



Tourism New Zealand

Statement of Intent 2010 - 2013

**Amended in accordance with the Crown Entities Act
2004**

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

International tourism plays an important role in the New Zealand economy, contributing \$9.3 billion in value, employing one in ten people and by helping shape New Zealand's image and presence internationally. While economic factors, uncertainty and Influenza A (H1N1) made 2009 a challenging year for the New Zealand tourism industry, the industry demonstrated its resilience with arrivals remaining unchanged at 2.45 million.

The \$20 million funding increase in 2009/10 and the \$30 million increase in 2010/11 shows that the Government and Tourism New Zealand are committed to ensuring the value New Zealand derives from international tourism increases, and while this commitment won't change, the way Tourism New Zealand will work to achieve this will.

Tourism New Zealand has recently developed its 3 Year Marketing Strategy. With the implementation of this strategy, the industry and our stakeholders will see some obvious changes to how we do business, the most striking being the adoption of a digital approach to communication and the increased engagement in joint venture partnerships with both the public and private sectors.

The Web has driven a major shift in the way consumers find and share information and make purchase decisions. Simply put, the context for marketing has changed, requiring significant change in Tourism New Zealand's approach to marketing. In the coming years we will take '100% Pure New Zealand' to the world in a way that capitalises on the advantages that the digital world offers. This new approach will deliver more visitors and more value to New Zealand.

Tourism New Zealand's new strategy also places more emphasis on broader and deeper co-operation with public and private sector partners. Joint venture partnerships will see our messaging packaged with something potential visitors can buy to enhance conversion, they will extend our marketing reach through matched funding and they will expand and maintain air capacity to and from key tourism markets.

With the Rugby World Cup 2011 just around the corner, it is the right time to revitalise our approach to marketing New Zealand and Tourism New Zealand is committed to making it happen. While the years ahead will be challenging, the Board is confident these changes will improve Tourism New Zealand's performance and will deliver greater value for New Zealand.



Greg Muir
Chair
Tourism New Zealand



Malcolm Johns
Deputy Chair
Tourism New Zealand

Guide to this document

This document provides a description and explanation of Tourism New Zealand's operating intentions and performance expectations for 2010 – 2013. This document will enable our performance to be scrutinised to allow Parliament, Ministers and the public to have confidence that our use of resources has delivered our intended outputs and contributed to outcomes.

This Statement of Intent is set out as follows:

Section 1: Our purpose - this section describes Tourism New Zealand's purpose.

Section 2: Our operating environment – this section explains important factors within our operating environment and how we monitor, mitigate and respond to them.

Section 3: Our operating intentions - this section contains details of Tourism New Zealand's outcomes. It explains why they are important, the activity that will be undertaken to achieve them and the measures that we use to demonstrate our success in achieving them.

Section 4: Our organisational health and capability – this section looks at our organisational health and capability, in particular our investment in our employees, environment and systems.

Section 5: Statement of Forecast Service Performance – this section describes our output classes, the outputs within these classes, our monitoring measures and performance standards for our outputs and how our output classes link to our outcomes.

Section 6: Forecast financial information – this section provides our Statement of Accounting Policies, our Statement of Significant Assumptions and our Forecast Financial Statements for the period of this Statement of Intent.

Section 7: Our subsidiaries and associate company – this section discusses our two subsidiaries; Qualmark and i-SITE and our associate company; The New Zealand Way, and how they contribute to us achieving our outcomes.

Section 8: Measures and targets – this section visually depicts all levels of our outcomes framework and the measures and targets that will help us gauge our success in achieving our outcomes.

Our strategic direction

Our Government's priorities

The Government's priority is to lift the long-term performance of the economy, to make New Zealand a more prosperous country capable of providing well-paid jobs and a better standard of living for us all, and to provide the world-class public services needed to give opportunity and security to New Zealanders and their families.

Three key priorities for Vote Tourism have been identified. These are:

- 1.** To maximise the effectiveness of New Zealand's tourism marketing strategy. This includes maximising the returns from Governments marketing investment through joint venture partnerships.
- 2.** To progress key tourism infrastructure projects.
- 3.** To remove barriers and pursue opportunities to increase tourism's economic contribution.

Tourism New Zealand's focus is clearly on the first of these priorities, maximising the effectiveness of our marketing strategy.

Our high level outcome

Our activities over the next three years will contribute to the following high level outcome.

- **High level outcome:** The value added to the New Zealand economy from international visitors is increased

This high level outcome incorporates the priorities of the government (in particular the first priority which is focussed on effective marketing) into the framework that guides Tourism New Zealand's strategic direction. While Tourism New Zealand contributes to achieving this outcome, success in achieving this outcome is the result of the collective efforts of the wider tourism industry.

Tourism industry outcomes

Our activities contribute to achieving the following two tourism industry outcomes.

- **Tourism industry outcome 1:** International visitor expenditure in New Zealand, from Tourism New Zealand's markets, increases due to changes in international visitor arrivals, length of stay and spend per day
- **Tourism industry outcome 2:** Visitors have a high quality experience in New Zealand that meets or exceeds their expectations

While both are outcomes in their own right a relationship exists between the two tourism industry outcomes. To increase visitor expenditure by increasing arrivals, length of stay and spend per day, visitors must have a high quality experience. Visitors who have a quality experience in New Zealand help build a positive reputation for New Zealand as a visitor destination, leading to an increase in arrivals and spend as a result of repeat travel and word of mouth referrals.

Tourism New Zealand outcomes

Our Tourism New Zealand outcomes show what we are trying to achieve to ensure we contribute strongly to the sector and high level outcomes. We have a high degree of influence and control over whether these outcomes will be achieved.

- **Tourism New Zealand outcome 1: 'Conversion'** Tourism New Zealand's target audiences' desire to visit New Zealand and rate of conversion to travel is increased
- **Tourism New Zealand outcome 2: 'Information and satisfaction'** Visitor spending and satisfaction is increased through access to information that encourages activity and use of quality assured tourism services

Tourism New Zealand output classes

The following output classes are the vehicles through which we will deliver our services for New Zealand. These are:

- **Tourism New Zealand output class 1:** Marketing
- **Tourism New Zealand output class 2:** Working with the overseas travel trade and airlines
- **Tourism New Zealand output class 3:** Informing and engaging with New Zealand's tourism industry
- **Tourism New Zealand output class 4:** Information for visitors
- **Tourism New Zealand output class 5:** Quality assurance

The six strategic foundations that underpin our strategy

Tourism New Zealand has recently revised our marketing strategy. The result is a change in the focus of our work. These six strategic foundations reflect our priorities for the next 3 years.

1. Focus investment in selected markets using a portfolio approach
2. Enrich New Zealand's strong brand positioning
3. Leverage digital media to identify and communicate with potential visitors
4. Capitalise fully on the visitor bubble and media coverage for RWC 2011
5. Build the partnerships that are critical to achieving growth in visitor arrivals
6. Make the operational changes that are essential to facilitate delivery of the plan

Section 1: Our purpose

This section describes Tourism New Zealand’s purpose.

The New Zealand Tourism Board, trading as Tourism New Zealand, is a crown entity¹ with the statutory objective of ensuring that New Zealand is so marketed as a visitor destination 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 us to carry out two specific functions:

- Develop, implement and promote strategies for tourism
- Advise the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies

As the National Tourism Organisation, we are the only organisation in the sector with the mandate and resources to promote ‘destination New Zealand’.²

Section 2: Our operating environment

This section explains important factors within our operating environment.

A range of external influences impact on the strategic choices we make about what to focus on, including our choice of visitors, markets, messages and channels. External influences also drive visitor preferences, including whether to come to New Zealand and how long to come for.

Given the speed of change in global economic conditions, significant issues in our external environment can quickly emerge and change. We constantly monitor and analyse the external environment to identify these issues and trends and assess their implications. If we do not adequately respond to changes in our operating environment, our ability to achieve our outcomes will be compromised.

¹ Under the Crown Entities Act 2004 TNZ is classified as a Crown agent

² 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

The table below outlines key external factors within our environment that are of particular interest.

External factor	Description	Our mitigation strategy
Economic situation	<p>After a period of recession that affected almost all of the world's major economies over the past 2 years, tentative growth has returned to most. However, many of the drivers of the recovery are short term and significant vulnerabilities remain.</p> <p>These vulnerabilities vary from how the markets will react to the removal of significant government led stimulus packages, to a slow recovery in employment denting consumer confidence, to the continued over-investment in housing in some of our key markets.</p> <p>For tourism, as a consumer commodity, this means that our potential visitors will likely continue to be cautious in their decision making in 2010. While there will always be groups and niches that are insulated from the recessions, long haul trips are significant financial commitments for households and the prevailing level of confidence among consumers will set the tone for decisions.</p>	<ul style="list-style-type: none"> • We will continue to assess the economic environment to ensure we have the necessary view of the marco-economic environment at all times • Focus will be placed on sectors that have shown resilience to the economic situation e.g. Australia and the Youth Sector • We are shifting away from inefficient mass media to utilising tools that more efficiently locate and then target consumers with an already established interest in NZ or the activities NZ can offer • Joint venture partnerships will be engaged in to extend our marketing reach through matched funding and to push conversion by packaging our marketing messages with something potential visitors can buy
Environmental concerns	<p>Environmental concerns about long haul travel are starting to re-emerge as the global economic crisis is resolved. Due to New Zealand's distance from key markets visitors have concerns about carbon emissions and travel miles.</p>	<ul style="list-style-type: none"> • Continued focus on raising the level of quality and environmental responsibility in New Zealand tourism product and experiences through our subsidiary, Qualmark Limited (See Section 7) • Ongoing monitoring of visitors satisfaction with New Zealand's natural environment through our Visitor Experience Monitor
Air capacity	<p>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</p>	<ul style="list-style-type: none"> • We will identify air routes that are the most strategically important • We will identify and partner with airlines that offer us the best opportunities to expand air capacity and

	<p>in some instances been linked directly to a reduction in air capacity.</p> <p>During the recession only Australia and China saw increases in their air capacity and marginal to no growth in air capacity is expected in 2010 from our long haul markets. We consider that as a consequence of restricted capacity on key routes, we are losing potential travellers.</p> <p>There are some routes into NZ that are strategically more important than others. Changes in routes can have important consequences for capacity and visitor flows.</p>	<p>drive competition on routes</p> <ul style="list-style-type: none"> • Participation in the Interagency Aviation Group with other New Zealand Inc agencies will assist us to proactively and collaboratively identify and mitigate risks and to enhance New Zealand's aviation linkages
<p>Competition from emerging and edgy destinations</p>	<p>New Zealand is competing with Australia and emerging 'edgy' markets, such as Vietnam and Africa for leisure travellers.</p>	<ul style="list-style-type: none"> • Continued focus on the delivery of initiatives in markets that will be the most responsive • Implementation of the strategic shift away from mass media to digital media to allow for better targeting of consumers that are either already aware and interested in New Zealand, or interested in the type of holiday New Zealand could offer. This will also allow us to reach potential travellers throughout the entire purchase cycle

Section 3: Our operating intentions

This section contains details of Tourism New Zealand's outcomes. It will explain why they are important, the activity that will be undertaken to achieve them and the measures that will monitor our activity so we can demonstrate our success in achieving them.

Tourism New Zealand's Outcomes Framework

High level outcome

The value added to the New Zealand economy from international visitors is increased

Tourism industry outcomes

International visitor expenditure in New Zealand, from TNZ target markets, increases due to changes in international visitor arrivals, length of stay and spend per day

Visitors spend more while in NZ and tell others to come

Visitors have a high quality experience in New Zealand that meets or exceeds their expectations

TNZ outcomes

Conversion

TNZ's target audiences' desire to visit New Zealand and rate of conversion to travel is increased

Providing a high quality experience

Information and satisfaction

Visitor spending and satisfaction is increased through access to information that encourages activity and use of quality assured tourism services

TNZ outputs

Marketing

Working with the overseas travel trade and airlines

Informing and engaging with NZ's tourism industry

Information for visitors

Quality assurance

TNZ strategic foundations

1. Focus investment in selected markets using a portfolio approach

2. Enrich New Zealand's strong brand positioning

3. Leverage digital media to identify and communicate with potential visitors

4. Capitalise fully on the visitor bubble and media coverage for RWC 2011

5. Build the partnerships that are critical to achieving growth in visitor arrivals

6. Make operational changes that are essential to facilitate delivery of the plan

Lower

TNZ's degree of control/influence

Higher

Tourism New Zealand outcomes

Outcome 1:

Conversion: Tourism New Zealand's target audiences' desire to visit New Zealand and rate of conversion to travel is increased

Why is this outcome important?

New Zealand is one of many destinations competing to attract international visitors. For New Zealand to succeed, potential visitors need to be more than simply aware of us, we need to increase their intention to take a holiday here, and prompt them to take steps to convert this intention into bookings.

To convert interest into actual travel, we need to efficiently target and connect with the right potential visitors, engage with them in a way that increases their desire to come here, and make it as easy as possible for them to convert this interest into a booking.

As well as engaging with potential visitors, we will undertake joint venture marketing with the public and private sector to influence conversion by improving the alignment of activity and increasing the level of coordinated spend on promoting New Zealand. Public sector organisations (Tourism New Zealand and Regional Tourism Organisations) concentrate on promoting the destination (country or region). Private sector companies (e.g. airlines, tourism operators) concentrate on providing and promoting their specific products, which may include activities and experiences or modes of travel. Intermediaries, such as overseas travel sellers, play a key role in selling New Zealand as a destination, as well as selling tourism products and packages. This amounts to an industry 'value chain', which needs to be linked up well to achieve the best results cost effectively.

Through leveraging the wider industry's investment in marketing, sales forces, product and infrastructure our ability to reach consumers increases exponentially. Strategic joint venture marketing is mutually advantageous, because it enables our partners to leverage off our focused investment in destination marketing.

How will we measure our success?

- **Proportion of Active Considerers who consider New Zealand their first or second preferred destination**

Research has been undertaken to redefine New Zealand's target market. Tourism New Zealand will now utilise its resources to target a group of consumers, called 'Active Considerers'. Active Considerers are not just aware

of New Zealand, they are already actively considering New Zealand as a holiday destination. To help us gauge the impact our marketing spend is having on increasing the level of preference Active Considerers have for New Zealand over other competing destinations, Tourism New Zealand will undertake monthly campaign tracking within our key markets. As Active Considerers by definition already have a preference for New Zealand, Tourism New Zealand's focus is on increasing their existing levels of preference, specifically increasing the number of Active Considerers who consider New Zealand their first or second most preferred destination.

Measure: Proportion (%) of Active Considerers who consider New Zealand their first or second preferred destination	
Market	Preliminary result
Australia	58% ranked NZ 1 or 2 for their next preferred holiday destination (95% confidence)
UK	45% ranked NZ 1 or 2 for their next preferred holiday destination (95% confidence)
USA	53% ranked NZ 1 or 2 for their next preferred holiday destination (95% confidence)
China	82% ranked NZ 1 or 2 for their next preferred holiday destination (95% confidence)
Japan	69% ranked NZ 1 or 2 for their next preferred holiday destination (95% confidence)
Germany	62% ranked NZ 1 or 2 for their next preferred holiday destination (95% confidence)

- **Conversion to travel**

Our shift to digital media offers us a better opportunity to measure the causal relationship between investment in campaigns and actual travel (conversion), because of the 'trackability' that digital tools offer. We have two work streams currently underway that will give us better tools to measure conversion over the coming year. The first focuses on monitoring and evaluation tools that we will use to assess progress in relation to Australia as our largest market. The second will emerge from implementation of the digital strategy and the development of tools to allow us to track consumers as they leave newzealand.com and make bookings on partner websites (See pp 27/28).

- **Engaging with potential visitors**

We will monitor levels of connection and engagement with our target audience by measuring how many people have been drawn into the first stage of the 'path to purchase' via digital media, and the depth of engagement with these people. We will also track and report on the number

of visitors to newzealand.com who link to operator websites as an indication of increased intention to book trips.

	Measures	Target
Connection and engagement	Number of unique visits to newzealand.com: from a search engine result, from TNZ paid ads, and from other links	2009/10 actual – 610,000 2010/11 target – 1,000,000 2011/12 target – 1,350,000 2012/13 target – 1,700,000
	Size of the TNZ Facebook fanbase over time	2009/10 actual – 114,000 2010/11 target – 300,000 2011/12 target – 500,000 2012/13 target – 1,000,000
	newzealand.com average monthly referrals to operator sites	2009/10 actual – 100,000 2010/11 target – 150,000 2011/12 target – 200,000 2012/13 target – 250,000

- **Joint venture marketing**

Strategic alliances

We have set a systematic approach to track the monetary value of co-funded marketing activity (as a measure of the increased 'buying power' that we seek to obtain through strategic alliances).

We will also be measuring and reporting on air service capacity on routes identified as strategic priorities.

Due to a complex range of factors and interactions involved with strategic alliances it is not feasible to measure an increase in conversions to travel that are attributable to our strategic alliance activities.

	Measures	Target
Joint venture marketing	Partnership funds committed to coordinated marketing activity with TNZ	RTO JVs: \$1:\$1 (2010-2013) Air New Zealand: \$1:\$1 (as committed to in MoU) 'Other' JVs: \$6 million
Air capacity	Monitor and report on the level of air capacity on routes identified as strategic priorities	Commentary provided in quarterly report

Training overseas travel sellers and trade events

Our output measures evaluate the extent to which the travel trade considers that our activities have better equipped them to sell destination New Zealand. These measures are set out in the Statement of Forecast Service

Performance (Section 5) and will be used as proxy measures for this outcome due to practical difficulties and the cost involved with measuring the incremental sales generated by partnered events and training provided to overseas travel sellers.

What do we do to achieve this outcome?

The output classes that will contribute to the outcome are:

- Output class 1 – Marketing
- Output class 2 – Working with the overseas travel trade and airlines
- Output class 3 – Informing and engaging with New Zealand’s tourism industry

We carry out a range of outputs within these output classes, including:

- Paid search engine advertising
- Optimising online search tools
- Using social media (e.g. Facebook) to market New Zealand
- Providing a website (newzealand.com) and linking our website visitors more directly with online booking mechanisms
- Targeted PR activity
- Traditional media advertising campaigns
- Joint marketing promotions
- Off shore trade marketing events
- Forming and developing alliances with airlines
- Training overseas travel sellers
- Familiarisation visits for travel sellers

The appropriations that fund this outcome are:

- Marketing New Zealand as a visitor destination
- Marketing New Zealand as a visitor destination through Joint Venture Partnerships

What is TNZ focused on in 2010 - 2013?

Engaging with potential visitors: Areas of focus

The focus in this area is changing from previous years. We are moving away from raising awareness by investing in traditional mass media advertising and moving towards better and more cost-effective engagement (through digital media) with those who are already aware of New Zealand. Traditional media has high levels of wastage, which lowers the value for money from our marketing spend. Instead, we are going to use more digital marketing tools to carefully target those who are already aware of New Zealand or those who want the sort of holiday that New Zealand can offer, and increase their intention to visit.

Much of our focus will be on leading these potential visitors through a more structured and direct 'path to purchase', with the aim of increasing the rate at which potential interest is converted into actual bookings. For example, we will help potential visitors to find the newzealand.com website much more easily, through 'search engine optimisation'. Once engaged with our marketing content, the consumer will be steered directly from newzealand.com to partner/operator sites, where they can make bookings for travel, accommodation or activities/experiences.

Our 3 Year Marketing Strategy outlines the areas of focus for Tourism New Zealand that will achieve this outcome:

Focus investment in selected markets using a portfolio approach (Strategic Foundation 1)

- In 2009/10 we completed a comprehensive examination of target markets with a focus on determining markets' 3 year growth potential. This has identified the markets that we will focus our investment on as:
 - Australia
 - USA
 - China
 - Germanic Europe
- Specific growth strategies are being developed for implementation in these markets over the 3 year period of this Statement of Intent. These will be in place by July 2010.
- We have an increasing focus on the conference and incentive market (business tourism) for 2010/11 and beyond. India, Thailand and Australia are markets where we are focused on increasing incentive tourism. To achieve this we will attend key business events in-country, and target specific companies for familiarisation visits.
- Cruise will continue to be an important sector for us throughout the period of this Statement of Intent.

Enrich New Zealand's strong brand positioning (Strategic Foundation 2)

- 100% Pure New Zealand will remain our campaign line. Our activities will communicate to our target audience (both geographic and sectors such as youth) a clearer impression of the experience they can have in New Zealand, to increase their intention to visit. Key activities planned include:
 - High impact PR activity (e.g. 2009's the Bachelor)
 - Events that attract our target audience (e.g. Winter Games, food and wine events)
 - Product placement (e.g. in high profile films)

Leverage digital media to identify and communicate with potential visitors (Strategic Foundation 3)

- Our investment in 'advertising' will shift from predominantly broadcast media to predominantly digital media which will result in better targeting and measurability. A specific digital strategy is currently being developed for implementation in 2010/11. Key activities will include:
 - Use of social media (Facebook) to drive visitation to newzealand.com
 - Up-weighted investment in paid web search (search engine marketing)
 - Rebuilding newzealand.com to ensure better organic search results

Capitalise fully on the visitor bubble and media coverage for RWC (Strategic Foundation 4)

- RWC 2011 is a significant opportunity for tourism. We have a comprehensive RWC strategy approved by Ministers in place that will:
 - Contribute to achieving visitor targets (85,000 visitors from RWC target markets)
 - Ensure that any post event lull is nullified by visitor growth
 - Target above average growth from RWC markets post event

Joint venture marketing: Areas of focus

Delivery of joint venture marketing initiatives with the private sector and local government will be an increasing feature of our activity.

The strategic focus for our joint venture marketing activities in the coming years includes:

- More closely linking our campaign work with a product that can be purchased by potential visitors – bridging the gap between destination marketing and selling tourism products by partnering with the 'sellers' in joint promotional activity
- Recognising the importance of growing air capacity and being prepared to react to opportunities to participate in joint activity that supports new capacity. This includes focused work with key airport and airline partners
- Increasing levels of, and leverage from, joint venture investment with regional tourism organisations to market New Zealand's regional tourism offerings internationally, particularly in Australia
- Working collaboratively with New Zealand Inc agencies to improve alignment in activity both on and offshore

Our 3 Year Marketing Strategy outlines the particular areas of focus for Tourism New Zealand that will contribute to this outcome:

Capitalise fully on visitor bubble and media coverage for RWC (Strategic Foundation 4)

- Explore opportunities to leverage and align with official RWC partners (specific partners have been identified and approached in 2009/10)
- Continue to support OTAs with tactical advertising off-shore in target markets and with the provision of information on New Zealand. Support OTAs attending TRENZ, the New Zealand industry trade show

Build the partnerships that are critical to achieving growth in visitor arrivals (Strategic Foundation 5)

- We will continue with our financial support of Conferences and Incentives New Zealand (CINZ) and maintain our membership on the Board. This connection will ensure that we co-ordinate activity and build the synergies that will promote further business and incentive tourism to New Zealand
- In 2009/10, 8 joint venture promotions in Australia with New Zealand Regional Tourism Organisations were initiated and these will continue in 2010/11, and will be supplemented by further partnerships, in particular with airlines
- Our offshore trade marketing events (Kiwi Link) will continue in 2 markets
- Our trade training activities will continue in target markets, with a particular emphasis on increasing cost effectiveness through the use of digital channels
- We will undertake an assessment of which air routes are priorities for expansion and then (a) feed this into the NZ Inc project to identify and support strategic air links and (b) engage with specific airline partners to maintain or grow these routes
- Continue to participate in the Interagency Aviation Group with other New Zealand Inc agencies who have interests in strategic air links. This Group works to proactively and collaboratively identify and mitigate risks and to enhance New Zealand's aviation linkages.

Outcome 2:

Information and satisfaction: Visitor spending and satisfaction is increased through access to information that encourages activity and use of quality assured tourism services

Why is this outcome important?

To increase earnings from international tourism, not only do we need to attract more visitors, the visitors who come here need to stay longer and participate in more revenue-generating activities while they are here. To do this they must have access to quality information on the things they can do. This information can be provided on-line but once visitors are in New Zealand they need the information in a more direct way as they travel around the country. This means that face-to-face contact with a trained sales force is critical to informing our visitors and selling experiences and activities. Information also helps visitors make informed choices about the quality of products and experiences they are purchasing.

It is also important that visitors have information that provides an assurance on the quality of the visitor experience. Satisfied visitors who have had good

experiences provide good word of mouth promotion for New Zealand. The boom in social media means that good and bad word of mouth stories spread further and faster than ever before, so satisfying visitors is even more important. This means that some degree of quality assurance activity is required to promote high quality standards and ensure that the reality delivers on the promise. This is a key reason why we aim to promote and monitor the adoption of quality standards through Qualmark and the Approved Destination Status programme for Chinese tour operators. Research has shown that Chinese visitors to New Zealand are less satisfied than other visitors. China is critical to New Zealand's tourism development and satisfaction levels must be lifted so that New Zealand develops a reputation as a quality destination.

How will we measure success?

We will monitor the utilisation of i-SITEs and the level of expenditure of those who visit an i-SITE, as well as the satisfaction variances between those who utilise i-SITEs and quality assured products and services and those who do not. This will allow us to evaluate the impact that our focus on information services and quality assurance has on maximising visitor spend and improving overall levels of satisfaction.

Outcome 2	Measure	Target
Information for visitors	Number of i-SITE visitors as a percentage of holiday visitors	Actual: YE Dec 2009 – 55.5% Target: 2010-2013 – Maintain or improve
	Average transaction value of a i-SITE visitor	Actual: YE Dec 2009 - \$112 Target: 5% growth per annum YE Dec 2010 – \$117.6 YE Dec 2011- \$123.58 YE Dec 2012 - \$129.65 YE Dec 2013 - \$136.15
	Average total expenditure attributable to i-SITE visitors increases	Actual: YE Dec 2009 - \$3,586 Target: 4% growth per annum YE Dec 2010 – \$3729 YE Dec 2011 - \$3878 YE Dec 2012 - \$4033 YE Dec 2013 - \$4195
	Satisfaction of overall tourism experience for i-SITE visitors compared to other visitors	Actual: YE Dec 2009 - i-SITE satisfaction 90%; non-i-SITE satisfaction 89% Target: 2010-2013-

		Maintain i-SITE user satisfaction at or above 90% and above satisfaction levels of non-i-SITE users
Quality assurance	Satisfaction of visitors who used Qualmark services compared to non-Qualmark services	Actual: YE Dec 2009 – Qualmark satisfaction – 90%; non-Qualmark satisfaction 90% Target: 2010-2013 - Maintain Qualmark user satisfaction at or above 90% and above satisfaction levels of non-Qualmark users
	Level of satisfaction of Chinese visitors	Actual: July – Dec 2009 8.6 Target: 2010-2013 - Maintain upward trend

What do we do to achieve this outcome?

The output classes that will contribute to this outcome are:

- Output class 4 – Information for visitors
- Output class 5 – Quality assurance

We carry out a range of outputs within these output classes, including:

- Provision of information to visitors through our management of the i-SITE network, and through our website newzealand.com.
- Provision, through Qualmark, of independent and reliable information on the quality of 2,200 tourism businesses
- Provision of support to licence holders to maintain quality standards
- Enforcement of the Approved Destination Status code of conduct

The appropriations that fund this outcome are:

- Marketing New Zealand as a visitor destination

What is TNZ focused on in 2010-2013?

Our fundamental approach to visitor information and satisfaction continues. We consider that these are critical activities in supporting the work we do promoting New Zealand. There are two areas of priority focus that differ from last year however.

During the RWC in 2011, New Zealand will be host to up to 85,000 visitors who will move through New Zealand following teams and games. The i-SITE network of 85 information centres is uniquely placed to offer information on

activities and events (including on the 'Give it 100%' Festival). Readying the network for this role is a priority for 2010/11. Delivering on the opportunity is a focus for 2011/12.

Our 3 Year Marketing Strategy outlines the particular areas of focus for Tourism New Zealand that will contribute to this outcome:

Capitalise fully on visitor bubble and media coverage for RWC (Strategic Foundation 4)

- i-SITE New Zealand will coordinate the activity of the i-SITE Network to provide a nationwide 'front of house' network through which to promote the RWC Festival programme to visitors. i-SITE New Zealand will also provide information to the New Zealand 2011 Office regarding events happening at a regional level
- i-SITE New Zealand will coordinate the activity of the i-SITE Network implement the 'Give it 100%' brand campaign
- i-SITE New Zealand will coordinate the activity of the i-SITE Network to provide assistance in the management of the 'city hosts' component of the official volunteer programme. This assistance may be in the form of training and support of city hosts.

Work undertaken within Tourism New Zealand and Qualmark has identified that there are opportunities to simplify some of the existing approaches and processes (including assessment processes) that will create efficiencies and add value for licence holders and shareholders. Work has begun in 2009/10 to clarify where there is room for efficiency gains, and these will begin to be implemented in 2010/11.

Our 3 Year Marketing Strategy outlines the particular areas of focus for Tourism New Zealand that will contribute to this outcome:

Make the operational changes that are essential to facilitate deliver of the plan (Strategic Foundation 6)

- Qualmark criteria review, and assessment processes will be reviewed and changes implemented
- Qualmark internal process review will be undertaken and the new operating structure in place and running by 1 July 2010.

Section 4: Our organisational health and capability

Our 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.

They include:

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

In early 2010 the Minister of Tourism requested a third party review to improve the clarity of the roles of the Ministry of Tourism and Tourism New Zealand, and to examine alignment and synergies with other government agencies with a role in tourism. This review is due to be delivered in May 2010. Once the recommendations of that review have been agreed each entity will make the necessary changes to implement them. This may result in changes to organisational functions, structure and resources and affect our priorities on organisational health and capability, outlined below.

Our people

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

During 2010/11 we will develop or continue the following programmes and practices.

Assessment of necessary skills: To execute our 3 Year Marketing Strategy we require the appropriate skill-sets. The Strategic Foundations around digital marketing and partnerships require a new approach that must be matched with skills available.

- In 2010/11 we will undertake a talent review to ensure we have the skills needed within the organisation to deliver our strategy

Māori cultural competencies: Culture is the second greatest motivator for choosing New Zealand as a holiday destination. We must have the internal

capability to deliver the Māori cultural component of the '100% Pure New Zealand' message.

- In 2009/10 we developed a set of Māori Cultural competencies. In 2010/11 all staff will undertake training to achieve the competency, at the level appropriate to their responsibilities

Graduate/Māori graduate programme: We will continue to offer our graduate/Māori graduate programme. Since 2002 twelve graduates have been recruited. Graduates are on fixed term contracts and 'cycle' through the organisation over an 11-12 month period. At the conclusion of the 12 month cycle, if suitable positions are available, continued employment is offered.

- During the period 2010 - 2013 we will continue this programme

International development opportunities: Opportunities regularly 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.

Our workplace and systems

Workplace

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

- Geographic dispersal with 9 offshore offices
- Significant cultural differences between staff
- A young and technologically 'savvy' workforce
- Fluid deployment of staff to international projects

We are conscious of the government's preference for co-location of off-shore agencies as one means to increase the New Zealand Inc impact. Tourism New Zealand has undertaken to assess our office leases, in locations where we are not already co-located, as they come up for review.

- In 2009/10 we assessed the costs and benefits of relocating our Mumbai office, and it was agreed that Tourism New Zealand would relocate into a new Mumbai office with Immigration New Zealand and New Zealand Trade and Enterprise. This will occur in the 2010/11 year
- Over 2010/11 to 2012/13, when our leases expire, 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. We operate a 'wireless office' structure that enables all staff to share any workspace at any location. Our continued use of video conferencing has reduced our travel which, with other initiatives, is part of our commitment to achieve a sustainable work environment.

- During 2010/2011 we will reassess our information technology requirements, due to our shift to a predominantly digital strategy

Environment

We joined Qualmark in 2009 and implemented a Sustainability Action Plan in 2009/10. We achieved Bronze status within the Qualmark Green³ environmental accreditation programme during 2008/09. In 2009/10 we received recognition of our improved sustainability by being awarded Silver status. Over 2010/2011 we will implement further initiatives, as guided by our Sustainability Action Plan. Our key actions will include:

- Completing the collection of a full years benchmark CO² reporting through the Electronic Travel Authority System
- Undertaking our next annual Qualmark Assessment in February 2011

Risk management

As a global agency operating across a number of markets, we are affected by a range of risks. We have established processes for managing our financial and operating risk and have identified all legislation that we need to comply with. Our Risk Management Plan clearly sets out a process for risk evaluation and then categorises risks into four categories:

- Strategic
- Financial
- Operational
- Hazards

A focus on financial risks

There has been a particular focus by the organisation on financial risk.

In 2008/09 we investigated, with the Ministry of Tourism, options to improve the rates that we purchase our foreign currencies at. This formed one of our initial Performance Improvement Actions. The investigation concluded that purchasing currency through the New Zealand Debt Management Office

³ See <http://www.responsibletourism.co.nz/> for detailed information on standards and assessment processes

(NZDMO) offered savings and in 2009/10 we began purchasing our currency through the NZDMO. This policy will continue in the period covered by this Statement of Intent.

In 2009/2010 we carried out further investigations, as part of our Performance Improvement Action programme, on ways to insulate our marketing programme against fluctuations in foreign currencies. Together with the Ministry we have proposed the establishment of a foreign exchange reserve fund. This proposal requires Cabinet approval to establish and that permission will be sought in May.

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

The internal risks that pose the greatest threat and impact are listed below.

Risk Area	Description	Our mitigation strategies
Funding	If funding levels are insufficient, 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 process.</p> <p>Funding for special projects and pursuing opportunities when they arise can be sought between budget processes, 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 on mechanisms to better manage our exposure to foreign exchange fluctuations.</p>
Corporate reputation	Our corporate reputation is important to protect so that we can effectively lead/partner with the industry in marketing New Zealand	TNZ manages this through investment in our corporate communications area, and channelling media and public communications through two spokes people (CE and GM Public Affairs)
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	<p>Our Business Planning process commences in November/December each year with a strategic session(s) held by the Executive.</p> <p>The quality of this process is verified by the Board at a Strategic session in November/December at which the main strategic themes are agreed.</p> <p>Business Planning documentation around</p>

	New Zealand.	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.
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.	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. The annual Statement of Intent is developed in accordance with Treasury/SSC guidance to Crown Entities, in consultation with our auditors.
Advice	If poor advice is provided to the Government and the Tourism Industry critical Government and Tourism Industry support will be lost.	Policy advice is sent to the Executive for consideration and approval prior to it being sent externally. Information to the Minister's office is sent through a centralised point. If appropriate, the Board members' with relevant skills may assist the Executive with the development of Policy Advice.
Assessment of necessary skills	To execute our 3 Year Marketing Strategy we require the appropriate skill-sets. The Strategic Foundations around digital marketing and partnerships require a new approach that must be matched with skills available.	In 2010/11 we will undertake a talent review to ensure we have the skills needed within the organisation to deliver our strategy.

Cost Effectiveness and Performance Improvement Actions

Measuring cost effectiveness

We are aiming to strengthen the way we measure the cost-effectiveness of our activities.

A challenge faced by all destination marketing organisations is how to robustly measure the number of 'additional' visitors that arrived because of destination marketing, as opposed to other factors. Understanding the size of this increase is the preferred basis of cost-effectiveness measurement

because this 'conversion' is the critical outcome that we are seeking to achieve.

The use of digital platforms for marketing is likely to improve our ability to measure the effectiveness (and cost-effectiveness) of particular marketing activities. This is because the progress of potential visitors through a 'path to purchase' will be traceable as they 'click through' from search engine to website to booking engine. This does not require in-market survey methods, however, it will require consideration of possible privacy issues around the form of data that might be provided to us by our partners to enable measurement.

We are in the process of determining the implications of the new strategic approach and direction for its marketing activities. As part of this development process, we propose to develop a practical and useful set of effectiveness and cost-effectiveness measures.

Even with the creation of new indicators, more in-depth evaluation and analysis will still be warranted to examine the relative impact of different factors in a particular market at that time. This approach was recently used in relation to New Zealand's investment in 2008 and 2009 marketing campaigns in Australia.

The suite of projects that will be undertaken to assess, or include a component of assessment of cost effectiveness are:

- Conversion in Australia: Development of a methodology to determine the actual rates of conversion to visitors resulting from our marketing work in Australia.
- Digital Measurement: Development of appropriate indicators to measure conversion to bookings from digital marketing activity undertaken by Tourism New Zealand.
- Regional Tourism Organisation Joint Venture evaluation: An assessment of the Joint Venture programme of activity in Australia with Regional Tourism Organisations, to be prepared in conjunction with the Ministry of Tourism by December 2010.

Performance Improvement Actions (PIAs)

Medium term objective (3-5 year)	Action to date	Result to date
Review offshore tenancy agreements as they come up for renewal, assess costs and benefits of cohabitating with other New Zealand Government agencies	Review of the Indian offshore tenancy has been completed.	Co-locate with Immigration New Zealand and New Zealand Trade and Enterprise in Mumbai 2010. Some one off-costs, lower annual costs
Improved internal efficiency and accountability in travel approval, in an organisation which travels heavily. Accurate collection of carbon emissions data	Introduction of an electronic travel authority process	Approval process has been stream-lined, and electronic records will improve reporting. Carbon data has been collected since July 2009, which will soon allow for baseline data to be established
Regular review of contracts for services to ensure value for money	Reviews undertaken: <ul style="list-style-type: none"> • PR agency in the USA • Web developer • Campaign evaluation provider 	Savings of \$250,000 from change in campaign evaluation methodology
Focus on variable costs for 2009/10, with all major contracts to be examined and cost savings identified	Re-tendering process undertaken for <ul style="list-style-type: none"> • Courier • Telecommunications services 	Multiple courier contracts centralised to single provider
Better management of TNZ's exposure to foreign exchange fluctuations to protect our purchasing power	Cabinet paper proposing changes to the foreign exchange management policy is currently in consultation	Will provide for constant purchasing power in off-shore markets
Increase TNZ's offshore purchasing power by ensuring we achieve best rates for our foreign exchange purchases	Modelling work undertaken which concluded better average rates for foreign exchange purchase would be achieved by the utilisation of the New Zealand Debt Management Office for the purchase of foreign exchange	Actual savings cannot be quantified as would require constant comparison of spot rates
Improved measurement framework for conversion and cost effectiveness of marketing expenditure: Development of a methodology to determine	Work underway	Will allow for more accurate assessment of the effects of TNZ marketing activity, therefore better investment decisions

the actual rates of conversion to visitors resulting from our marketing work in Australia, and through digital marketing		
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Section 5: Statement of forecast service performance

Tourism New Zealand outputs

This section describes our output classes, the outputs within these classes, our monitoring measures and performance standards for our outputs and how our output classes link to our outcomes.

Output Class 1: Marketing

Tourism New Zealand outputs

Marketing is Tourism New Zealand’s largest output expenditure, with a budget of \$64.8million. We perform a range of marketing outputs, which broadly fit into the categories of advertising, public relations (PR), and market research.

Advertising

During 2009/2010, we completely revised our marketing strategy, which means that the coming year will see a significant shift in the type and focus of our marketing outputs. Our previous focus was on increasing awareness of New Zealand through traditional mass media advertising campaigns. In future, while the key elements of the branding will remain, the delivery will shift towards leveraging existing levels of awareness in key markets. This will be done using advanced digital marketing tools.

Much of our focus will be on leading potential visitors who are aware of New Zealand through a more structured and direct ‘path to purchase’.

Key advertising outputs will include:

- Investing in paid search engine advertising

- Actively optimising online search tools so that potential visitors are exposed to our marketing channels and content (and NZ content more generally) more often when they are researching holidays online
- Actively using social media (e.g. Facebook) as a way of engaging potential visitors with richer content about New Zealand
- Providing and maintaining a website (newzealand.com) as an essential portal for visitors who are wanting a richer picture of what activities and experiences New Zealand has to offer, and re-designing our website content
- Linking our website visitors more directly with online booking mechanisms (e.g. booking engines maintained by our private sector partners)
- Carrying out traditional media advertising campaigns in selected markets

Public Relations

We will invest in targeted international PR opportunities to raise New Zealand's profile and create an impression in the minds of potential visitors of the kind of experience they can have in New Zealand.

In the coming year we will be focusing on accessing larger scale audiences through product placement and high impact PR in Australia, the United States, Germany and China. The key is to identify and select opportunities that present good value for money.

Key PR outputs will include:

- International Media Programme which hosts 400 international media in New Zealand each year, providing them with itinerary assistance and, travel story ideas
- The Opinion Leaders Programme which targets high profile, influential leaders in key markets to generate positive opinion shifts at home
- The Global Newsroom which identifies significant events, people, occasions in the media that raise New Zealand's profile
- Provision of high quality video and images to international journalists, and people using social media
- Sponsorship and support for events that generate international profile for New Zealand, in exchange for branding rights

Market Research

We carry out market research to provide core intelligence and evaluation input into the development of marketing campaigns. While the majority of our Market Research activities are inputs, an important output from our Market Research is:

- The Visitor Experience Monitor, which surveys actual visitor's attitudes

Link with Tourism New Zealand outcomes

This output class is aimed at achieving Tourism New Zealand's Outcome 1: Conversion

Tourism New Zealand output performance measures

Outputs	Measure	Target
1. Marketing (\$64.8m)		
Advertising⁴ Carry out marketing campaigns via digital media, using social media and TNZ's consumer website as key channels	Quantity: <ul style="list-style-type: none"> Australia; year round activity Australia; delivery of partnered campaigns 	4
	<ul style="list-style-type: none"> UK; partnered campaigns UK; digital marketing (search engine marketing and online display campaigns) 	2 Continuous search engine marketing and 2 online display campaigns
	<ul style="list-style-type: none"> USA; partnership work with Air New Zealand and delivery of additional partnered campaigns USA; digital marketing (search engine marketing and online display campaigns) 	2 Continuous search engine marketing and 2 online display campaigns
	<ul style="list-style-type: none"> China; delivery of partnered campaigns China; digital marketing (search engine marketing and online display campaigns) 	3 Continuous search engine marketing and 2 online display campaigns
	<ul style="list-style-type: none"> Germanic Europe; delivery of partnered campaigns Germanic Europe; digital marketing (search engine marketing and online display campaigns) 	2 Continuous search engine marketing and 3 online display

⁴ Our new focus on the use of digital platforms for marketing activities will improve our ability to measure the effectiveness and cost-effectiveness of particular marketing activities. Once the new strategic approach and direction for its marketing activities is complete, we will develop a practical and useful set of effectiveness and cost-effectiveness measures.

International PR activities Run an international media programme	<ul style="list-style-type: none"> Japan; partnered campaigns Japan; digital marketing (search engine marketing and online display campaigns) 	campaigns 2 Continuous search engine marketing and 2 online display campaigns
	Quality: <ul style="list-style-type: none"> [See Outcome 1 'Preference' measure] Consumers identify the key campaign messages that TNZ aimed to deliver through the campaign 	2009/10 benchmark: <ul style="list-style-type: none"> China: new measure, benchmark to be established this year. Australia: 79%⁵
	<ul style="list-style-type: none"> Potential audience, reach (%) and frequency of campaigns in Australia and China meet the targets set for each campaign 	Target for; <ul style="list-style-type: none"> Potential audience Reach Frequency To be set prior to campaign launch
	Cost-effectiveness: <ul style="list-style-type: none"> Cost per acquisition Cost per referral 	Benchmark to be established 2010/11
	Quantity <ul style="list-style-type: none"> number of international media hosted in New Zealand number of opinion leaders hosted number of events over \$1 million amount of coverage achieved; broadcast (minutes), print (number of pages), online (number of web pages) 	400 15 1
Coverage <ul style="list-style-type: none"> impressions generated from events over \$1 million meet targets specified prior to event commencing 	Specific event target met	

⁵ An average from the recognition of the 3 key messages in the 'Which NZ are you?' campaign

	Quality: <ul style="list-style-type: none"> • quality of media exposure generated from visiting international media • satisfaction of attendees at events over \$1 million 	95% positive comment ⁶ Maintain at or above 95%
Market Research Conduct market research to inform industry activity and Tourism New Zealand focus	Quantity: <ul style="list-style-type: none"> • number of on-line VEM surveys carried out 	6 month target: 2,000

Output Class 2: Working with the overseas travel trade and airlines

Tourism New Zealand outputs

Joint ventures marketing

Joint venture marketing:

- Enables our messaging to be packaged with something potential visitors can buy
- Extends our marketing reach through matched funding
- Expands and maintains air capacity to and from key tourism markets

Key joint venture marketing outputs will include:

- Deepening the Air New Zealand joint venture partnership in markets where Air New Zealand is the dominant carrier (e.g. the USA and Japan)
- Participating in the New Zealand Inc project to develop a clearer view on which air routes (and partners) are more strategically important for visitor flows
- Co-ordinating joint venture investment with regional tourism organisations to market New Zealand's regional tourism offerings internationally, particularly in Australia and participate in the Ministry led review of the programme

Training the travel trade

Deepening travel seller capability to sell the right New Zealand is an important way of driving more conversion of interest into travel 'now'. We carry out a range of training outputs that are aimed at enabling overseas travel sellers to more effectively sell 'Destination New Zealand' to customers in their market. Training is provided using a variety of approaches, including:

⁶ Collected via annual review of nominated PR programmes by external party

- *Online*, e.g. region and product specific online training modules and webinars. The website www.newzealand.com/travel/trade also provides access to the 'Industry Guidebook', which provides travel sellers access to trade information via a searchable database
- *In-market*, e.g. product marketing seminars, and 'train the trainer' courses
- *Familiarisations*, e.g. the Explore self familiarisation programme, and familiarisation visits to New Zealand for travel company product managers and decision makers

Trade Events

We organise trade events and co-ordinate participation by the New Zealand tourism sector at international trade shows.

Key events will include:

- In-market training events, called Kiwi Link, which connect New Zealand tourism operators with travel sellers. An India and an Asia Kiwi Link is scheduled for this financial year
- International Marketing Alliance (IMA) Roadshow of UK/Europe in July, whereby at least 15 regional representatives and products from New Zealand will train product planners and frontline travel sellers

Additionally we attend international trade shows and facilitate New Zealand operator attendance.

Key events will include:

- Providing a New Zealand presence at World Travel Mart (WTM) in London in November 2010, where up to 10 New Zealand inbound operators or product providers can participate
- Providing a New Zealand presence at the International Luxury Tourism Market (ILTM) in France in December 2010 and at the Asia Luxury Tourism Market (ALTM) in Shanghai in June 2011

We also coordinate 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 250 international buyers over a 4 day event.

Link with Tourism New Zealand outcomes

This output class is aimed at achieving Tourism New Zealand's Outcome 1: Conversion

Tourism New Zealand output performance measures

Outputs	Measure	Target
2. Working with overseas travel trade and airline carriers (\$5.9m)		
Joint venture marketing Package marketing with a product that can be purchased	Cost effectiveness: Ratio of contribution from public and private sector partners	RTO JV: \$1:\$1
		Air NZ: \$1:\$1
Extend marketing reach through co-funding		Other JV: \$6 million
Expand air capacity	Quality: Development of a suitable RoI methodology that will allow consistent measurement across markets and campaigns is currently under consideration	Measure developed
Travel trade training Provide training to overseas travel sellers	Quantity/coverage: • travel module completions	12,000
	• face-to-face trainings undertaken • webinars delivered	benchmarks to be established 2010/11
	• trade on TNZ hosted familiarisations	150
	• trade on self-familiarisations	550
	Quality: • international travel seller satisfaction with Tourism New Zealand's trade training activities ⁷	New measure, benchmark to be established
Trade events Host and participate in overseas trade events	Quantity: • number of major trade events attended by TNZ	6
	• number of trade events organised and facilitated by TNZ	3
	Quality: • percentage of buyers very confident or confident in selling destination NZ following attendance of TNZ organised and facilitated events (Kiwi Links)	80%

⁷ This measure assesses whether the training has better enabled the travel seller to sell the regions and products of New Zealand they have been exposed to, as well as their overall satisfaction with the training delivery.

Output Class 3: Informing and engaging with NZ's tourism industry

Tourism New Zealand outputs

We inform and engage with the New Zealand tourism industry by providing a range of publications, undertaking speaking engagements, workshops and road shows, and offering education to the industry on portrayal of Māori culture.

Publications include regular e-bulletins 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 changes within the global industry and the specific consequences this will have within the New Zealand tourism market.

Cultural education and product development includes connecting the international visitor to Māori tourism product and increasing the number of Māori products represented by wholesalers.

Link with Tourism New Zealand outcomes

This output class is aimed at achieving Tourism New Zealand's Outcome 1: Conversion

The main goal of engaging with the tourism industry in New Zealand is to promote a collaborative industry approach to achieving industry outcomes, by helping the industry to maintain a good understanding of changing markets, Tourism New Zealand strategy, and key elements around selling the New Zealand tourism product and brand effectively.

TNZ output performance measures

Outputs	Measure	Target
3. Informing and engaging with the NZ tourism industry (\$1.9m)		
Publications, Websites, Engagements, and Cultural Education	Quantity: <ul style="list-style-type: none"> number of e-bulletins published quarterly total visits to tourismnewzealand.com 	6 e-bulletins per quarter Maintained at 20,000 average per month
	Quality: <ul style="list-style-type: none"> average time spent per person on 	Maintain at over 2

	TNZ's corporate website <ul style="list-style-type: none"> • Open rate of e-bulletins 	minutes Maintain over 30%
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Output Class 4: Information for visitors

Tourism New Zealand outputs

We help to provide information on services, attractions and activities, aimed at visitors who have arrived in New Zealand. We do this through our role with the i-SITE network. 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. The newzealand.com website also provides information to onshore visitors.

We have no ownership stake in any of the 85 i-SITE 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. We provide staff, support services, business systems, training to local i-SITE network 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.

We also use our consumer website, newzealand.com, to connect and engage with potential visitors to New Zealand. The way we provide information to visitors via this site is changing. We are moving away from us populating the content, to enabling users of the site to contribute to the site with reviews and information about their holidays. More information on how we are using newzealand.com to connect with our visitors can be found under Tourism New Zealand's Outcome 1: Conversion.

Link with Tourism New Zealand outcomes

This output class is aimed at achieving Tourism New Zealand's Outcome 2: Information and satisfaction

Tourism New Zealand output performance measures

Outputs	Measure	Target
4. Information for visitors (\$6.2m)		
i-SITE Ensure that i-SITEs meet the quality standards that are a requirement of membership	Quantity: <ul style="list-style-type: none"> number of i-SITEs assessed against network membership standards and 'mystery shopped' 	40 i-SITEs assessed against standards 40 i-SITEs mystery shopped
	Quality: <ul style="list-style-type: none"> level of user satisfaction with i-SITE service 	Maintain above 8.6/10
Websites (newzealand.com) Connect and engage with target audience	[See measures in TNZ Outcome 1: Conversion pp 12]	

Output Class 5: Quality assurance

Tourism New Zealand outputs

We own 60% of the subsidiary organisation Qualmark New Zealand Ltd, along with the Automobile Association of New Zealand. We provide funding, governance and some marketing support for Qualmark. Qualmark provides quality assurance services to around 2,200 New Zealand tourism businesses, by offering a star grading system for accommodation facilities and an endorsement programme for activities, transport and services. Qualmark undertakes annual onsite assessments through which trained assessors measure the quality of operators' facilities and business practices, including health and safety systems and service systems relating to guest care. Businesses are also assessed on their environmental performance. In the coming year we will be re-organising Qualmark to reduce operator compliance costs and operating expenditure, while protecting the integrity of the system.

For the Chinese tourist market there are particular quality issues that require attention. The ADS Monitoring Unit operated by Tourism New Zealand 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 assesses new applicants, completes regular compliance monitoring and assessments, and handles complaints and feedback from Chinese Group Tour visitors.

Link with Tourism New Zealand outcomes

This output class is aimed at achieving Tourism New Zealand's Outcome 2: Information and satisfaction

Tourism New Zealand output performance measures

Outputs	Measure	Target
5. Quality assurance (\$1.2m)		
<p>Qualmark and ADS Provide quality accreditation/ratings in relation to accommodation, transport, activities, and i-SITE services.</p> <p>Process new ADS applications and applications for renewals, and carry out monitoring</p>	<p>Quantity:</p> <ul style="list-style-type: none"> annual number of Qualmark licence holders, number of ADS 'spot checks' and 'mystery shopped' operators annually 	<p>Average of 2,300 members over the 12 month period</p> <p>At least 100 spot checks and 20 mystery shops</p>
	<p>Quality:</p> <ul style="list-style-type: none"> Qualmark licensee's satisfaction with Qualmark service/programme [Also refer to Outcome 2 for 'satisfaction of visitors who used Qualmark services compared to non-Qualmark services'] 	<p>Actual: 52% quite and very satisfied</p> <p>Target: to increase satisfaction level</p>
	<p>Timeliness:</p> <ul style="list-style-type: none"> Applications for ADS renewals processed within timeframes 	<p>Within 30 days of all relevant material being received by TNZ</p>

Section 6: Forecast financial information

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

Transactions denominated in foreign currency are recorded in NZ Dollars by applying exchange rates that approximate rates prevailing 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 Comprehensive Income.

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 Comprehensive Income 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 Comprehensive Income.

(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 Comprehensive Income 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 Comprehensive Income 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
- Grants received from the Crown are recognised as revenue on receipt.
- Sale of goods and service

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

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 Comprehensive Income.

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 Comprehensive Income.

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 Comprehensive Income 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 Comprehensive Income 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 Comprehensive Income 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.

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 result in volatility in financial performance as fair value movements on derivatives are recognised.

(c) There is a risk that movements in exchange rates can have a significant effect on the spending power of Tourism New Zealand. To mitigate this risk as far as possible a Foreign Exchange Reserve is included in the Forecast Statement of Financial Position. The Reserve is designed to preserve the spending power of Tourism New Zealand during periods of adverse movements in exchange rates.

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

(e) No significant marketing investment is envisaged in any new markets over the next three years.

Forecast Financial Statements

Statement of Comprehensive Income	Group			Parent		
	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s
Income						
Revenue from Crown	99,431	69,001	69,001	99,431	69,001	69,001
Interest income	293	263	263	290	260	260
Other revenue	4,399	2,899	2,899	2,324	824	824
Foreign exchange gains	0	0	0	0	0	0
Total Income	104,123	72,163	72,163	102,045	70,085	70,085
Expenditure						
Other expenses	103,512	71,637	71,683	101,498	69,561	69,606
Depreciation & Impairment	611	526	480	547	524	479
Foreign exchange losses	0	0	0	0	0	0
Total Expenditure	104,123	72,163	72,163	102,045	70,085	70,085
Share of associate's surplus/(deficit)	0	0	0	0	0	0
Net Operating Surplus/(Deficit) before Taxation	0	0	0	0	0	0
Income tax expense	0	0	0	0	0	0
Net Surplus/(Deficit) for the year	0	0	0	0	0	0
Surplus/(Deficit) for the period is attributable to:						
Non-controlling interest						
Owners of the parent	0	0	0	0	0	0
Net Surplus/(Deficit) and total comprehensive income	0	0	0	0	0	0

Statement of Financial Position	Group			Parent		
	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s
Current Assets						
Cash	7,040	6,040	6,040	7,000	6,000	6,000
Receivables	630	630	630	600	600	600
Prepayments & other current assets	1,000	800	700	1,000	800	700
Derivative financial instruments	0	0	0	0	0	0
	8,670	7,470	7,370	8,600	7,400	7,300
Non-current Assets						
Property plant and equipment	1,788	1,506	1,272	1,784	1,505	1,271
Investment in associate	5	5	5	0	0	0
Accommodation bonds	500	500	500	500	500	500
	2,293	2,011	1,777	2,284	2,005	1,771
Total Assets	10,963	9,481	9,147	10,884	9,405	9,071
Current Liabilities						
Creditors and other payables	3,330	1,838	1,504	3,179	1,700	1,366
Employee entitlements	580	590	590	550	550	550
Income in advance	0	0	0	0	0	0
Provisions	303	303	303	303	303	303
Derivative financial instruments	0	0	0	0	0	0
	4,213	2,731	2,397	4,032	2,553	2,219
Total Liabilities	4,213	2,731	2,397	4,032	2,553	2,219

Net Assets	6,750	6,750	6,750	6,852	6,852	6,852
Equity						
Shareholder's equity	1,805	1,805	1,805	1,805	1,805	1,805
Foreign Exchange Reserve	4,800	4,800	4,800	4,800	4,800	4,800
Retained earnings	145	145	145	247	247	247
Minority interests	0	0	0	0	0	0
Total Equity	6,750	6,750	6,750	6,852	6,852	6,852

Statement of Changes in Equity	Group			Parent		
	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s
Balance at 1 July	6,750	6,750	6,750	6,852	6,852	6,852
Net surplus/(deficit) for the year	0	0	0	0	0	0
Balance at 30 June	6,750	6,750	6,750	6,852	6,852	6,852

Statement of Cash Flows	Group			Parent		
	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s	2010/2011 \$000s	2011/2012 \$000s	2012/2013 \$000s
Cash flows from operating activities						
Crown revenue	99,431	69,001	69,001	99,431	69,001	69,001
Interest received	293	263	263	290	260	260
Other revenue	4,399	2,899	2,899	2,324	824	824
Payments to suppliers and employees	(105,403)	(72,918)	(71,918)	(103,325)	(70,840)	(69,840)
Goods and services tax (net)	0	0	0	0	0	0
Net cash from operating activities	(1,280)	(755)	245	(1,280)	(755)	245
Cash flows from investing activities						
Sale of property plant and equipment	0	0	0	0	0	0
Repayment of accommodation bonds	0	0	0	0	0	0
Purchase of property plant and equipment	(620)	(245)	(245)	(620)	(245)	(245)
Payments for accommodation bonds	0	0	0	0	0	0
Net cash outflow from investing activities	(620)	(245)	(245)	(620)	(245)	(245)
Net increase/(decrease) in cash held	(1,900)	(1,000)	0	(1,900)	(1,000)	0
Effect of exchange rates on foreign currency balances	0	0	0	0	0	0
Opening cash brought forward	8,940	7,040	6,040	8,900	7,000	6,000
Cash at end of year	7,040	6,040	6,040	7,000	6,000	6,000

Section 7: Our subsidiaries

We have 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 our 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 2010/11 (to include information on the focus of our support for these organisations over this same time period).

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
- To work with operators and the New Zealand tourism industry to provide the best possible experience for visitors

Qualmark provides a star grading system for a range of different categories including accommodation and venues, and an endorsement system applied across five categories including activities, transport, tour operators, visitor information centres and services. Qualmark also gives recognition for excellence in environmental business practice through Enviro accreditation.

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 2,250 businesses are Qualmark licensed and over 500 are Enviro accredited.

Qualmark's key areas of focus for 2010/11 are to:

- Maintain a leading role in destination management by ensuring that standards set by the tourism industry are met by the tourism industry
- Continue to review criteria by sector to ensure experiences delivered are measured against industry best practice and appropriately match visitor expectation
- Review the Responsible Tourism criteria and the manner in which it is delivered
- Implement outcomes of the review of the Qualmark operational model, assessment processes and back office infrastructure
- Improve consumer and travel trade awareness of New Zealand's quality assurance system

i-SITE New Zealand

Once our visitors arrive in New Zealand, they need to find out what to do and where to go. They want local advice from local people, and that's exactly what the i-SITE Visitor Information Network provides.

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

To fulfil this role i-SITE New Zealand has identified a vision, mission and goal for the Network within its Strategic Plan and the impacts and outputs that will help them achieve these.

Vision: All visitors that use an i-SITE are provided with a 100% Pure Welcome

Mission: To connect one visitor at a time with our landscapes, people, and stories that

Goal: All i-SITES to be at the top of their game for the 2011 Rugby World Cup

Impacts: i-SITE NZ has identified three impacts that will achieve the vision above:

- **Impact 1:** 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.

- **Impact 2:** 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.
- **Impact 3:** 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.

Outputs: To generate the impacts outlined above, i-SITE New Zealand needs to deliver the following outputs, which have been clustered into three operational areas:

Output 1: Culture creating and operational support

- 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, maintain a consistent level of qualifications amongst all i-SITE staff, and enhance the sales capability of frontline i-SITE consultants
- Member communications and networking – Develop effective platforms for sharing best practice and generating excitement about the delivery of the 100% Pure Welcome
- Business systems – Develop and improve systems that link i-SITE Centres and enhance the quality of service provided to visitors
- Administrative support – Facilitate the distribution of i-SITE branded material and provide assistance to i-SITEs on an as needed basis

Output 2: Marketing

- 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

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

Changes in strategic direction from the 2009/2010 i-SITE business plan

Tourism New Zealand's strategic objectives for the i-SITE Network for 2010/2011 are:

- Enhance the spend and the quality of experiences for visitors
- Develop the online channel through which visitors can connect with i-SITES
- Build capability for i-SITES to be the 'helpdesk' for the Rugby World Cup

Additional initiatives to meet Tourism New Zealand's objectives have been incorporated into i-SITE New Zealand's Business Plan for 2010/2011:

- Specialist customer service and sales training
- Training and development to build usage of the extranet
- Further development of www.i-site.org.nz

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 the duration of this Statement of Intent 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.

Section 8: Measures and targets

High level outcome

The value to NZ's economy and society from tourism is increased

- Tourism's contribution to GDP
- Tourism's contribution to employment
- Foreign exchange earnings from tourism (total/holiday)
- Tourism's contribution to GST earnings

Tourism industry outcomes

International visitor expenditure in New Zealand, from TNZ target markets, increases due to changes in international visitor arrivals, length of stay and spend per day

- Raise visitor expenditure in key markets

Key market	2013 Target
Australia	\$ 2,377 m
UK	\$ 983 m
USA	\$ 1,005 m
Japan	\$ 498 m
China	\$ 607 m
South Korea	\$ 335 m
India	\$ 137 m
Europe	\$ 448 m
SE Asia	\$ 345 m

Visitors have a high quality experience in New Zealand that meets or exceeds their expectations

- Visitor perceptions of the quality of NZ's tourism services and products
- Overall visitor experience with NZ's environment

Tourism New Zealand outcomes

Conversion
Tourism New Zealand's target audiences' desire to visit New Zealand and rate of conversion to travel is increased

- Proportion of Active Considerers who rank NZ their first or second preferred destination

Key market	Preliminary result
Australia	58%
UK	45%
USA	53%
Japan	69%
China	82%
Germany	62%

- Number of unique visits to newzealand.com
2012 / 13 Target 1,700,000
- Size of the TNZ Facebook fanbase over time
2012 / 13 Target 1,000,000
- Newzealand.com average monthly referrals to operator sites
2012 / 13 Target 250,000
- Partnership funds committed to coordinated marketing activity with TNZ
Target (2010-2013) \$1 : \$1 \$6 million

RTO JVs
Other JVs

- Monitor and report on the level of air capacity on routes identified as strategic priorities
Commentary provided in quarterly report

Information and satisfaction
Visitor spending and satisfaction is increased through access to information that encourages activity and use of quality assured tourism services

- Number of i-SITE visitor as a percentage of holiday visitors
Target Maintain/improve
- Average transaction value of a i-SITE visitor
Target YE Dec 2013 \$136.15
- Increase average total expenditure attributable to i-SITE visitors
Target YE Dec 2013 \$4,195
- Satisfaction of overall tourism experience for i-SITE visitors compared to other visitors
Target Maintain at or above 90%
- Satisfaction of visitors who used Qualmark services compared to non-Qualmark services
Target Maintain at or above 90%
- Level of satisfaction of Chinese visitors
Target Maintain upward trend

Tourism New Zealand outputs

Marketing

Advertising

Quantity

- Australia; year round activity
- Australia; delivery of partnered campaigns (4)
- UK; partnered campaigns (2)
- UK; digital marketing (continuous search engine marketing and 2 online display campaigns)
- USA; partnership work with Air New Zealand and additional partnered campaigns
- USA; digital marketing (continuous search engine marketing and 2 online display campaigns)
- China; partnered campaigns (3)
- China; digital marketing (continuous search engine marketing and 2 online display campaigns)
- Germanic Europe; partnered campaigns (2)
- Germanic Europe; digital marketing (continuous search engine marketing and 3 online display campaigns)
- Japan; partnered campaigns (2)
- Japan; digital marketing (continuous search engine marketing and 2 online display campaigns)

Quality

- Consumers identify the key campaign messages that TNZ aimed to deliver through the campaign
- Potential audience, reach (%) and frequency of campaigns in Australia and China meets the targets set for each campaign

PR

Quantity

- Number of international media hosted in NZ (400)
- Number of opinion leaders hosted (15)
- Number of events over \$1 million (1)
- Amount of coverage achieved

Coverage

- Impressions generated from events over \$1 million meet targets specified prior to event commencing

Quality

- Quality of media exposure generated from visiting international media (95% positive comment)
- Satisfaction of attendees at events over \$1m (maintain at or above 95%)

Market Research

- On-line VEM surveys carried out (2,000)

Working with overseas travel trade

Joint venture marketing

Cost effectiveness

- Ratio of contribution from public and private sector partners (\$1 : \$1)

Quality

- Development of RoI measurement

Travel trade training

Quantity/coverage

- Travel module completions (12,000)
- Face-to-face trainings undertaken (benchmarks to be established 2010/11)
- Webinars delivered (benchmarks to be established 2010/11)
- Trade on TNZ hosted familiarisations (150)
- Trade on self-familiarisations (550)

Quality

- International travel seller satisfaction with TNZ's trade training activities (new measure, benchmark to be established)

Trade events

Quantity

- No. of major trade events attended (6)
- Number of trade events organised and facilitated by TNZ (3)

Quality

- % very confident or confident in selling destination NZ following attendance of TNZ organised and facilitated events (Kiwi Links) (80%)

Informing and engaging with NZ tourism industry

Quantity

- Number of e-bulletins published quarterly (6)
- Total visits to tourismnewzealand.com (maintained at 20,000 average per month)

Quality

- Average time spent per person on TNZ's corporate website (Maintain at over 2 minutes)
- Open rate of e-bulletins (Maintain over 30%)

Information for visitors

i-SITE

Quantity

- No. of i-SITES assessed against network membership standards and mystery shopped (40)

Quality

- Level of user satisfaction with i-SITE service (maintain above 8.6 /10)

Quality assurance

Quantity

- Annual number of Qualmark licence holders (Average of 2300 members over the 12 month period)
- Number of ADS 'spot checks' and 'mystery shopped' operators annually (At least 100 spot checks and 20 mystery shops)

Quality

- Qualmark licensee's satisfaction with Qualmark programme (Increase satisfaction level)

Timeliness

- Applications for renewal processed within timeframes (within 30 days of all relevant material being received by TNZ)



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NEW ZEALAND

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