres and enhance the quality of service provided to visitors.
- Marketing – Enhance the international and domestic profile of the i-SITE brand through a variety of promotional channels, and participate in the delivery of Tourism New Zealand campaigns such as 'What's On'.
- Administrative support – Facilitate the distribution of i-SITE branded material and provide assistance to i-SITEs on an as needed basis.

Output 3: Advocacy

- Industry liaison – Manage relationships with key national tourism operators.
- Stakeholder liaison – Manage relationships with key industry bodies and organisations to further enhance the perceived value of the i-SITE Network.
- Local Government and owner liaison – Assist i-SITE Centres to build effective relationships with stakeholders in their community.

The focus for i-SITE New Zealand has been on consolidating standards across the network and on building staff capability in each centre. This has involved; reviewing and then lifting membership standards, delivering training programmes for i-SITE managers and developing a common web-based platform for storing and accessing tourism information. From 2009 onwards individual sites will be assessed against the Qualmark standard for visitor centres, to ensure consistent quality across the country.

The network is now in a strong position to deliver on the three impacts outlined above, and in so doing, will deliver an experience to our visitors which matches the 100% Pure promise that the campaign makes.

1.3 THE NEW ZEALAND WAY LIMITED

The New Zealand Way Limited has the objective of building and sustaining an umbrella brand for New Zealand exporters and the tourism industry which, by emphasising and embodying quality, market efficiency, market innovation, leadership, and unique New Zealand characteristics, adds value to the products and services that carry the brand.

Tourism New Zealand will continue to position New Zealand as a quality tourism destination using the Brand New Zealand fern as a key symbol and identifier.

Key areas of focus for 2009/10 are to:

- protect the Brand New Zealand fernmark in New Zealand and key offshore tourism markets;
- deliver brand value to Brand New Zealand through i-SITE and Qualmark; and
- exploit the opportunity to profile New Zealand as a quality tourism destination through www.newzealand.com.

2. APPENDIX B – TOURISM NEW ZEALAND’S OUTCOMES AND PERFORMANCE INDICATORS

