

# STATEMENT OF PERFORMANCE EXPECTATIONS (SPE) 2023-2024

June 2023



**100% PURE  
NEW ZEALAND**

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## Our Purpose:

Enrich Aotearoa New Zealand  
and all who visit

## Tō mātou Koronga:

*Kia rangatira a Aotearoa me  
ngā manuhiri katoa*

## Foreword *Kupu Takamua*

### Transitioning from recover to rebuild and enrich

International tourism has recovered well in FY23. Full recovery is expected to take several years and in FY24 tourism will face a range of challenges and opportunities that influence the pace and shape of that recovery. Tourism New Zealand's role of generating and shaping demand among a high quality audience will support a regenerative and sustainable rebuild of the sector that ultimately enriches New Zealand and those who visit.

Tourism New Zealand focuses on attracting high quality visitors to Aotearoa New Zealand. This is about attracting visitors who are defined by the way they contribute positively to our natural environment, culture, society, and economy. They are determined by their scope of activities, travel across regions, environmental consciousness, and engagement with our local culture.

In 2023/24, Tourism New Zealand will:

- continue to build on the strong 100% Pure New Zealand brand to create immediate and long-term desire to visit.
- continually monitor the performance and opportunities across our portfolio of markets, shaping demand across the portfolio.
- maximise the contribution of visitors and of tourism to New Zealand.

### *Te whakawhiti ki ngā mahi whakamauru hei whakaora kia rangatira ai*

*Koa pai te ora mai o te ao tāpoi huriroa i te TP23 . E whakapae ana ka tino ora nei i roto i ngā tau maha, me te aha, hei te TP24 ka kitea mai ētahi uauatanga me ētahi āheinga ka whai pānga ki te āhua o ngā mahi whakaora i te ao tāpoi ki tua. Ka tautoko ngā mahi a Tourism New Zealand ki te hiki ake i te whai wāhitanga mai o te hunga apataki whai hua nui i ngā mahi whakaoranga kia toiora ai tēnei rāngai. Ko te otinga, ka rangatira ake a Aotearoa me ngā manuhiri ka tau mai.*

*Ko te aronga o Tourism New Zealand he tō haere mai i te hunga apataki whai hua nui ki Aotearoa. Ko te tō mai i ngā manuhiri e ngākaunui nei ki te taiao, ki te ahurea, ki te pāpori me te ao ōhanga. Ka whakatauhia ko wai te hunga nei i runga i ā rātou kawenga mahi, ā rātou haerenga ā-rohe, ō rātou māramatanga ki te taiao me tō rātou whai wāhi mai ki te ahurea o konei.*

*Hei te tau 2023/24, ko tā Tourism New Zealand he:*

- *whakawhanake kia kaha ake te waitohunga 100% Pure New Zealand e tipu ai te hiahia ki te haere mai ināianei me ngā rā hoki ki tua;*
- *aro turuki tonu i ngā whakatutukitanga me ngā āheinga katoa kei tā mātou kōpaki māketē; mā konā e tipu ai te whai wāhitanga mai huri noa i te kōpaki;*
- *whai kia puta ake he hua nui i ngā takohatanga mai a ngā manuhiri me te ao tāpoi ki Aotearoa nei.*

## Statement of responsibility *Tauākī haepapa*

This Statement of Performance Expectations (SPE) is submitted by the Board of Directors of Tourism New Zealand (TNZ), pursuant to the Crown Entities Act 2004 (the Act). This SPE sets out the forecast performance of TNZ for the period from 1 July 2023 to 30 June 2024.

TNZ's prospective financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and its audited accounts will comply with the applicable financial reporting standards. The forecast accounts in this document have not been audited and should not be relied on for any other purpose.

TNZ is responsible for the prospective financial statements contained in this document, including the appropriateness of the underlying assumptions.

The structure and content of this SPE follows the general requirements set out in the Crown Entities Act 2004 and the Public Finance Act 1989. The focus of the SPE is on public accountability and providing a base against which TNZ's performance can be assessed by:

- enabling the responsible Minister to participate in the process of setting TNZ's annual performance expectations;
- enabling the House of Representatives to be informed of those expectations; and
- providing a base against which TNZ's actual performance for the year can be assessed. TNZ is responsible for the content of this Statement of Performance Expectations, which comprises the reportable outputs (as specified in the Statement of Forecast Service Performance) and the Prospective Financial Statements for the year, including the assumptions on which they are based, and for the judgements used in preparing them.

*I tāpaea tēnei Tauākī Haepapa Mahi (SPE) e Te Poari Matua o Tourism New Zealand (TNZ) i raro i te Crown Entities Act 2004. Ko tā tēnei SPE he whakatakoto haere i ngā matapaetanga mahi a TNZ, mai i te 1 o Hūrae 2023 ki te 30 o Hune 2024.*

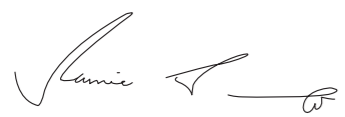
*Kua whakaritea ngā pūrongo pūtea āmua a TNZ kia hāngai ki te New Zealand Generally Accepted Accounting Practice (GAAP), ā, ka tautuku ngā pēke moni e tātarihia ana ki ngā paerewa tuku pūrongo pūtea e hāngai ana. Kāore anō kia tātarihia ngā matapaetanga pēke moni kei tēnei tuhinga, nā reira, e tika ana kia kaua e whakawhirinaki ki ēnei matapaetanga pēke moni mō kaupapa kē atu.*

*Kei a TNZ te haepapa mō ngā pūrongo pūtea āmua kei tēnei tuhinga, tae atu ki te tika o ngā whakapae ka hua mai.*

*E whai ana te hanganga me ngā kaupapa kei tēnei SPE i ngā tikanga whānui kua whakaritea mai i te Crown Entities Act 2004 me te Public Finance Act 1989. Ko te aronga o te SPE ko ngā nohonga haepapa tūmatanui, me te whakarato hoki i tētahi paparanga kia hāngai ai ngā arotakenga mahi a TNZ mā te:*

- *tuku i te Minita noho haepapa kia whai wāhi mai ia ki te tukanga whakarite i ngā haepapatanga mahi ā-tau a TNZ*
- *whai wāhitanga mai o Te Whare Pāremata ki ērā haepapa mahi; ā,*
- *he hanga paparanga hei ārahi haere i ngā arotakenga haepapa mahi ka tutuki i te tau. Kei a TNZ te haepapa mō ngā kaupapa kei tēnei Tauākī Haepapa Mahi, arā, ko ngā pūrongo putanga (e hāngai ana ki te Tauākī Matapaetanga Ratonga Mahi) me ngā pūrongo pūtea āmua mō te tau, tae noa ki ngā whakapae me ngā whakataunga e hāngai ana.*

On behalf of the New Zealand Tourism Board,  
Nā māua, otirā, nā te Poari Matua o New Zealand Tourism,



**Jamie Tuuta**  
Chair Toihau  
Tourism New Zealand



**Kauahi Ngapora**  
Deputy Chair Toihau Tuarua  
Tourism New Zealand

## Who we are

### Our Purpose: To enrich Aotearoa New Zealand and all who visit

Tourism New Zealand's purpose is to Enrich Aotearoa New Zealand and all who visit.

This is defined as a net positive contribution against four capitals:

- **Economy** – the tourism economy thrives and grows adding incremental value to the New Zealand economy and its assets.
- **Nature** – tourism restores, maintains, and nourishes the environment for the intergenerational benefit of New Zealanders.

- **Society** – people in and part of tourism communities thrive through jobs, shared knowledge, and physical and mental wellbeing.
- **Culture** – the tourism story and experience preserves and enhances our values, culture and heritage; the makeup of our identity.

Tourism must enrich Aotearoa New Zealand and the wellbeing of New Zealanders, contributing more to New Zealand than it takes. Tourism must create jobs, restore nature, enhance our heritage, build our national reputation and make us proud. It must inspire and enable us to celebrate who we are, our unique people and place.

### Tourism New Zealand is New Zealand's national destination marketing organisation

As a marketing organisation, Tourism New Zealand's role is to generate and shape tourism demand.

Our objective under the New Zealand Tourism Board Act 1991 is to:

- Market New Zealand as a destination to maximise long term benefit to Aotearoa New Zealand.
- Develop, implement and promote strategies for tourism.
- Advise the Government and the tourism industry on matters relating to the development, implementation and promotion of those strategies.

Our focus over the coming years is to support the tourism sector rebuild in a way that supports the Government's

tourism strategy and other initiatives that align with the Government's tourism priorities. This is focused on:

- Supporting continued recovery of international tourism.
- Shaping demand.
- Enriching New Zealand through the contribution of visitors.

Through our work, we seek to influence the quality of tourism for the long-term benefit of New Zealand. Visitors to New Zealand who are exposed to Tourism New Zealand's work are more likely to be higher quality, contributing more to positive economic, social, cultural and environmental outcomes for New Zealand, and New Zealanders.

### Tourism New Zealand's role in the tourism sector

As a marketing agency, Tourism New Zealand does not lead tourism policy, tourism supply interventions, destination management or product development. Tourism policy is led by the Ministry of Business, Innovation and Employment (MBIE). Tourism supply and destination management are the responsibility of other parts of the tourism system e.g., Regional Tourism Organisations have their own destination management plans.

However, supply and demand must be well connected to achieve good outcomes. To shape demand effectively and in line with Government and sector objectives, Tourism New Zealand partners with industry, MBIE, the Department

of Conservation (DOC), Regional Tourism Organisations and other agencies to understand and advise on supply side opportunities, challenges, and aspirations. Tourism New Zealand also provides the 'voice of the visitor', through its understanding and insights into visitors to New Zealand and ensures the visitor experience is considered in our partnership work with government. Tourism New Zealand is committed to working alongside sector and Government partners to deliver effective collaboration and share insights, working towards the Government's aim of a revitalised and sustainable tourism sector.

## Our values

### At Tourism New Zealand we refer to our employees as our global whānau.

Our global whānau embrace three core values that underpin how we approach our work. For each of our three core values, we have identified characteristics that help us live our values, and a whakataukī that reminds us of what the value is about. To enable our people to deliver on our FY24 Business Plan, we'll actively work to create an environment that supports our employees to live the characteristics of our values. There will be a strong focus on further developing capability and ways of working that foster agility, innovation, continuous learning and a partnership approach along with ensuring the

organisation's long-term aspirations guide the delivery of the FY24 plan.

Tourism New Zealand is committed to Equal Employment Opportunities and will continue our efforts to be a good employer as measured by the Human Rights Commission seven elements of being a good employer. In addition, we will continue to implement initiatives in the organisation aligned to Papa Pounamu, to ensure our diversity and inclusion practices support the Public Service obligations and goals.

Value	<b>COURAGE</b> <i>Māia</i>	<b>CARE</b> <i>Manaaki</i>	<b>CONNECTION</b> <i>Hononga</i>
Characteristics	We are determined, focussed and courageous. Our collective strength ensures impact beyond the ordinary.	We care for the mana (integrity and dignity) of our place and each other as being greater than our own. We strive to enhance mana in everything we do.	We are committed to relationships that are founded on a shared purpose. We value the legacy of the past, present and future. These connections provide strength from which to have impact.
Whakataukī	<b>Kia kaha, kia māia, kia manawanui</b> <i>Big hearted, dedicated, courageous.</i>	<b>Manaaki whenua, manaaki tangata, haere whaka mua</b> <i>Care for land, care for people, go forward.</i>	<b>Whiria te tāngata, Whiria te kaupapa</b> <i>Weave the people, with purpose.</i>

Figure 1: TNZ's values and whakataukī

## Our Offices



## Operating Context

### Challenges and uncertainty persist as sector recovery continues

In FY23 the full opening of international borders was met with strong consumer demand to visit Aotearoa New Zealand. While the first year of recovery was promising, maintaining that momentum is not a given. Competitive pressures will intensify as other countries look to international tourism to offset slowing domestic demand. The restart of China outbound travel will support recovery as the second largest pre pandemic source market returns. However, global economic pressures remain with slowing economic activity, high inflation, and low consumer confidence providing resistance against discretionary spend in categories like long haul international travel.

#### A recovery focused on quality

Tourism is a dispersed and diverse sector that supports employment and an increased standard of living in communities throughout Aotearoa New Zealand. Tourism creates an opportunity for Aotearoa New Zealand to share its culture, heritage, and experiences with visitors, and allows New Zealanders and international visitors to experience our extraordinary environmental assets. A successful tourism industry and strong destination brand keeps New Zealand firmly in minds of consumers, businesses, and decision makers all over the world, and increases the profile for other New Zealand exports.

Tourism is an important economic contributor. Prior to COVID-19, tourism made up 20% of New Zealand exports, directly contributed 5.5% of GDP, and one in ten New Zealanders were employed by the tourism sector directly or indirectly.

Tourism New Zealand's work is quality led rather than volume led so that over time the economic contribution can be achieved in a manner that positively impacts the social, environmental, and cultural outcomes from tourism.

Tourism New Zealand remains committed to participating with industry and Government on initiatives that support a productive and regenerative tourism system, as well as delivering upon its own commitments as a Crown Agency. Tourism New Zealand has been actively working alongside Government and industry on the Tourism Industry Transformation Plan and commits to continuing to work closely with officials to both share information on market conditions and ensure policy settings provide the best chance for delivering a revitalised and sustainable tourism sector.

We are working towards organisational 2025 and 2030 emissions reductions targets to meet our obligations to the Carbon Neutral Government Programme.

# Our four year strategy

## Our strategic intentions

Our Statement of Intent outlined three strategic intentions over 2021 – 2025:

1. Build extraordinary value in Aotearoa New Zealand’s destination brand and reputation.
2. Accelerate tourism’s recovery and transition to a more sustainable, productive, and inclusive future.
3. Shape demand to maximise the contribution of international and domestic visitors to the four capitals.

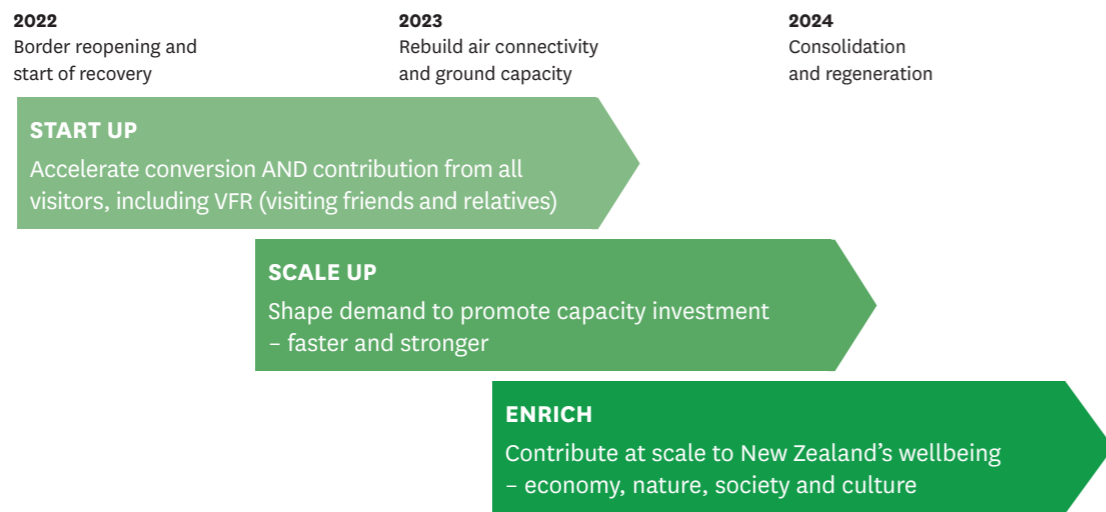


Figure 3: We will achieve success in stages through to 2024 and beyond

## Tourism New Zealand’s focus areas for FY24

Our focus areas in FY24 will build on the three strategic intentions from the 2021-2025 Statement of Intent. Our FY24 focus areas reflect how Tourism New Zealand can support moving to full recovery of the sector that is more sustainable and regenerative.

1. Build Brand Connection: Increase the proportion of high quality visitors who see New Zealand as the most desirable destination in the world.
2. Shape Visitor Mix - Actively shape the visitor mix through focused activity across a diverse portfolio of markets.

3. Maximise contribution - Influence the choices visitors make to deliver both positive outcomes for visitors and New Zealand’s nature, culture, society, and economy.

Te Ao Māori underpins the above and will continue to be embedded into our way of working. A focus on a quality recovery that is sustainable and regenerative requires a continued investment in our internal capability and application of Te Ao Māori across all Tourism New Zealand’s work, particularly in our brand and storytelling, approach to reciprocal partnerships, and sustainability.

## Activity

TNZ delivers its work through the following activities:

- **Activity one:** Develop and deliver brand and demand driving campaigns to the tourism consumer.
- **Activity two:** Build desire, appeal and awareness via New Zealand stories through third party earned content and partnerships.
- **Activity three:** Inspire, educate and partner with the trade and tourism sector, along with other sector experts, to spread key tourism and business events messages and campaign information through their channels.

- **Activity four:** Develop, deliver and analyse engaging content and messages, supporting our activity through TNZ-owned channels including newzealand.com.
- **Activity five:** Engage, inform and work with the tourism sector, Government and other agencies in New Zealand to support and strengthen the recovery of the sector.

Our four focus areas for 2023/24 are aligned to these five activities as follows:

### Focus areas for 2023/24

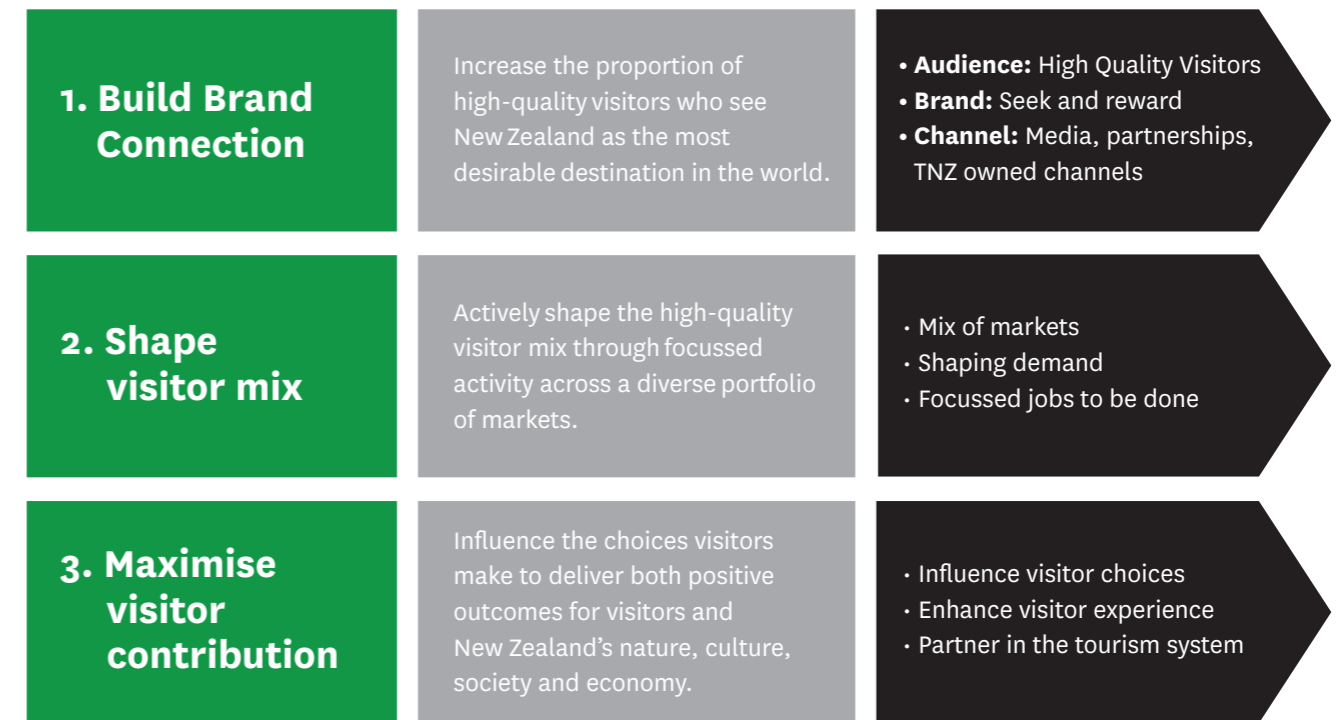


Figure 3: Our activities work to achieve success across our focus areas

## Focus area one: Build Brand Connection

### Increase the proportion of high quality visitors who see New Zealand as the most desirable destination in the world

In FY23 brand work was focused on building desire with those most likely to travel to Aotearoa New Zealand within the year, a short-term strategy to align with year one of the recovery. In FY24 our brand work will also take a longer-term view to build appeal amongst a broader audience while maintaining a focus on high quality visitors and increasing the proportion of these in our audience pool.

The strength of the global tourism recovery to date shows travel continues to dominate as a core need in people’s lives. Aotearoa New Zealand must continue to be a compelling destination for high quality visitors, however competition among destinations is as strong as ever and media cost inflation continues to impact the ability to reach our target audiences. Given this context, our 100% Pure New Zealand brand must continue to stand out and stand for what a unique New Zealand experience offers,

building long term affinity with our audience.

Speaking directly to those that have Aotearoa New Zealand as their top destination to visit, allows us to maximise the opportunity to convert desire into arrivals to support the tourism industry. Through our deep understanding of our audience, we can target and talk to that audience like never before, sharing the parts of Aotearoa New Zealand that appeal most to high quality visitors.

Continuing to position New Zealand as a must visit destination among high quality visitors provides the biggest opportunity to support resilience and diversity of markets for the sector. This approach impacts both the recovery of the sector now and the transition into a regenerative tourism future to the benefit of both Aotearoa New Zealand and its manuhiri.

#### How we achieve this:

AUDIENCE: HIGH QUALITY VISITORS	BRAND: SEEK AND REWARD THROUGH OUR GLOBAL CAMPAIGN	CHANNEL: MEDIA, PARTNERSHIPS, TNZ-OWNED CHANNELS
<p>We will grow the proportion of high quality visitors who find New Zealand desirable to make sure we are attracting manuhiri who contribute positively to New Zealand’s nature, culture, society, and economy. This means thinking longer term and reaching a broader audience to drive destination appeal and preference. Our high quality visitor approach has identified priority mindsets that we will continue to target across our portfolio of markets.</p>	<p>We will continue to inspire and connect with our audience to seek more through our 100% Pure New Zealand global campaign. We will consider their personal needs and motivators connecting with them in the right moments to share our distinct point of view on exploration in the spirit of manaakitanga. Putting our distinctive culture at the forefront of our storytelling and showcase meaningful experiences that will inspire seekers to choose New Zealand over other destinations.</p>	<p>We will partner with those that can expand our reach, impact, and engagement and who share our aspirations for the future. We will target visitors across our portfolio of markets who are considering visiting New Zealand and retarget them again when they are open to seeking more from us and ready to book. We will utilise our owned channels to nurture our audience through the consumer journey, growing their contribution and enriching their experience in New Zealand.</p>

# IF YOU SEEK



Kawarau Bungy  
Queenstown

# 100% PURE NEW ZEALAND

## Focus area two: Shape Visitor Mix

### Actively shape the high quality visitor mix through focussed activity across a diverse portfolio of markets.

Our strategy will focus on maintaining a portfolio of markets that in combination deliver improved contribution – overall value and dispersal of benefit across regions and seasons, as well as resilience – reducing our reliance on a small number of core markets. Breadth of our portfolio

is balanced by depth of focused activity in each market to ensure each contributes to overall outcomes and a resilient portfolio. We will remain agile in our portfolio management and adjust as necessary to changes in the operating context.

#### How we achieve this:

MIX OF MARKETS	SHAPING DEMAND	FOCUSSED ON IMPACT
We will consider what outcomes the mix of markets can deliver over the short, medium, and long term. We will balance delivering short term contribution and building resilience over the longer term, reducing our reliance on core markets by growing the number of visitors from a broader range of markets.	We will shape demand to grow value over volume. We will focus our intervention on delivering higher off-peak arrivals and visitation across more regions.	Each market will focus on the outcomes they can individually contribute to. The jobs to be done include: Growing the pool of people actively considering New Zealand, Accelerating High Quality Visitor conversion, and Shaping off peak arrivals. Collectively this activity will deliver to the overall organisational objectives.

#### Portfolio Principles



Figure 4: Portfolio Principles

A broad portfolio of markets allows each market to contribute specific benefits for the tourism industry, the portfolio provides resiliency required to navigate future shocks. This means balancing our portfolio investment and nature of work to deliver both short term impact (conversion) and longer term resilience. We can influence desired outcomes by shaping the mix of visitors based on individual market characteristics. In FY24 we will expand our focus beyond core markets and into those that have potential for growth now and in the medium to long term.

The Tourism New Zealand portfolio of markets works to deliver the outcomes of long-term stability, increased resilience, seasonal dispersal, growth in value and future resilience. How this will be achieved is outlined below.

#### Long Term Stability

Growing overall appeal of and preference for New Zealand in mature markets to continue to build the pool of High Quality Visitors for the long term. This is supported by activity aimed at increasing conversion of those consumers ready to make bookings in the near term.

#### Increased Resilience

Across a broader range of established markets accelerating conversion of potential High Quality Visitors into bookings to diversify the visitor mix immediately in FY24 and set up future years with a more diverse market mix for resilience.

#### Seasonal Dispersal

Stimulating and shaping demand from markets that can over index on arrivals outside of peak season, providing diversity and resiliency year-round.

#### Growth in Value

Targeting high value opportunities to increase the spend contribution of visitors with interventions pre arrival and in country to encourage greater spend and leverage a growing number of business events and a trend toward combining business travel with added leisure elements.

#### Future Resilience

Looking beyond FY24, evaluate the value in establishing or re-establishing a trade relationship in select markets and evaluating new markets, and potential for expanding marketing activity into adjacent markets if appropriate.

## Focus area three: Maximise Contribution

Through our role in the tourism system influence the choices visitors make to deliver both positive outcomes for visitors and New Zealand’s nature, culture, society, and economy.

Work in FY23 has proven our ability to improve the impact of visitors on the ground by targeting visitors with relevant product offerings and driving footfall to businesses. We will look to scale this work in FY24 to create more value for New Zealand with international visitors.

Through Qualmark, Tiaki – Care for New Zealand, and the isite network we will focus on enhancing the visitor experience, and we will continue to bring our expertise to partnership work for impact across the sector.

### Influence Visitor Choices

We will expand our connections with visitors who have chosen New Zealand and guide them to experiences that not only enhance their trip, but also deliver benefits across New Zealand’s nature, culture, society and economy. This work programme of visitor experience marketing has proven effective during a test and learn period in FY23 with domestic visitors, our interventions drove incremental footfall to tourism operators, and the resulting expenditure represented a strong return on investment that benefits operators across New Zealand.

In FY24 we will apply this work and the learnings to international visitors. This will involve leveraging global and local partnerships to encourage visitors to choose experiences aligned to regenerative outcomes and create incremental value in tourism spend on paid tourism experiences. We will work in partnership with regions, operators, and the wider tourism sector to influence visitor choices.

### Enhance Visitor Experience

- We will grow Qualmark membership to embed sustainable practices in the consumer experience.

- We will work with our Tiaki – Care for New Zealand partners on campaigns, partnerships, measurement, and industry adoption to ensure that visitors understand and are supported to travel in a culturally and environmentally respectful way.
- We will enhance the visitor experience by leveraging the nationwide isite network alongside our partners.

### Qualmark

The promise of the 100% Pure New Zealand brand must be met with a visitor experience that delivers on that promise and the expectations of the visitor. As the official quality assurance assessor for tourism, Qualmark plays a pivotal role in the quality assurance of destination New Zealand which leads to a positive visitor experience for our manuhiri. This results in advocacy of the brand and ultimately delivers to an enduring and regenerative sector.

To ensure that tourism operators are delivering best in class experiences Qualmark has completed a review of its sustainable business criteria that determine what Qualmark award (Gold, Silver, Bronze) a business achieves. This review was aligned to guidelines set by the Global Sustainable Tourism Council so that tourism business in New Zealand know they are meeting internationally recognised criteria for sustainable management, social and economic benefits to the local community, cultural heritage preservation and the reduction of pollution.

Qualmark is currently seeking official recognition from the Global Sustainable Tourism Council for the Qualmark sustainable tourism award.

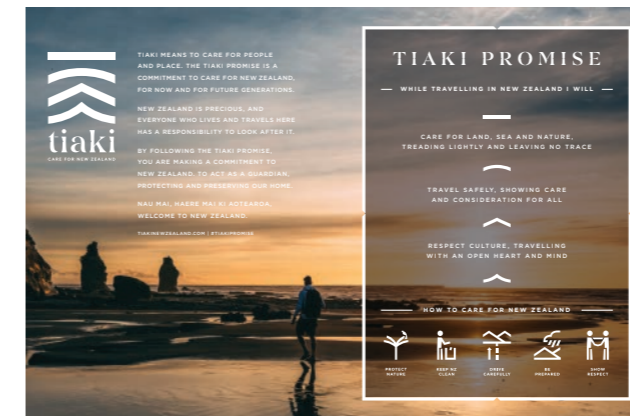


### Tiaki- Care for New Zealand

Tiaki is an initiative to help all travellers to New Zealand care for people, place and culture, for now and for future generations.

Core to our sustainable tourism future, the Tiaki kaupapa invites visitors to see New Zealand through a Māori world view and in doing so guides their behaviours while travelling.

In 2023-24, we will continue to work alongside our Tiaki partners and grow awareness of the initiative. We will also look to incorporate new research and insights to improve measurability and behaviour change. Tiaki continues to focus on asking visitors to: be prepared, protect nature, keep New Zealand clean, drive carefully, and show respect.



### Partner in the Tourism System

The Government is committed to accelerating New Zealand’s economic recovery and as part of this it is vital that we continue to ensure the tourism sector is well-positioned to recover through attracting high quality international visitors. The Government and New Zealand’s tourism industry is also committed to leading the world in New Zealand’s sustainable tourism offering. The Tourism Industry Transformation Plan, Destination Management Plans and Tourism Innovation Fund, among other initiatives, are key enablers of this.

To support this activity Tourism New Zealand will partner with industry, central and local government. As a key sector partner, and the organisation responsible for promoting New Zealand to the world, Tourism New Zealand has a clear role to play in supporting this work. Tourism New Zealand is expected to share information

### isite

The isite network will play an increasingly critical role in enhancing the visitor experience. With 58 sites across Aotearoa isite is the physical shop window that connects visitors to experiences and products when here. isite’s offer local knowledge in a safe and welcoming environment that can enable bookings for tourism businesses.

Prior to the pandemic over 700K international visitors visited at least one isite during their visit, the network will play an important role in enhancing visitors experiences as more visitors come back.



and insights and collaborate to help deliver a sustainable tourism sector. Partnership in the tourism system is also important so a high quality experience can be delivered for our manuhiri and a priority in FY24 will be to work with agencies who can impact the visitor experience.

In FY24, this will include Tourism New Zealand supporting Ministers and working closely with MBIE, MFAT, NZ Inc partners, and DoC on work that supports a positive visitor experience and benefits for New Zealand in ways that enrich New Zealand’s society, economy and environment. Tourism New Zealand will work closely with MBIE to ensure strong alignment of respective, and overlapping, work programmes and share information on market conditions and ensure policy settings provide the best chance for delivering a revitalised and sustainable tourism sector.

We evaluate our role as partners through a twice yearly stakeholder survey.



Figure 5: After our audience has dreamed, planned, and booked their trip, we have a further opportunity to maximise their contribution while on holiday in New Zealand



# Measuring our Performance

## Performance Framework

PURPOSE	PRIORITIES	PERFORMANCE
<p><b>Government Economic Plan:</b></p> <ul style="list-style-type: none"> <li>Supporting Aotearoa New Zealand to become a high wage, low emissions economy that provides economic security in good times and bad.</li> </ul> <p><b>TNZ Role:</b></p> <ul style="list-style-type: none"> <li>Market New Zealand as a destination to maximise long term benefit to Aotearoa New Zealand.</li> <li>Develop, implement and promote strategies for tourism.</li> <li>Advise Government and the tourism industry on matters relating to the development, implementation and promotion of those strategies.</li> </ul> <p><b>TNZ Purpose:</b></p> <ul style="list-style-type: none"> <li>Enrich Aotearoa New Zealand and all who visit.</li> </ul>	<p><b>FY22-25 Statement of Intent</b></p> <ul style="list-style-type: none"> <li>Build extraordinary value in Aotearoa New Zealand’s destination brand and reputation.</li> <li>Accelerate tourism’s recovery and transition to a more sustainable, productive, and inclusive future.</li> <li>Shape demand to maximise the contribution of international and domestic visitors to the four capitals.</li> </ul> <p><b>FY24 Statement of Performance Expectations - Focus Areas</b></p> <ul style="list-style-type: none"> <li>Build brand connection.</li> <li>Shape visitor mix.</li> <li>Maximise contribution.</li> </ul>	<p><b>Statement of Performance Expectations - Measures</b></p> <ul style="list-style-type: none"> <li>Global Active Considerer incidence</li> <li>Global brand preference</li> <li>International visitor spend</li> <li>Offpeak holiday arrivals</li> <li>Holiday visitors with 4+ regions</li> <li>Recommend NZ as a holiday destination</li> <li>Core tourism spend</li> <li>New Zealanders agree tourism is good for New Zealand</li> <li>Equivalent advertising value</li> <li>Engaged users</li> <li>Trade and airline joint venture ROI</li> <li>Value of conference bids supported</li> <li>Number of Qualmark members</li> <li>International visitor awareness of Tiaki</li> <li>TNZ stakeholder rating</li> </ul>

The below table summarises Tourism New Zealand’s appropriation for the 2023/24 year

SUMMARY OF APPROPRIATION	2022/23 APPROPRIATION	2023/24 APPROPRIATION
Vote Tourism: Non-Departmental Output Expenses		
Marketing of New Zealand as a visitor destination	\$111,450	\$111,450

## Performance Measures

TNZ will measure success through 15 objectives and key results as shown in our summary of measures table.

These measures have been designed to align with our focus areas and have been informed by the need to build back tourism in a sustainable and regenerative manner, by encouraging our audiences to maximise their contribution to New Zealand.

Measures are prepared in line with PBE FRS 48. Notes have been included regarding non-comparative measures given

a change in context for FY24. Specifically, that the role of Tourism New Zealand in domestic marketing will cease in FY24 as outlined in the Letter of Expectations from the Minister of Tourism. Given this change, FY23 measures that were focused on domestic tourism have been removed or edited to only consider the international tourism component. Other changes reflect a change in operating context. Each measure has a full definition and note on comparability.

OUTCOME MEASURES			
OUTCOME	MEASURE	TARGET 2022/23	TARGET 2023/24
Build brand connection	Global Active Considerer incidence	N/A	23%
	Global brand preference	43%	45%
Shape visitor mix	International visitor spend	\$3.4B	\$9.7B
	Offpeak holiday arrivals	N/A	56%
	Holiday visitors with 4+ regions	N/A	36%
Maximise contribution	Recommend NZ as a holiday destination	N/A	76%
	Core Tourism Spend	Benchmark	\$2.9B
	New Zealanders agree tourism is good for New Zealand	83%	83%

IMPACT MEASURES			
OUTCOME	MEASURE	TARGET 2022/23	TARGET 2023/24
Build brand connection	Equivalent advertising value (EAV)	\$72M	\$82M
	Engaged users	N/A	2.4M
Shape visitor mix	Trade and airline joint venture ROI	5:1	10:1
	Value of conference bids supported	\$105M	\$135M
Maximise contribution	Number of Qualmark members	N/A	2,160
	International visitor awareness of Tiaki	N/A	15%
	TNZ stakeholder rating	83%	83%

## Definition of measures

### 1. Global Active Considerer (AC) incidence

The proportion of the online 18-74 year old online population in a market that qualify as Active Considerers. To qualify as an Active Considerer a person must: Find New Zealand a highly appealing holiday destination (at least 8/10 on a ranking scale); be willing to travel to New Zealand within the next three years, New Zealand is one of their top five destinations, and be willing to spend a minimum amount on a trip to New Zealand (varies by market). This global number is a weighted average across our top six markets. This measure will be sourced from Tourism New Zealand's Active Considerer Monitor.

Comparability Note: New (elevated) measure. This measure has long been tracked by TNZ. It has been elevated to a measure in the SPE to reflect our focus in FY24 to grow the pool of high quality visitors who find New Zealand desirable and to convert into arrivals in FY24 and in future years.

### 2. Global brand preference

Active Considerer are asked to rank their top five destinations in order of preference. Top Preference is the proportion of global Active Considerers who rank New Zealand as their first-choice destination. This global number is a weighted average across our top six markets. This measure will be sourced from Tourism New Zealand's Active Considerer Monitor.

Comparability Note: Existing measure.

### 3. International tourism spend

This the total reported expenditure of international tourists. This will be measured through the International Visitor Survey (IVS).

Comparability Note: Existing measure.

### 4. Off peak holiday arrivals

Holiday visitors who arrive outside of the peak season (Mar-Nov). This will be measured with Stats NZ International Travel data.

Comparability Note: Reintroduced measure. With exclusive focus on marketing to international audiences, this measure has been added to reflect the need to shape demand to attract a greater proportion of visitors outside peak season that makes the sector more productive and resilient year round. Growth in off peak arrivals was last a SPE measure in FY20 and removed as borders closed.

### 5. Holiday Visitors with 4+ regions

Holiday visitors that travel to four or more regions in their trip to New Zealand. This will be measured with the International Visitor Survey (IVS).

Comparability Note: New measure. With exclusive focus on marketing to international audiences, this measure has

been added to reflect the need to shape demand to and ensure visitors visit more regions to the benefit of more communities. Regional spend was a SPE measure in FY20 and removed as borders closed.

### 6. Recommend New Zealand as a holiday destination

This will be measured with the International Visitor Survey (IVS). It is based on the stated likelihood the visitor would recommend New Zealand as a holiday destination to others. The score is derived from those who rate the likelihood 9 or 10 out of 10 less those who rate the likelihood as 6 or lower.

Comparability Note: New measure. With exclusive focus on marketing to international audiences, this measure has been added to monitor the degree to which visitors, having experienced it, will be advocates for a New Zealand holiday to their friends and family.

### 7. Core tourism spend

This will be measured with the International Visitor Survey (IVS). It measures the value of spending on core tourism products. This impacts positive visitor experience as well as greater contribution to New Zealand.

Value spent by international holiday visitors on selected product categories: Accommodation, Entertainment and Car Rentals.

$(IVS \text{ Total Holiday Spend}) \times (\% \text{ Spent on selected categories})$

Comparability Note: Adjusted measure. This measure was first included in FY23. In FY24 the domestic component of the measure is removed to reflect the exclusive focus on international tourism as outlined in the Letter of Expectations.

### 8. New Zealanders agree tourism is good for New Zealand

This is measured through the New Zealanders' Views of Tourism survey. The percentage of respondents who agree or strongly agree with the statement: "To what extent do you agree or disagree that tourism is good for New Zealand?" This is measured through the New Zealanders' Views of Tourism survey.

Comparability Note: Existing measure.

### 9. Equivalent advertising value (EAV)

This is measured internally by TNZ. EAV is an estimate of the value of media coverage that results from TNZ's own public relations activity. EAV is based on the equivalent cost to purchase media and is not always available for all activity.

Comparability Note: Existing measure.

### 10. Engaged users

This is measured internally by TNZ. User behaviour on newzealand.com is monitored and scored based on their

onsite activity, to indicate where they are in the visitor journey. newzealand.com helps facilitate their journey from dreaming about a holiday to NZ, to planning and then booking. An engaged user is someone who has scored >3 in our scoring system. This indicates that they are in planning mode and potentially getting ready to book their trip to NZ. Engagement metrics have been created to replicate the real visitor journey by looking at users of newzealand.com who arrived in New Zealand and looking back at their previous website behaviour before arriving in New Zealand.

Comparability Note: New measure. Added as a lead indicator that can help us to identify and convert those planning a holiday into booking a holiday.

### 11. Trade and airline joint venture (JV) Return on investment (ROI)

This is measured internally by TNZ. This ratio shows that for every dollar spent, JV marketing campaigns generated 'x' amount of value. This measure relates to JV marketing campaign spend only and is not intended to represent a ROI for overall TNZ activity.

$[Pax \text{ booked during JVs}] \times [Historic \text{ Average Spend}] / [Campaign \text{ Spend}]$

Comparability Note: Existing measure with revision from FY23 to include airline joint ventures (FY23 measure was trade only). Prior to when borders closed this measure covered both airlines and trade joint ventures.

### 12. Value of Business Events bids supported

This is measured internally by TNZ. The estimated value of Business Events (BE) bids supported through the Conference Assistance Programme (CAP) fund. The CAP focused on conferences that will benefit New Zealand through knowledge sharing by showcasing our expertise and bring international experts to conferences in New Zealand. TNZ works with potential conferences host (e.g. academic leaders in a field of expertise) to develop and lead the bid strategy to win conference that will be of value to New Zealand.

$[Number \text{ of conference delegates}] \times [Historic \text{ average spend per delegate}]$

Comparability Note: Existing measure.

### 13. Number of Qualmark business

The number of Qualmark members sourced from the Qualmark CRM system.

Comparability Note: New (elevated) measure. With all international borders now open Qualmark is reintroducing member fees. A Qualmark priority in FY24 is to mitigate any loss of members now that fees are reintroduced. Qualmark currently tracks member numbers and we include this measure in the SPE to reflect the FY24 context. We will

continue track the number and proportion of members with a Gold award as a primary measure of helping businesses achieve greater sustainability standards.

### 14. International visitor awareness of Tiaki

This will be measured with the International Visitor Survey (IVS). It is the proportion of international visitors to New Zealand who claimed to be aware of Tiaki.

Comparability Note: New (elevated) measure. With visitor numbers recovering it is core to our sustainable tourism future that visitors see New Zealand through a Māori world view and in doing so guides their behaviours while travelling. Growing awareness of Tiaki will raise awareness of the expectations of visitor behaviour. Note we currently track this score as a non SPE measure in FY23.

### 15. Tourism New Zealand stakeholder rating

This is measured twice yearly of Tourism New Zealanders stakeholders. The score is the percent of respondents who state 'very good' or 'excellent' for the question 'how do you rate TNZ's overall performance'.

Comparability Note: Existing measure.

### Discontinued measures

- Intention of taking a domestic holiday – removed as TNZ will not be marketing to domestic visitors in FY24 as outlined in the Letter of Expectations.
- Domestic visitor spend - removed as TNZ will not be marketing to domestic visitors in FY24 as outlined in the Letter of Expectations.
- Referrals to industry – this measure will still be tracked by TNZ. However the Engaged User measure replaces it in the SPE as a better lead indicator. By increasing the numbers of engaged users we can help to increase the number of referrals to industry.

### Tracking Measures

In addition to the SPE measures, TNZ tracks a wide range of other measures to help inform on the impact of our work and potential challenges and opportunities to address. Not every measure is elevated into the SPE measures. Examples of these tracking measures include but are not limited to:

- Appeal of New Zealand as a holiday destination
- Qualmark Gold Members
- Referrals to industry from newzealand.com
- Regional spend of holiday visitors
- Carbon Neutral Government Programme – reporting and reduction obligations
- Māori business procurement targets
- Employee engagement

## Forecast financial information

### Appropriation

The table below summarises TNZ's appropriation for the 2023/24 year:

Vote Business, Science and Innovation	2022/23 \$000	2023/24 \$000
Marketing New Zealand as a Visitor Destination	111,450	111,450

### Statement of comprehensive revenue and expense

	Group		Parent	
	2022/23 \$000s	2023/24 \$000s	2022/23 \$000s	2023/24 \$000s
<b>Revenue from non-exchange transactions</b>				
Revenue from Crown	110,522	111,450	111,450	111,450
Other revenue	600	600	600	600
<b>Revenue from exchange transactions</b>				
Interest Income	52	50	52	50
Other revenue	1,382	2,468	905	900
<b>Total Revenue</b>	<b>112,556</b>	<b>114,568</b>	<b>113,007</b>	<b>113,000</b>
<b>Expenditure</b>				
Other expenses	113,145	115,097	115,799	112,763
Depreciation & amortisation	411	449	395	237
Share of associate's deficit	-	-	-	-
<b>Total Expenditure</b>	<b>113,564</b>	<b>115,547</b>	<b>116,194</b>	<b>113,000</b>
<b>Net Operating Surplus/(Deficit) before Foreign Exchange and Taxation</b>	<b>(1,008)</b>	<b>(978)</b>	<b>(3,187)</b>	<b>0</b>
<b>Foreign Exchange</b>				
Foreign exchange gains/(losses) on derivative financial instruments	-	-	-	-
Other foreign exchange gains/(losses)	-	-	-	-
<b>Total foreign exchange gains/losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income tax expense	-	-	-	-
FX Reserve Draw Down	3,187	-	3,187	-
<b>Net Surplus/(Deficit) for the year</b>	<b>(2,179)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other comprehensive revenue/(expense)	-	-	-	-
<b>Total comprehensive revenue/(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Surplus/(Deficit) for the year is attributable to:</b>				
Non-controlling interest	-	-	-	-
Owners of the parent	-	-	-	-
<b>Total comprehensive revenue/(expense) for the year is attributable to:</b>				
Non-controlling interest	-	-	-	-
Owners of the parent	-	-	-	-

### Statement of financial position

	Group		Parent	
	2022/23 \$000s	2023/24 \$000s	2022/23 \$000s	2023/24 \$000s
<b>Current Assets</b>				
Cash	11,979	11,816	11,600	11,460
Receivables from non-exchange transactions	14,063	190	14,043	160
Receivables from exchange transactions	1,386	1,388	1,100	1,200
Prepayments and other current assets	605	505	600	500
Derivative financial instruments	60	80	60	80
	<b>28,093</b>	<b>13,979</b>	<b>27,403</b>	<b>13,400</b>
<b>Non-current Assets</b>				
Property, plant and equipment	1,310	1,414	1,290	1,400
Intangible assets	621	372	100	80
Investment in associate	0	0	-	-
Investment in Qualmark	480	480	480	480
Accommodation bonds	546	545	546	545
Derivative financial instruments	0	0	-	0
	<b>2,957</b>	<b>2,811</b>	<b>2,416</b>	<b>2,505</b>
<b>Total Assets</b>	<b>31,050</b>	<b>16,790</b>	<b>29,819</b>	<b>15,905</b>
<b>Current Liabilities</b>				
Creditors and other payables	20,595	6,898	20,383	6,600
Employee entitlements	1,070	1,090	950	960
Invoiced in advance	300	786	100	50
Provisions	0	0	0	0
Derivative financial instruments	0	0	-	-
	<b>21,965</b>	<b>8,774</b>	<b>21,433</b>	<b>7,610</b>
<b>Non-current Liabilities</b>				
Provisions	690	690	690	690
Derivative financial instruments	0	0	-	-
	<b>690</b>	<b>690</b>	<b>690</b>	<b>690</b>
<b>Total Liabilities</b>	<b>22,655</b>	<b>9,464</b>	<b>22,123</b>	<b>8,300</b>
<b>Net Assets</b>	<b>8,395</b>	<b>7,326</b>	<b>7,696</b>	<b>7,605</b>
<b>Equity</b>				
Shareholder's Equity	2,105	2,105	1,805	1,805
Retained earnings	3,490	2,521	3,091	3,100
Foreign Exchange Reserve	2,800	2,700	2,800	2,700
<b>Parent interests</b>	<b>8,395</b>	<b>7,326</b>	<b>7,696</b>	<b>7,605</b>
Non-controlling interests	0	0	-	-
<b>Total Equity</b>	<b>8,395</b>	<b>7,326</b>	<b>7,696</b>	<b>7,605</b>

## Forecast financial information

### Statement of cash flows

	Group		Parent	
	2022/23 \$000s	2023/24 \$000s	2022/23 \$000s	2023/24 \$000s
<b>Cash flows from operating activities</b>				
Crown revenue	110,522	111,450	111,450	111,450
Interest received	52	50	52	50
Other revenue from non-exchange transactions	600	600	600	600
Other revenue from exchange transactions	1,382	2,468	905	900
Payments to suppliers and employees	(105,532)	(107,707)	(106,107)	(106,240)
Goods and services tax (net)	-	-	-	-
<b>Net cash from operating activities</b>	<b>7,024</b>	<b>6,861</b>	<b>6,900</b>	<b>6,760</b>
<b>Cash flows from investing activities</b>				
Sale of property, plant and equipment	-	-	-	-
Repayment of accommodation bonds	-	-	-	-
Purchase of property, plant and equipment	(300)	(300)	(300)	(300)
Purchase of intangible assets	(500)	0	-	0
Payments for accommodation bonds	-	-	-	-
<b>Net cash from operating activities</b>	<b>(800)</b>	<b>(300)</b>	<b>(300)</b>	<b>(300)</b>
<b>Net increase/(decrease) in cash held</b>	<b>6,224</b>	<b>6,561</b>	<b>6,600</b>	<b>6,460</b>
Effect of exchange rates on foreign currency balances	-	-	-	-
Opening cash brought forward	5,255	5,255	5,000	5,000
<b>Cash at end of year</b>	<b>11,979</b>	<b>11,816</b>	<b>11,600</b>	<b>11,460</b>

### Statement of changes in equity

	Group		Parent	
	2022/23 \$000s	2023/24 \$000s	2022/23 \$000s	2023/24 \$000s
<b>Balance at 1 July</b>	<b>8,395</b>	<b>7,326</b>	<b>7,696</b>	<b>7,605</b>
Net surplus/(deficit) for the year	-	-	-	-
Transfer from Retained Earnings to Foreign Exchange Reserve	-	-	-	-
<b>Total comprehensive income/(expense) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June</b>	<b>8,395</b>	<b>7,326</b>	<b>7,696</b>	<b>7,605</b>

### Accounting policies

#### (a) Reporting Entity

Tourism New Zealand is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. Tourism New Zealand's primary objective is to improve tourism's contribution to economic growth by increasing the value of international visitors to New Zealand.

Tourism New Zealand does not operate to make a financial return.

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

The financial statements for Tourism New Zealand (the parent) and its controlled subsidiaries (collectively the Group) are for the year ended 30 June 2023.

#### (b) Basis of preparation

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

#### Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Public Benefit Entity (PBE) Standards.

#### Measurement base

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.

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) Accounting standards and interpretations

There have been no changes in the accounting policies of the Group in the year ended 30 June 2023. All accounting policies and disclosures are consistent with those applied by the Group in the previous financial year.

The External Reporting Board has also issued amendments to the following standards to incorporate requirements and guidance for the not-for-profit sector. These amendments apply to PBEs with reporting periods beginning on or after 1 July 2021. TNZ expects there will be minimal or no change in applying these updated accounting standards.

STANDARD	TITLE	APPLICATION DATE
PBE IPSAS 41	Financial instruments	1 July 2022
PBE FRS 48	Service Performance Reporting	1 July 2022

## Forecast financial information

### (d) 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).

The acquisition of the subsidiaries are accounted for using the acquisition method. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, 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.

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 TNZ has control.

### (e) Investment in Joint Venture (JV)

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

The investment in the JV is carried in the consolidated Statement of Financial position at cost plus post-acquisition changes in the Group's share of net assets of the JV, less any impairment in value. The consolidated statement of comprehensive revenue and expense reflects the Group's share of the results of operations of the JV.

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

### (f) 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 date.

Exchange gains and losses are recognised in the Statement of comprehensive revenue and expense.

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.

### (g) 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 revenue and expense in the period in which the transaction occurs.

#### Impairment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the Statement of comprehensive revenue and expense.

#### Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost approach.

#### Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

### (h) Intangible assets

Intangible assets are recorded at cost at acquisition. TNZ has no intangible assets with an infinite life.

The cost model is applied requiring the assets to be carried at cost less any accumulated amortisation. Any expenditure that is capitalised is amortised over the period of the expected benefit from the related project.

The useful life of Intangible assets are estimated at between 3 and 8 years.

Research costs are expensed as incurred.

### (j) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any expected credit losses (ECLs).

For receivables from non-exchange and exchange transactions, the Group applies a simplified approach in calculating ECLs. The Group bases this on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### (k) Cash and cash equivalents

Cash and cash equivalents 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.

### (l) 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 revenue and expense 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.

### (m) 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 revenue and expense on a straight-line basis over the lease term.

The Group does not enter into finance leases.

### (n) 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 specific recognition criteria described below must also be met before revenue is recognised.

#### Revenue from non-exchange transactions

##### Appropriation received from the Crown

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

##### Sales and other revenue

Revenue includes fees received to attend offshore trade events and familiarisations in New Zealand, and fees received to become part of an Approved Destination Status programme. The revenue from such transactions does not approximately equal the value of goods provided by TNZ and are therefore considered as non-exchange transactions.

Revenue is measured at the fair value of consideration received or receivable. The specific recognition criteria described below must also be met before revenue is recognised.

#### Revenue from services

Some contracts or agreements to provide services have conditions that require the funds to be returned if the condition is not fulfilled (a return obligation). To the extent that there is a condition attached in the contract, that would give rise to a liability to repay the funding and a deferred revenue is recognised instead of revenue. Revenue is then recognised only once the conditions have been satisfied.

#### Revenue from exchange transactions

##### Sales and partnership revenue

Revenue includes contributions from partners and recharges to customers to recover full cost of expenses incurred on their behalf. The revenue from the such 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.

## Forecast financial information

### 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.

### (o) Income tax

TNZ is exempt from income tax under the New Zealand Tourism Board Act 1991. TNZ'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 or loss 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 or loss 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.

### (p) 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 net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

### (q) Financial instruments

TNZ uses derivative financial instruments such as foreign currency contracts to manage its exposure to foreign exchange risk arising from its operational activities. TNZ 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 revenue and expense.

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 revenue and expense.

The fair value of forward exchange contracts is calculated

by reference to current forward exchange rates for contracts with similar maturity profiles.

### (r) Employee benefits

Employee entitlements for salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of comprehensive revenue and expense 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 are recognised in the Statement of comprehensive revenue and expense 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.

## Statement of significant assumptions

Assumptions underlying the financial statements include:

- Crown funding is assured at least at the levels stated for the period of this Statement.
- 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.

- There is a risk that movements in exchange rates can have a significant effect on the spending power of TNZ. 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 TNZ during periods of adverse movements in exchange rates.
- The net asset position of subsidiaries will not change significantly over the three years.

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