

Statement of Performance Expectations (SPE) 2024 – 2025



**100% PURE
NEW ZEALAND**

June 2024



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



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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

Beyond recovery – creating a productive and sustainable tourism sector

In 2023/24 international tourism continued to recover well. This was bolstered by the FIFA Women’s World Cup Australia and New Zealand™, an event that brought a significant economic boost to off-peak winter months and showcased New Zealand to a huge global audience. The summer period was also the first with Chinese tourists since outbound travel restarted from China, and we saw strong growth in American visitors supported by new airlines and routes.

We now move from supporting recovery to working with government and the sector to shape the future of tourism.

Tourism New Zealand’s purpose is to enrich Aotearoa and all who visit. Through our work we are committed to ensuring that we support a sustainable and productive approach to tourism growth – where visitors leave a place better and tourism contributes positively to our home. Over the next four years Tourism New Zealand will be focused on shaping tourism growth to ensure it delivers value to New Zealand. This strategy is outlined in our Statement of Intent 2024-28.

We see significant opportunities for tourism and the visitor economy to contribute to the government’s goal of doubling exports by value and supporting tourism businesses across the country to succeed.

Growth doesn’t have to come with negative impacts, strategic growth results in sustainable and productive outcomes. Without our intervention the tourism sector will likely revert to greater growth in our peak seasons which only adds pressure to infrastructure, harms tourism’s social licence to operate and creates untenable off-peak troughs for businesses. Smaller regions more exposed to seasonality also benefit with more visitation in the off-peak.

Tourism New Zealand is best placed in the sector to lead the intervention to create more demand and convert that demand for off-peak travel. This form of growth will have the biggest impact on sector productivity and sustainability. This is not about shifting consideration from peak into off-peak, our aim is to increase desire for New Zealand year-round and then build consideration for off-peak months that will in turn enable off-peak arrivals.

In 2024/25, the first year of the new strategy Tourism New Zealand will:

- Build consideration for off-peak travel to New Zealand.
- Grow off-peak arrivals.
- Support sector sustainability and enhance visitor experience.

This Statement of Performance Expectations sets out how we will deliver these.

Kupu Whakataki

Ki tua o te whakaoranga – he waihanga i tētahi rāngai tāpoi e toitū ana, e pūkaha ana

I te tau 2023/24, i auau tonu ngā mahi whakaoranga i te ao tāpoi ā-ao. I whakakahangia ēnei mahi e te kaupapa o FIFA Women’s World Cup Australia and New Zealand™, he taiopenga whakanui tēnei i te hirahiratanga te ao ōhanga i ngā marama totohe-kore me ngā rongotoa apataki i puta ake mō Aotearoa. Ko te kaupapa o raumati hoki te tuatahi; etia rā ngā tūruhi nō Haina i tae tuatahi mai anō i te tīmatanga anō o ngā haereenga manene mai i Haina. Waihoki, i kitea e tokomaha ake ana ngā manuhiri nō Amerika e tautokotia ana e ngā umanga rererangi me ngā ararere.

I tēnei wā, e neke nei mātou i ngā mahi tauwhiro whakaoranga ki ngā mahinga ngātahi me te kāwanatanga, ki te rāngai hoki kia marama ai te ahungaroa mō te ao tāpoi ki tua.

Ko te whāinga a Manaakitanga Aotearoa, kia rangatira a Aotearoa me ngā manuhiri katoa. Mā roto i ā mātou mahi, ka ngākau titikaha mātou ki te taunaki i tētahi huarahi toitū, pūkaha hoki e whanake ai te ao tāpoi, inā hoki, kia whai oranga ai ngā manuhiri i tēnei wāhi, kia whai hua ai tō tātou kāinga i ngā mahi tāpoi. Hei ngā tau e whā e tū mai nei, ka aro a Manaakitanga Aotearoa ki ngā mahi whakawhanake i te ao tāpoi e puta ake ai he hua ki a Aotearoa whānui; kei te Tauākī Whāinga 2024-28 tēnei rautaki e rārangi mai ana.

Inā kē te hirahira o ngā āheinga i te ao tāpoi me ngā mauhiri e tautoko ana i te whāinga a te kāwanatanga ki te tārua i ngā hokonga atu ki tāwāhi, me te tautoko hoki i ngā pakihi tāpoi huri noa i te motu.

Ehara i te mea mē pākinu te whanaketanga i ngā wā katoa, mā te whanaketanga rautaki e hua ai ngā putanga toitū, pūkaha hoki. Ki te kore ngā wawaotanga, ko te whakapae, ka kaha whanake te rāngai tāpoi i ngā wāhanga kaha totohe-nui. Mā tēnei ka tino pēhia kinotia ki ngā rauhanganga, ka raruraru ngā raihana pāpori, ā, ka hua ake ngā hārua totohe-kore tē taea te karo. Ka puta ake hoki he hua ki ngā rohe pāpāku e tino hāua ana e ngā raru whakatārawa, inā hoki, ka kaha ake te toro mai a ngāi manuhiri hei ngā wā totohe-kore.

E taunga ana te noho a Manaakitanga Aotearoa i te rāngai hei arataki haere i ēnei mahi wawaotanga kia kaha ake te hiahia, ā, kia hurirapa mai ai ērā hiahiatanga ki ngā wā totohe-kore. Ka kaha pā tēnei momo whanaketanga ki te pūkaha me te toitūtanga o te rāngai. Ehara i te mea e aro ana tēnei kaupapa ki ngā kaunekenga mai i ngā wā totohe-nui ki ngā wā totohe-kore, engari ko te aronga kē he whakaaweawe i te hunga hiahia ki a Aotearoa puta noa i te tau, ā, ka whai whakaaro hoki ki ngā marama totohe-kore e hua mai ai he hunga totohe-kore ā tōna wā.

I te tau 2024/25, hei te tuatahi o te rautaki hou a Manaakitanga Aotearoa e:

- Whai whakaaro ake ki ngā wā totohe-kore ki Aotearoa.
- Whanake ai ngā wā totohe-kore.
- Tautoko i ngā take toitū me ngā wheako a ngā manuhiri i te rāngai.

Kei tēnei Tauākī Whakatutukitanga e rārangi ana ngā huarahi e tutuki ai ēnei.

Statement of responsibility

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. This document sets out both performance targets and forecast financial information for the year 1 July 2024 to 30 June 2025.

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

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

The structure and content of the 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 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 SPE, which comprises reportable outputs of performance measures and forecast financial statements, including the assumption they are based on and for the judgements in preparing them.

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



Paul Brock
Chair Toihau
Tourism New Zealand



Kauahi Ngapora
Deputy Chair Toihau Tuarua
Tourism New Zealand

Who we are

Our Role

Tourism New Zealand is a Crown Entity, the organisation responsible for national destination marketing for New Zealand. Established under the New Zealand Tourism Board Act 1991, we also operate under the Public Finance Act 1989 and the Crown Entities Act 2004.

Our specific objectives set out under the New Zealand Tourism Board Act 1991 are:

- Market New Zealand as a destination to maximise long term benefit to New Zealand.
- Develop, implement, and promote strategies for tourism.

Our Purpose

Our purpose is to Enrich Aotearoa and all who visit.

This reflects the dual need for tourism to contribute positive outcomes to New Zealand and to deliver a positive visitor experience for those who choose to visit, both are necessary.

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

This Statement of Performance Expectations reflects the first year of work in our Statement of Intent 2024-28, which aligns to the Government goal of doubling the value of exports within ten years.

Our strategies and activities reflect what has been set out in the Minister for Tourism and Hospitality’s Letter of Expectations.

Without a visible positive contribution from tourism the sector’s social licence to operate is diminished; and without providing quality experiences past visitors are less likely to advocate for New Zealand as a destination.

Tourism New Zealand’s role in the tourism sector

As a marketing agency our primary focus is to market New Zealand as a desirable destination. Tourism New Zealand does not lead tourism policy, tourism supply, destination management, product development.

Tourism New Zealand does work closely with the wider tourism sector to ensure demand and supply are well connected to deliver a quality visitor experience. This

includes using our expertise in marketing and consumer insight to ensure the ‘voice of the visitor’ is represented in all our work with the sector. Tourism New Zealand partners with industry, MBIE, Department of Conservation, Regional Tourism Organisations among a range of organisations to understand and advise on supply side challenges, opportunities, and aspirations.

Our values

Tourism New Zealand’s whānau is dispersed across multiple offices in nine countries around the world. Three core values bind our organisation: Courage or Māia, Care or Manaaki, and Connection or Hononga. For each value we

specify characteristics that help us to live these values and a whakataukī that reminds us of what the value is about. Staff are recognised by their colleagues when they make significant contributions that are reflected in our values.





MĀIA
Courage



MANAĀKI
Care



HONONGA
Connection

Operating Context

Our Statement of Intent 2024-28 outlines the operating context in which we commence our four-year strategy and the opportunities to support tourism growth with a focus on off-peak months of March to November.

The primary goal of our strategy is to support tourism growth in a sustainable and productive way that is delivered by off-peak travel contributing to 70% of this growth. Specifically, we want to grow total visitor spend by \$5B at the end of 2027/28. We want this 70% of this growth to come from off-peak visitor spend, which is \$3.5B growth from the \$5.2B recorded off-peak spend in 2022-23 to \$8.7B by the end of 2027-28.

Going into the first year of our four-year strategy the international tourism sector has largely, but not fully recovered. Some regions and businesses will be at different stages of recovery. Our intervention is to create and shape further growth in the sector, this is not without challenges.

Growth is not guaranteed.

International tourism is a discretionary purchase and sensitive to consumer confidence and ability to spend. Poor economic conditions or geo-political shocks can impact consumer demand. New Zealand is a long-haul, niche destination for nearly all our source markets, adverse changes in economic conditions can subdue demand and increases in oil prices can significantly impact the cost of flying long-haul making closer destinations more appealing.

Consumer preference will skew toward the peak without intervention.

Even when conditions support strong levels of tourism growth as they did from 2009 to 2019, that growth invariably favours peak months. In that period, holiday arrivals grew by 73% in peak season when some capacity and infrastructure constraints already exist but only 63%

off-peak when there is more capacity for additional growth. Our intervention will need to be effective to create enough off-peak demand to achieve significant off-peak growth and in turn improve the productivity of the sector.

The sector needs to maintain social licence.

The continued recovery of tourism is already placing some pressure on infrastructure at specific locations at specific times. This is why the off-peak strategy is so important, not only does it improve sector productivity, but it will help maintain social licence for tourism particularly in those places that do experience pressures such as congestion. There is currently strong public support for tourism and its contribution with 9 out of 10 New Zealanders agreeing that tourism is good for New Zealand, but that can be eroded. Tourism New Zealand monitors social licence regularly and works with the sector to ensure it does not contribute to outcomes that will erode public support. This includes working alongside regional tourism organisations and economic development agencies to ensure alignment to their destination management plans.

Sustainability will increase in importance.

Tourism New Zealand research shows that while sustainability is not a core driver of destination choice, it will likely increasingly become a consideration for travellers in the coming years, and our target audience are already more sustainably minded than others. Tourism is made up of many small and medium business across New Zealand, improving demand in off-peak months reduces reliance on the peak for revenue, more revenue year-round allows for these businesses to reinvest in product, staff, or sustainability initiatives. Working with the sector to show the value of sustainability and bringing more businesses into the Qualmark sustainability criteria will improve the “on the ground” experience of visitors and the impact of the sector.



Coronet Peak
Queenstown

Our four year strategy

Our strategic intentions

Our Statement of Intent outlines three strategic intentions over the four-year period to June 2028.

- Build extraordinary desire for New Zealand as a year-round destination.

- Convert desire for New Zealand into off-peak visitation.
- Accelerate the New Zealand tourism sector becoming a world leader in sustainability.

2024-2025 Focus Areas

Our focus areas reflect how we will go about achieving the four-year strategy in year one.

- 1. Build consideration for off-peak travel to New Zealand**
Build desire for New Zealand as a year-round destination and then focus on shaping that desire into consideration to visit New Zealand off-peak, (Mar-Nov)
- 2. Grow off-peak arrivals**
Focus our brand, trade and partnership activity to convert our target audience into off-peak visitors.

- 3. Support sector sustainability and enhance visitor experience**
Work with the sector to grow the number of sustainable tourism businesses, connect off-peak visitors with them, and create future demand through advocacy of visitor experiences.

Activites

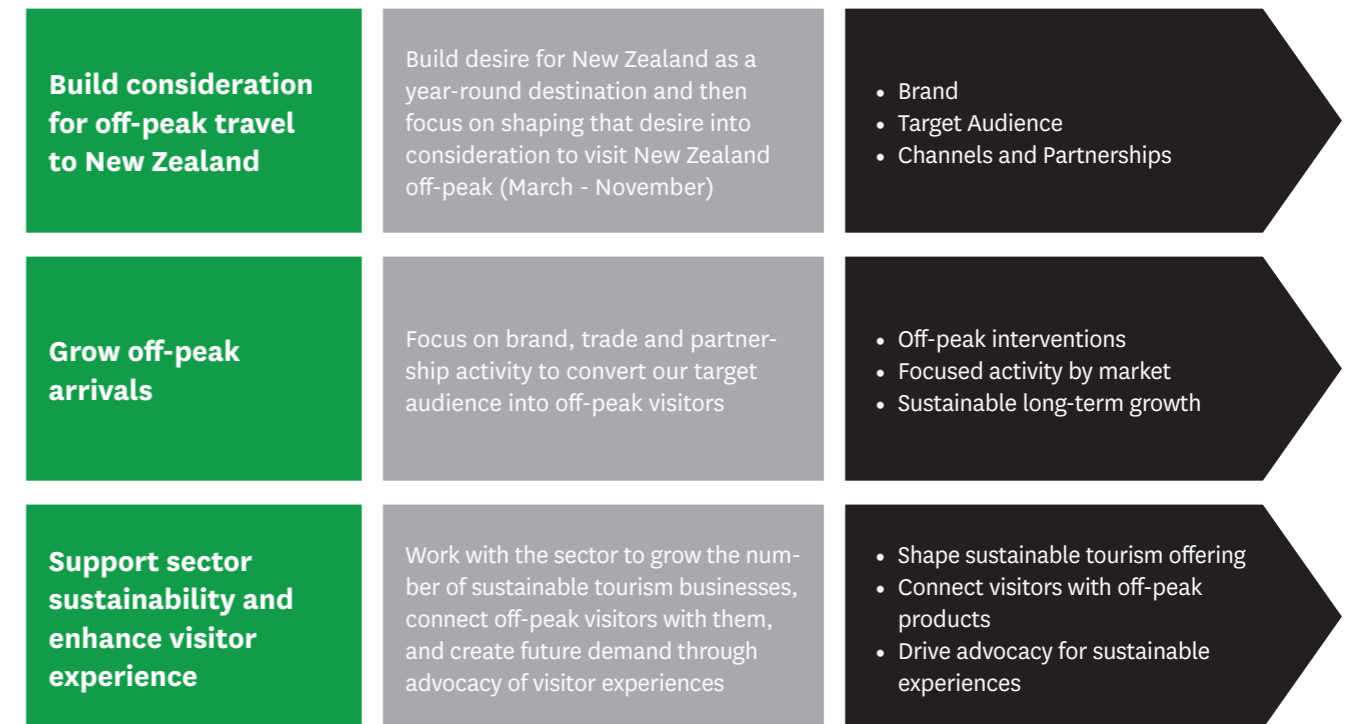
Our work is delivered through the following activities. Marketing campaigns we create may include multiple elements from the activity classes below or may be specific to one class. Our three focus areas and multiple individual performance measures may be influenced by activity from one or multiple activity classes.

- Activity one:** Develop and deliver brand and demand driving campaigns to the tourism consumer.
Short description: Paid marketing campaigns
- Activity two:** Build desire, appeal, and awareness via New Zealand stories through third party earned content and partnerships.
Short description: Earned media

- 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.
Short description: Trade and business events
- Activity four:** Develop, deliver, and analyse engaging content and messages, supporting our activity through Tourism New Zealand owned channels including newzealand.com.
Short description: Owned channels
- 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.
Short description: Engage, inform, work with sector and Government.

LINKAGES BETWEEN STRATEGIC INTENTIONS, FOCUS AREAS AND ACTIVITY CLASSES						
STRATEGIC INTENTION (from Statement of Intent 2024-2028)	FOCUS AREA 2024/25	RELEVANT ACTIVITY CLASSES				
		A1	A2	A3	A4	A5
Build extraordinary desire for New Zealand	Build consideration for off-peak travel to New Zealand	●	●	●	●	
Convert desire for New Zealand into off-peak visitation	Grow off-peak arrivals	●	●	●	●	●
Accelerate the New Zealand tourism sector becoming a world leader in sustainability	Support sector sustainability and enhance visitor experience		●	●		●

Summary of focus areas for 2024-25



Additional detail on each focus area is provided in the pages 12 to 17.

Focus area one: Build consideration for off-peak travel to New Zealand

In year one of our four-year strategy Tourism New Zealand will focus on building consideration for off-peak travel to New Zealand among our target audience who are already actively considering New Zealand as a destination. With more consumers considering the off-peak the greater our ability to enable bookings for off-peak months, immediately and in subsequent years.

This is not about shifting consideration from peak into off-peak, our aim is to increase desire for New Zealand year-round and then build consideration for off-peak months that will in turn enable off-peak arrivals.

To do this, we need to continue to showcase the best of what New Zealand has to offer in a manner that increases consideration of visiting year-round.

Our work will target existing audiences that are already

considering New Zealand as a holiday destination and steer their consideration to off-peak. In addition, we will work to identify potential new audiences that can be targeted for off-peak travel in the future.

We will optimise how our different marketing channels can build desire for New Zealand year-round and increase consideration for the off-peak. Existing and new partnerships for global and local marketing campaigns will be utilised.

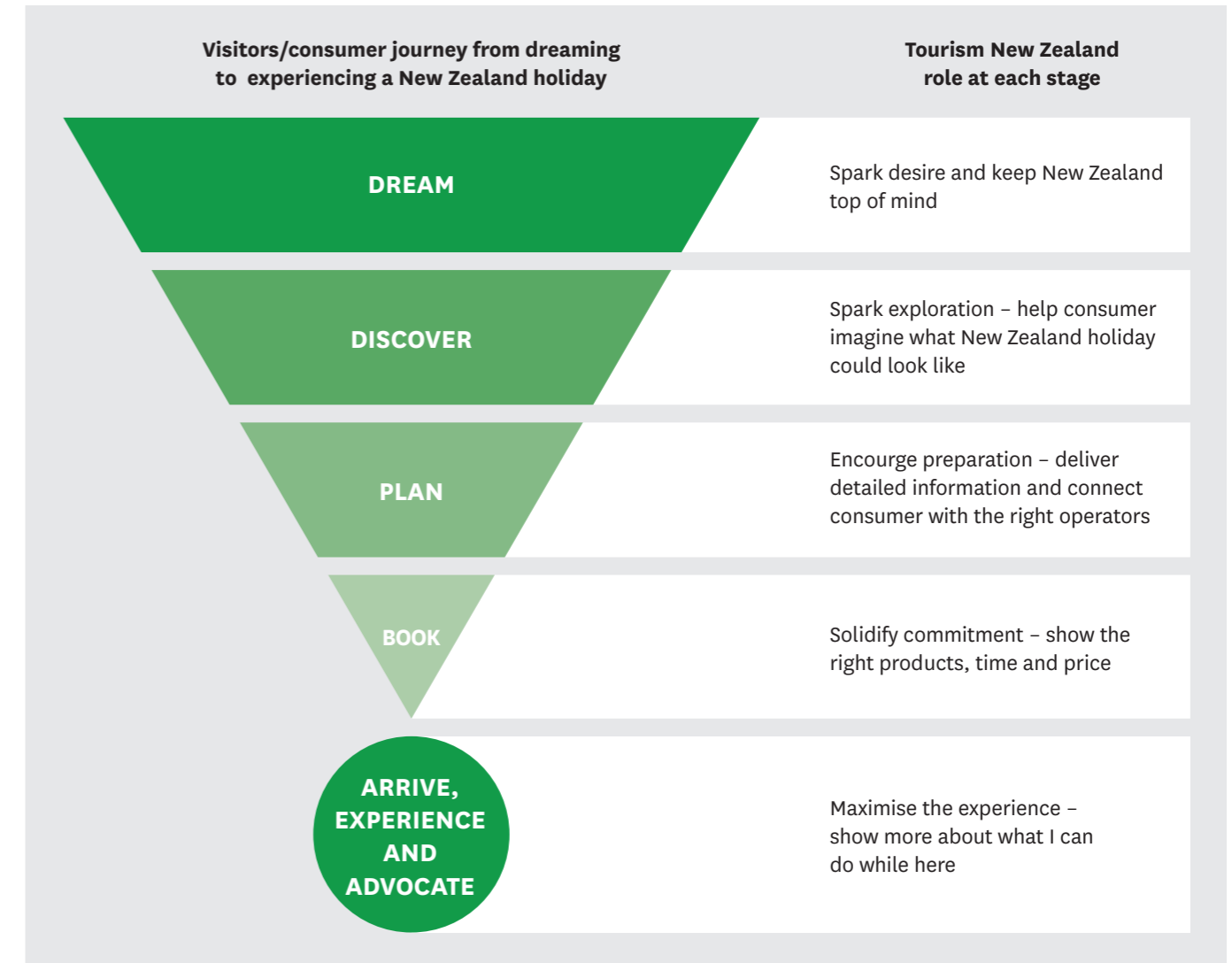
Alignment to strategic intentions and activity classes

STRATEGIC INTENTION <i>(from Statement of Intent 2024-2028)</i>	FOCUS AREA 2024/25	RELEVANT ACTIVITY CLASSES
Build extraordinary desire for New Zealand as a year-round destination.	Build consideration for off-peak travel to New Zealand	1 – Paid marketing campaigns 2 – Earned media 4 – Owned channels

How we deliver and achieve this:

BRAND PROPOSITION	TARGET AUDIENCE	CHANNELS & PARTNERSHIPS
<p>We will:</p> <ul style="list-style-type: none"> Amplify off-peak experiences through the “If You Seek” 100% Pure New Zealand campaign. Embrace Te Aō Māori and authentic storytelling: sharing our rich, unique culture so visitors choose New Zealand over other destinations. Continue long-term brand building for New Zealand as a sustainable destination through 100% Pure New Zealand. 	<p>We will:</p> <ul style="list-style-type: none"> Grow consideration among our Active Considerer audience for off-peak travel to New Zealand. Build understanding of other potential audience groups for the off-peak future. Attract manuhiri who are sustainably minded and contribute socially, culturally, economically, and environmentally. 	<p>We will:</p> <ul style="list-style-type: none"> Be proactive in our partnerships that support off-peak consideration across brand, advocacy, and events. Drive appeal and desire for New Zealand as a year-round destination in the dream layer of our funnel, then focus on off-peak for discover, plan and book to drive preference and conversion. Define the role of different marketing channels to ensure off-peak activity is effective.

The consumer / visitor journey and Tourism New Zealand’s role to influence



Focus area two: Grow off-peak arrivals

Focus area two is about converting desire and consideration into off-peak arrivals. Off-peak growth needs to be realised in year one to create momentum toward success of the four-year strategy.

Historically the peak season has grown faster than the off-peak, a concentrated effort to convert bookings in the off-peak is necessary for the off-peak to make an outsized contribution to overall tourism value growth. Without a specific intervention we will not achieve the increase in visitors and spend in the off-peak months that will provide the sector with the growth that will do the most for productivity and sustainability.

Our consumer marketing work will focus on increasing consideration of the off-peak, and we will focus our trade

and partnership work exclusively on converting for the off-peak.

How we go about this will differ in each of our markets depending on the market characteristics such as current propensity to travel off-peak, booking lead times, and scale of opportunity. Some markets may require more effort in focus area one to build consideration for off-peak in the first year with growth in off-peak arrivals a stronger focus in the following years.

Alignment to strategic intentions and activity classes

STRATEGIC INTENTION <i>(from Statement of Intent 2024-2028)</i>	FOCUS AREA 2024/25	RELEVANT ACTIVITY CLASSES
Convert desire for New Zealand into off-peak visitation	Grow off-peak arrivals	1 – Paid marketing campaigns 2 – Earned media 3 – Trade and business events 4 – Owned channels 5 – Engage, inform, work with sector and Government

How we deliver and achieve this:

OFF-PEAK INTERVENTION	FOCUSED ACTIVITY BY MARKET	SUSTAINABLE LONG-TERM GROWTH
We will: Intervene in the customer journey via brand marketing (paid, owned and earned) to drive consideration and preference for travelling in the off-peak season. Focus all trade activity on converting consideration and preference into off-peak arrivals for FY25 and beyond. Deliver incremental off-peak growth and encourage future year-round flights through aligned messaging and activity with industry and aviation partners	We will: Focus activity for each market on their individual job to be done based on their market context and profile. Deliver activity across a broad combination of markets and market segments to increase year-round visitor arrivals	We will: Balance building a long-term pipeline of visitors who consider off-peak, with shorter term conversion of FY25 off-peak visitors. Deliver long-term sustainable growth through investing in a mix of markets that show near and long-term off-peak growth potential.

Focused jobs to be done by market

We will leverage the different market contexts and behaviours to deliver year-round arrivals. Early momentum to grow the off-peak will be delivered by markets that have large numbers of our target Active Considerers who are ready to book.

In some markets the job this year will be to build the number of Active Considerers who consider off-peak

and build a strong pipeline of off-peak visitors in future. In smaller markets we target specific audiences with specific off-peak propositions.

Growing demand will also help create the environment for increased air capacity and increase the number of airlines and routes that operate beyond the peak season or year-round.



Grow F2024-25 off-peak arrivals



Grow consideration for off-peak for future conversion



Identify new off-peak audience segments



Increased preference and demand to support connectivity

Focus area three: Support sector sustainability and enhance visitor experience

Tourism New Zealand will work and partner with the sector to support their sustainability efforts whilst also enhancing the visitor experience. We will work to increase the number of sustainable tourism businesses, connect off-peak visitors with them, and create future demand through advocacy of past visitors.

Success in growing off-peak means tourism businesses become less reliant on a few strong peak season months to sustain lower demand in the off-peak. This improvement in productivity is what will allow investment in new products and experiences, sustainability initiatives and in staff.

Consumers are increasingly seeking out sustainable options in travel and given New Zealand's distance from most source markets, on the ground sustainability will become increasingly important.

Tourism New Zealand has a role to encourage and support sustainability efforts by the sector through Qualmark, Tiaki – Care for New Zealand, and by sharing our own consumer insights with the sector and partnering to understand what is needed and wanted across different parts of the sector and in different regions.

We must ensure that the sector is ready for more visitors in off-peak months and the visitor experience is not compromised. This will require working with tourism operators, regions, and trade to ensure the visitor experience is not constrained by a reduced tourism offering. Connecting visitors with tourism products throughout the visitor journey will ensure visitors always find inspiring products and experiences. We will showcase relevant product at each stage of the visitor journey, whether they are still dreaming or discovering about New Zealand, planning or booking a trip, or whether they have arrived for their visit.

As visitors arrive in New Zealand in off-peak, we have an opportunity to not only show the breadth of our sustainable tourism offering, but to also influence visitors to become our future advocates. Partnering with industry is key to connect our marketing promise with what is experienced.

Alignment to strategic intentions and activity classes

STRATEGIC INTENTION <i>(from Statement of Intent 2024-2028)</i>	FOCUS AREA 2024/25	RELEVANT ACTIVITY CLASSES
Accelerate the New Zealand tourism sector to becoming a world leader in sustainability	Support sector sustainability and enhance visitor experience	2 - Earned media 3 - Trade and business events 5 - Engage, inform, work with sector and Government

How we deliver and achieve this:

SHAPE NEW ZEALAND'S SUSTAINABLE TOURISM OFFERING	CONNECT VISITORS WITH OFF-PEAK TOURISM PRODUCTS	DRIVE ADVOCACY FOR SUSTAINABLE EXPERIENCES
<p>We will:</p> <ul style="list-style-type: none"> Grow the number of Qualmark Businesses. Work in partnership with Regional Tourism Organisations and their Destination Management Plans. Provide insights to guide industry to respond to current and future visitor trends. Influence visitor behaviour via Tiaki – Care for New Zealand. Work with government partners to ensure alignment with government's priorities to increase exports and grow tourism alongside social license. 	<p>We will:</p> <ul style="list-style-type: none"> Leverage distribution networks (travel trade, online travel agencies, inbound operators, and isite) to ensure breadth of tourism offering is available for visitors. Partner with industry to maximise spend through the whole visitor journey. Guide consumer choices through Qualmark's Sustainable Business Criteria 	<p>We will:</p> <ul style="list-style-type: none"> Enable visitors to tell New Zealand's sustainability story. Partner with industry to enable authentic storytelling. Showcase New Zealand's breadth of sustainable tourism offering

Driving advocacy

Tourism operators interact daily with visitors. They are authentic storytellers about their products and experiences. The richer the experience between operators and visitors, the bigger the opportunity to turn visitors today into advocates for the future.

Qualmark is an untapped opportunity to guide visitors towards sustainable experiences and ensure they have the best experience. Qualmark is the official quality assurance assessor for tourism in New Zealand and it's sustainable business criteria and Qualmark awards (Gold, Silver, Bronze) are now recognised against internationally recognised criteria of the Global Sustainable Tourism Council.



Measuring our Performance

Performance Framework

Our performance framework reflects the relationship between our four-year strategic intentions for 2024-2028 as set out in our Statement of Intent and the work we will undertake in the first year of that strategy. How our activity classes contribute to the goals and performance measures are also reflected.

Each Statement of Performance Expectations over the

period of the four-year strategy should align to the strategic intentions goals and our annual reports will reflect achievement on specific year performance targets and progression toward the four-year strategic goals.

Performance measures in this document have been prepared in line with PBE FRS 48 and we include notes on performance reporting measures on pages 20-22.

GOVERNMENT GOAL: Doubling exports by value within ten years.			
TOURISM NEW ZEALAND FOUR YEAR AMBITION: Increase value of tourism by \$5B by end of 2027/28 Off-peak tourism spend contributes 70% of this by growing by \$3.5B to \$8.7B by end of 2027/28			
Four year strategy	Strategic intention 1	Strategic intention 2	Strategic intention 3
Statement of intent	Build extraordinary desire for New Zealand as a year-round visitor destination	Convert desire for New Zealand into off-peak visitation	Accelerate the New Zealand tourism sector becoming a world leader in sustainability
Year 1 of 4 Plan	2024-25 Focus Area 1	2024-25 Focus Area 2	2024-25 Focus Area 3
Statement of Performance Expectations	Build consideration for off-peak travel to New Zealand	Grow off peak arrivals	Support sector sustainability and enhance visitor experience
How our work contributes to achieving outcomes	Activity 1: Paid Marketing Campaigns		
	Develop and deliver brand and demand driving campaigns to the tourism consumer		
	Activity 2: Earned Media		
	Build desire, appeal, and awareness via New Zealand stories through third-party earned content and partnerships		
	Activity 3: Trade and Business Events		
	Inspire, educate and partner with trade and tourism sector along with other sector experts to spread key tourism and business events messages and campaign information through their channels		
	Activity 4: Owned Channels		
	Develop, deliver and analyse engaging content and messages supporting our activity through TNZ owned channels, including newzealand.com		
	Activity 5: Engage, Inform, Work with Sector and Government		
	Engage, inform and work with the tourism sector, Government, and other agencies in New Zealand to support and strengthen the recovery of the sector.		
Success in 2024-25 is achieving targets for	<ul style="list-style-type: none"> Global brand preference Off-peak travel consideration Equivalent advertising value Engaged users 	<ul style="list-style-type: none"> International visitor spend Off-peak arrivals Off-peak guest nights in regions Trade and airline joint venture return on investment Value of conference bids supported 	<ul style="list-style-type: none"> Recommend NZ as a holiday destination New Zealander's agree international tourism good for New Zealand Number of Qualmark members International visitor awareness of Tiaki – Care for New Zealand Stakeholder rating of TNZ

Performance Measures

Tourism New Zealand will measure success in the 2024/25 year through 15 key results. Targets reflect how we allocated our resources across our activity, not every activity can be given additional resources, we make decisions based on what we believe will have the most impact. We use a combination of baseline, current tracking and business plan decisions to inform 2024/25 targets.

OUTCOME MEASURES				
FOCUS AREA ALIGNMENT	MEASURE	BASELINE	TARGET 2023/24	TARGET 2024/25
Four-year strategy outcome	International visitor spend	\$8.2B (2022/23)	\$9.7B	\$11.5B
	Off-peak visitor spend	\$5.2B (2022/23)	n/a	\$7.5B
Build consideration for off-peak travel	Global brand preference	47% (YTD Mar 24)	45%	45%
	Off-peak travel consideration	67% (YTD Feb 24)	n/a	68%
Grow off-peak arrivals	Off-peak arrivals	1.6M (2022/23)	56%	2.1M
	Off-peak guest nights in regions (ex. Gateways)	2.9M (2022/23)	n/a	3.8M
Sector sustainability / visitor experience	Recommend NZ as a holiday destination	71% (YE Dec 23)	76%	71%
	New Zealander's agree international tourism is good for New Zealand	94% (Mar 24)	83%	93%

IMPACT MEASURES				
FOCUS AREA ALIGNMENT	MEASURE	BASELINE	TARGET 2023/24	TARGET 2024/25
Build consideration for off-peak travel	Equivalent advertising value (EAV)	\$181M* (YE June 24 f/c)	\$82M	\$215M
	Engaged users	2.9M (Jul-Mar 24)	2.4M	2.9M
Grow off-peak arrivals	Trade and airline joint venture return on investment	10:1 (FY24 target)	10:1	15:1
	Value of conference bids supported	\$135M 23/24 target	\$135M	\$140M
Sector sustainability / visitor experience	Number of Qualmark members	2,142 (Mar 24)	2,160	2,300
	International visitor awareness of Tiaki – Care for New Zealand	11% (Jul-Dec 23)	15%	15%
	Stakeholder rating of TNZ	75% (YE Dec 23)	83%	75%

*See note on EAV benchmark measure in notes to performance reporting

Notes to performance reporting

To determine appropriate performance reporting measures, Tourism New Zealand has considered its Statement of Intent 2024-2028 and the outcomes sought, how this strategy will be executed in its first year reflected in this document, and the needs for consistency and continuity of reporting as appropriate.

Outcome measures reflect both overall and off-peak outcomes for the sector, the need for near term performance that gives momentum to our strategy and measures that if achieved this year will support the strategy in the longer-term.

The impact measures in the performance measures are unchanged from the previous year. This reflects the type of work Tourism New Zealand undertakes as reflected in our Activity Classes. While these measures remain unchanged, how we undertake this work and the targets set will reflect the new four-year strategy of growing the value of off-peak. We will still create brand and demand driving campaigns, but the nature of those campaigns will be to grow desire for a New Zealand as a year-round destination and increase consideration for off-peak travel. The same goes for earned media content and partnerships, trade marketing, and our owned channels. These are our levers we have to create and convert demand for travel to New Zealand, they will be used with our strategic intentions in mind.

Definition of measures and notes on continuity

The list below sets out the definitions of TNZ's SPE measures.

International tourism spend

This is the total reported expenditure of international tourists. While our strategic focus is on off-peak growth this cannot be achieved by just shifting spend between seasons. The sector overall must grow in value, with the off-peak contributing most of this growth. This will be measured through the International Visitor Survey (IVS). Value growth should also exceed volume growth as measured by Stats NZ International Travel data.

Comparability Note: Existing measure.

Off-peak spend

This is the total reported expenditure of international tourists in off-peak months of March to November. We see off-peak growth as the most sustainable and productive form of growth to support the Government goal of doubling export growth within ten years. This will be measured through the International Visitor Survey (IVS).

Comparability note: New measure – this measure will be sustained throughout the term of our Statement of Intent 2024-28.

Global brand preference

Our target audience of 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. Maintaining strong preference will help convert more off-peak growth in future years. 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.

Off Peak-Tavel Consideration

This is an adjustment of the "Global Active Considerer incidence" measure from the previous year.

It is the proportion of Active Considerers who would consider a New Zealand holiday in the off-peak. The definition of our Active Considerer audience remains unchanged.

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 measure. This measure is a better reflection of progress toward our four-year strategy focus on growing the value of off-peak tourism rather than just growing the overall number of Active Considerers as a primary focus in 2024/2025, that will however still be measured and monitored.

Off-peak holiday arrivals

Holiday visitors who arrive outside of the peak season in the off-peak months. Off-peak arrivals will result in airline and tourism product utilisation and with off-peak arrivals, seasonal jobs are extended into the off-peak, and regions benefit from more visitors spending in historically quieter months. This will be measured with Stats NZ International Travel data.

Comparability Note: Existing measure.

Off-peak international guest nights in regions (excluding gateways)

This is the total number of international guest nights in regions (excluding the gateways of Auckland, Wellington, Christchurch, and Queenstown) in off-peak months. This will be measured through MBIE's Accommodation Data Programme. Measuring regional spend is not currently able to be done with the suspension of MBIE's Monthly Regional Tourism Estimates data series. Measuring nights in paid accommodation is a good proxy however for spend growth in regions.

Comparability Note: New measure. This replaces the previous measure on regional visitation "holiday visitors with 4+ regions". Our four-year strategy to grow the value of off-peak means our focus in year one of the strategy is to get more visitors into regions overall, rather than drive some visitors to many regions at any time of the year. The previous measures can still be monitored through MBIE's International Visitor Survey (IVS).

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. Past visitors can be powerful advocates for destination New Zealand and this measure reflects their overall experience. 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: Existing measure.

New Zealanders agree international tourism is good for New Zealand

The percentage of respondents who agree with the statement: "To what extent do you agree or disagree that international tourism is good for New Zealand?" Tourism growth needs to be achieved with social licence. This is measured through the New Zealanders' Views of Tourism survey run by Angus and Associates.

Comparability Note: Modified measure. Change to measure perceptions on specifically international tourism now that Tourism New Zealand's focus is exclusively international visitors.

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. It does not include any coverage of New Zealand not directly from TNZ activity. EAV is based on the equivalent cost to purchase media and is not always available for all activity.

*The benchmark figure for EAV is an adjusted figure based on a July 23- March 24 YTD figure of \$217M and a YE June

2024 forecast of \$249M. This adjusted benchmark of \$180M is based on the \$249M YE June 24 forecast subtracting one-off contributions from a syndication of previous work in Korea and FIFA Women's World Cup with no hosted major events schedule in the 2024/25 year.

Comparability Note: Existing measure.

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. Our consumer website 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 above three in our scoring system. This indicates that they are in planning mode and potentially getting ready to book their trip to NZ. We can then start targeting with "book" messaging to increase the likelihood of conversion. Engagement metrics have been created to replicate the real visitor journey by looking at users of newzealand.com who then arrived in New Zealand and looking back at their previous website behaviour before arriving in New Zealand. An engaged user is over 300% more likely than the average user to arrive in New Zealand.

Comparability Note: Existing measure.

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.

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

Comparability Note: Existing measure.

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 conference hosts (e.g. academic leaders in a field of expertise) to develop and lead the bid strategy to win conferences that will be of value to New Zealand.

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

Comparability Note: Existing measure.

Number of Qualmark business

The number of tourism business who have been certified by Qualmark against the sustainable business criteria. Data is sourced from the Qualmark CRM system.

Comparability Note: Existing measure.

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 – Care of New Zealand. Tiaki communicates the expected behaviours of visitors while in New Zealand, improving awareness can help mitigate undesirable activity and contribute to sustained social licence.

Comparability Note: Existing measure.

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 ‘Thinking about how well Tourism New Zealand has performed in its core role to market New Zealand as a destination, how do you rate Tourism New Zealand’s overall performance?’

Comparability Note: Existing measure.

Discontinued Measures

Holiday Visitors with 4+ regions

Removed as our focus shifts to growing the off-peak and increasing the number of visitors arriving in off-peak and travelling to regions, rather than trying to increase the number of regions the average visitor travels to. This measure can still be measured through MBIE’s International Visitor Survey.

Core tourism spend

Focus shifts to overall tourism spend and off-peak tourism spend. Core tourism spend can still be measured through MBIE’s International Visitor Survey.

Other tracked measures

Those measures selected for 2024/25 performance reporting are a subset of a wide range of other measures tracked to inform on the impact of our work and point to potential issues. Other key measures we track and monitor regularly include but are not limited to:

- Appeal for New Zealand as a holiday destination
- Barriers to consideration of New Zealand as a holiday destination
- Qualmark Gold award members
- Referrals from newzealand.com to industry
- Forward air capacity and bookings
- Trade partner engagement
- Competitor market performance
- Source market outbound travel
- Employee engagement
- Carbon Neutral Government Programme



Forecast financial information

Appropriation

The below table summarises Tourism New Zealand's appropriation for the 2024-25 year.

Summary of Appropriation*	2023-24 Appropriation \$000	2024-25 Appropriation \$000
Vote Tourism: Non-Departmental Output Expense		
Marketing of New Zealand as a visitor destination (excluding New Zealand Story)	111,450	105,092

* appropriation is excluding any impact of GST

Statement of comprehensive revenue and expense

	Group		Parent	
	2023/24 \$000s	2024/25 \$000s	2023/24 \$000s	2024/25 \$000s
Revenue from non-exchange transactions				
Revenue from Crown	112,320	105,902	111,450	105,902
Other revenue	600	500	600	500
Revenue from exchange transactions	0	0		
Interest Income	693	235	630	230
Other revenue	2,902	3,275	1,400	1,375
Total Revenue	116,515	109,912	114,080	108,007
Expenditure				
Other expenses	116,265	109,488	113,551	107,467
Depreciation & amortisation	704	722	529	540
Share of associate's deficit	0	0		
Total Expenditure	116,970	110,210	114,080	108,007
Net Operating Surplus/(Deficit) before Foreign Exchange and Taxation	(455)	(298)	0	0
Foreign Exchange				
Foreign exchange gains/(losses) on derivative financial instruments				
Other foreign exchange gains/(losses)				
Total foreign exchange gains/losses				
Income tax expense	-	-	-	-
FX Reserve Draw Down				
Net Surplus/(Deficit) for the year	(455)	(298)	0	0
Other comprehensive revenue/(expense)				
Total comprehensive revenue/(expense) for the year				
Net Surplus/(Deficit) for the year is attributable to:				
Non-controlling interest				
Owners of the parent				
Total comprehensive revenue/(expense) for the year is attributable to:				
Non-controlling interest				
Owners of the parent				

Statement of financial position

	Group		Parent	
	2023/24 \$000s	2024/25 \$000s	2023/24 \$000s	2024/25 \$000s
Current Assets				
Cash	11,350	9,227	11,000	8,918
Receivables from non-exchange transactions	160	180	160	160
Receivables from exchange transactions	368	396	180	200
Prepayments and other current assets	505	600	500	600
Derivative financial instruments	80	0	80	0
	12,463	10,403	11,920	9,878
Non-current Assets				
Property, plant and equipment	1,438	1,350	1,400	1,300
Intangible assets	348	120	80	40
Intercompany loan receivable	0	0	260	260
Investment in Qualmark	0	0	60	60
Accommodation bonds	545	517	545	517
Derivative financial instruments	0	0	0	0
	2,331	1,987	2,345	2,177
Total Assets	14,794	12,390	14,265	12,055
Current Liabilities				
Creditors and other payables	10,848	8,695	10,790	8,600
Employee entitlements	1,078	1,070	1,010	990
Invoiced in advance	450	500	50	50
Provisions	190	190	190	190
Derivative financial instruments	0	0	-	-
	12,566	10,455	12,040	9,830
Non-current Liabilities				
Provisions	500	500	500	500
Derivative financial instruments	0	0	-	-
	500	500	500	500
Total Liabilities	13,066	10,955	12,540	10,330
Net Assets	1,728	1,435	1,725	1,725
Equity				
Shareholder's Equity	1,805	1,805	1,805	1,805
Retained earnings	(1,397)	(1,690)	(1,400)	(1,400)
Foreign Exchange Reserve	1,320	1,320	1,320	1,320
Parent interests	1,728	1,435	1,725	1,725
Non-controlling interests	0	0	-	-
Total Equity	1,728	1,435	1,725	1,725

Forecast financial information

Statement of cash flows

	Group		Parent	
	2023/24 \$000s	2024/25 \$000s	2023/24 \$000s	2024/25 \$000s
Cash flows from operating activities				
Crown revenue	112,320	105,902	111,450	105,902
Interest received	693	235	52	500
Other revenue from non-exchange transactions	600	500	600	0
Other revenue from exchange transactions	2,902	3,275	905	230
Payments to suppliers and employees	(110,200)	(113,305)	(106,707)	(109,384)
Goods and services tax (net)	-	-	-	-
Net cash from operating activities	6,315	(3,393)	6,300	(2,752)
Cash flows from investing activities				
Sale of property, plant and equipment	-	-	-	-
Repayment of accommodation bonds	-	-	-	-
Purchase of property, plant and equipment	(300)	(380)	(300)	(330)
Purchase of intangible assets	0	0	0	0
Payments for accommodation bonds	-	-	-	-
Net cash from operating activities	(300)	(380)	(300)	(330)
Net increase/(decrease) in cash held	6,015	(3,773)	6,000	(3,082)
Effect of exchange rates on foreign currency balances	-	-	-	-
Opening cash brought forward	5,335	13,000	5,000	12,000
Cash at end of year	11,350	9,227	11,000	8,918

Statement of changes in equity

	Group		Parent	
	2023/24 \$000s	2024/25 \$000s	2023/24 \$000s	2024/25 \$000s
Balance at 1 July	2,183	1,733	1,725	1,725
Net surplus/(deficit) for the year	(455)	(298)	0	0
Transfer from Retained Earnings to Foreign Exchange Reserve	-	-	-	-
Total comprehensive income/(expense) for the year	(455)	(298)	0	0
Balance at 30 June	1,728	1,435	1,725	1,725

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 2025.

(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

For standards issued that have become effective – there were no standards issued and have become effective that has a material impact on the financial statements.

For standards issued not yet effective – there are no standards issued that are not yet effective that are expected to have a material impact on the financial statements.

There have been no changes in the accounting policies of the Group in the year ended 30 June 2025. 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 2022. There was 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) 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.

(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 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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 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.

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.

(k) Income tax

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

(l) 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.

Forecast financial information

(m) 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.

(n) 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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