



**Kia ora,  
Welcome.**

**Annual Report**

Tourism New Zealand | 2018/2019



**100% PURE  
NEW ZEALAND**

# Highlights



International visitor spend with an average of

**\$3970**

spent per holiday arrival.

**▲ 0.6%**

off peak holiday arrival growth



increase in regional spend



return on investment in all markets on partnership campaigns



value generated from international media about New Zealand



**\$126m**

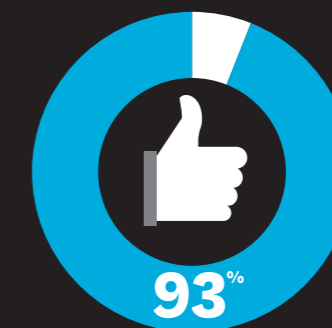
worth of bids were supported through Tourism New Zealand's Conference Assistance Programme

**10.5M REFERRALS**

to tourism businesses generated from Tourism New Zealand activity



**EXPORT EARNER**



of Kiwis agree or strongly agree that international tourism is good for New Zealand  
*'Mood of the Nation' survey (March)*



**1 in 7**

Tourism employs one in seven New Zealanders



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*Tourism New Zealand would like to thank all the Kiwis who participated in the Good Morning World global campaign in 2019. We celebrate their contribution throughout this annual report.*

## 2018/2019 at a glance

### Chair and Chief Executive report

# On behalf of Tourism New Zealand's Board and Executive team, we are pleased to present Tourism New Zealand's Annual Report for the financial year ending 30 June 2019.

Jamie Tuuta, *Tourism New Zealand Chair*

Stephen England-Hall, *Tourism New Zealand Chief Executive*



**Jamie Tuuta,**  
*Tourism New Zealand Chair*

**Stephen England-Hall,**  
*Tourism New Zealand Chief Executive*

**FY19 was the year that we brought our ambitious evolution of the 100% Pure New Zealand campaign to life, while taking an active role in helping regions grow, ensuring that growth is sustainable, and that tourism enriches New Zealand.**

On behalf of Tourism New Zealand's Board and Executive team, we are pleased to present Tourism New Zealand's Annual Report for the financial year ending 30 June 2019.

FY19 was the year that we brought our ambitious evolution of the 100% Pure New Zealand campaign to life, while taking an active role in helping regions grow, ensuring that growth is sustainable, and that tourism enriches New Zealand.

Tourism growth has delivered enormous benefits for New Zealand. It's our number one export industry, supporting one in seven jobs, connecting our country to the world and providing growth and business opportunities across the regions. Value has grown faster than volume: over the past six years total visitor arrivals are up 48% and total visitor spend up 74%. Maintaining an international visitor economy of this shape is critical for New Zealand to remain a high-value destination, and this outcome continues to be a major focus of Tourism New Zealand's strategy.

However, the success of the past is no guarantee for the future. The past year has seen a slowdown in international visitor numbers to New Zealand. We have been expecting this for some time, particularly following the boom experienced in recent years. Overall international visitor numbers have continued to grow, albeit at a slower pace. For the year ending June 2019, we welcomed 3.88m international visitors (an increase of 2.7% on FY18), however holiday visitor numbers were almost flat at 1.99m (0.4% change from FY18).

Over the past decade New Zealand, as a long-haul destination, has benefitted from a strong global economy, low fuel prices, and significant increases in air capacity and new routes. Changes to these conditions have a considerable impact on our tourism sector. Events like Brexit and the China-USA trade war are impacting consumer confidence, and this has had a definitive effect on visitor numbers to New Zealand. International travellers are

opting for short-haul and domestic travel at the expense of long haul, which means New Zealand is competing against other destinations for a smaller pool of potential visitors.

Consumer consciousness around sustainability and climate change is rising in a number of key markets, with potential impacts on the consumer view of New Zealand as a destination and as an exporter. We have taken action to understand this in more detail through some initial consumer research this year, and this research will be deepened in FY20 to help build a stronger insight base of the opportunities and issues. This work will inform relevant Tourism New Zealand strategy and interventions while also providing guidance to government and industry for decision-making.

FY19 was our first year of a reduced operating budget. While we retained the IP and capability from special interest and premium sectors, we had to cut media spend and audience reach by approximately \$11m. This has naturally affected our results for FY19.

#### 100% Pure New Zealand evolution

In a growth slowdown environment, our brand success is more important than ever. We revitalised our approach to marketing this year and launched the new evolution of the 100% Pure New Zealand global campaign. The timing was auspicious, with 2019 marking the 20th anniversary of 100% Pure New Zealand. Our new 100% Pure New Zealand Welcome creative platform and Good Morning World campaign are our biggest yet.

The campaign showcases our diverse and welcoming people alongside our stunning landscapes, with New Zealanders sharing their special places with the world. A new Good Morning World video will be released every day for the next year. The campaign has been a total Tourism New Zealand whānau effort and we are already seeing outstanding results.

#### Response to attack on Christchurch mosques

The Christchurch terrorist attack on 15 March was unprecedented in New Zealand and redefined our activity in the last quarter of FY19. In the immediate aftermath of the attacks, we paused all global marketing activity, including social media and proactive PR, and rescheduled all planned trade and media family activity to New Zealand. We played an active role in the Visitor Sector Emergency Advisory Group to ensure that visitors in Christchurch were supported, and those travelling to New Zealand were informed. Throughout the remainder of FY19 Tourism New Zealand continued to provide insights to New Zealand agencies on the reputational impact of the incident.

## Chair and Chief Executive report

“Tourism is our country’s top export earner and Tourism New Zealand is working hard to ensure that the sector gives more than it takes, enriching our communities. Tourism spend goes beyond the economic – it’s supporting our communities, it’s helping build schools and hospitals across the country, it’s supporting small and large business, it’s bringing global experts to New Zealand and growing our industries and specialist knowledge. Tourism is the beating heart of New Zealand and we all have a role to keep it that way.”

– Stephen England-Hall, Chief Executive

### Future-proofing newzealand.com

Our consumer website, newzealand.com, is critical to all of our attraction and referral activity. While world class, the content management system behind the site was close to obsolete, which could have presented a significant risk to Tourism New Zealand’s operations. FY19 saw the completion of a major digital re-platforming project – an 18-month workstream involving Tourism New Zealand, and our partners SilverStripe, and Digital Arts Network. The new content management system provides a faster, more streamlined user experience and readies newzealand.com for a bright future. We also commenced the significant re-platforming process for our Operator Database, which will go live in FY20.

### Enriching New Zealand through collaboration

Cross-government collaboration is increasingly important to ensure that tourism enriches our country, and that New Zealand as a brand of choice continues to earn higher value outcomes for New Zealanders. We recognise the important but specialised role we can play in building preference for New Zealand and sharing valuable visitor insights to guide decision-making and identify new opportunities. The pinnacle of this collaboration is Tiaki – Care for New Zealand. Tourism New Zealand was one of seven public and private sector organisations involved in the creation of the Tiaki Promise, which provides visitors with a set of guiding principles to follow during their stay in New Zealand, preserving and protecting our

land, waterways and oceans. We were also involved in several other collaborative industry initiatives to enrich our communities and guide great visitor behaviour, including a responsible camping campaign, visiting driver education, boosting the number of tourism attractions in the regions, and the introduction of the International Visitor Levy.

Towards the end of FY19 we supported the Ministry of Business, Innovation and Employment with its report looking at the role of Tourism New Zealand in supporting New Zealand’s future tourism needs. We are experiencing a period of considerable change in the tourism system, including substantial growth of visitor numbers in some regions (despite moderating growth overall from some key markets), changes in the way people access and receive information, and funding models. Tourism New Zealand is a focused and agile organisation and we embrace the opportunity to innovate our work for the future.

### A fresh approach to measurement

In FY19 we took a fresh approach to measurement to increase our focus on the outcome of our interventions to enrich New Zealand. Our model now assesses 12 outcome and impact measures, including the value contribution of international tourism, the ‘Mood of the Nation’, visitor experience, global preference for New Zealand, PR activity (equivalent advertising value) and joint ventures. In pursuing all of these outcomes together we seek to ensure that tourism gives

to communities more than it takes, aligning with the Government’s goals of wellbeing and productive, sustainable and inclusive growth.

We exceeded five of the six Impact Measures, with PR, Joint Ventures, Digital, Travel Trade, and Business Events showing impressive results from activities during the year. Our Outcome Measures proved slightly harder to reach targets in FY19, with global preference for New Zealand coming 4% short of our target of 70%. Importantly, we met our targets to grow international visitor spend in the regions and off-peak season, with \$4b spent in the regions in FY19 and 1.3m international visitors travelling to New Zealand outside peak.













### Acknowledgements

FY19 saw considerable change to our Board. In late 2018 we farewelled Richard Leggat, Christopher Parkin and Raewyn Idoine and welcomed Colleen Neville and Kauahi Ngapora to the Board. In March 2019, we farewelled our Chair, Dame Kerry Prendergast, who led the Board for seven and a half years. We have been extremely fortunate to have had such an experienced, decisive and passionate leader working with us. Jamie Tuuta, who joined the Board in March 2013, succeeds Dame Kerry as Chair, with Roger Sharp joining the Board as Deputy Chair. We wish to thank all our Board members (past and current), management team, and wider whānau who have helped make FY19 a solid year for Tourism New Zealand in a climate of change.

In review, FY19 has been a year of evolution for Tourism New Zealand, future proofing the industry to ensure New Zealand is destination ready for tourism growth in the long-term and moderating growth in the short to medium term. It is vital that we all work together – Kiwis, industry, iwi, government – to ensure that tourism enriches New Zealand now and into the future.

Ngā mihi,  
Jamie Tuuta & Stephen England-Hall

## Performance Overview

OUTCOMES		FY19
	<b>Visitor spend</b> (Grow international visitor spend)	▲ 0.6% (\$11.2b)
	<b>Socially inclusive growth</b> (Grow regional spend)	▲ 4.9% (\$4b)
	<b>Productivity growth</b> (Grow shoulder holiday arrivals)	▲ 0.6% (\$1.3m)
	<b>Social license (Mood of the Nation)</b> (Kiwis agree tourism is good for NZ)	93%
	<b>Visitor experience (VX)</b> (Exceeds expectation)	96%
	<b>Brand Preference</b> (% ACs who rate NZ in top two)	Global: 66% Australia: 61%    Japan: 61% China: 81%        UK: 64% Germany: 66%    USA: 59%
IMPACT		FY19
	<b>Equivalent Advertising Value (EAV)</b> (Grow regional spend)	\$231m
	<b>Referrals</b> (newzealand.com + third party)	10.5M
	<b>Trade impact</b> (IATA share lift in Tier 1 & 2 accounts)	▲ 4.1%
	<b>Business Events</b> (Conference bids supported & incentive bids won)	\$126m (+\$4m)
	<b>Partnership Return on Investment (ROI)</b> (exceeds expectation)	18:1
	<b>Stakeholder survey</b> (% stakeholders rate TNZ’s performance - very good/excellent)	72%

# Who we are and what we do

## Our offices



**OVERALL INTERNATIONAL ARRIVALS**  
3,889,798 (▲2.7%)

**OVERALL HOLIDAY ARRIVALS**  
1,999,599 (▲0.4%)

**OVERALL SPEND**  
\$11.2b (▲0.6%)  
\$3,310 per person (▲0.6%)

**OVERALL HOLIDAY SPEND**  
\$7.1b (▲0.4%)  
\$3,970 per person (▲3.5%)

Tourism New Zealand is responsible for promoting New Zealand and our famous manaakitanga to the world.

Tourism New Zealand was established in 1991 as a Crown Entity by the New Zealand Tourism Board Act, and since then our staff have worked tirelessly to create award winning campaigns marketing New Zealand as an international visitor destination.

The heart of our promotions is the '100% Pure New Zealand' campaign, first launched in 1999 and continually evolving to tell the story of the unique experiences available to people who visit New Zealand.

A key part of Tourism New Zealand's successful strategy has been our enduring partnerships with global media partners, influential travel sellers and airlines, high profile opinion leaders and New Zealand tourism operators. We provide relevant and up-to-date information for visitors, embracing social media and technology, and ensuring New Zealand's tourism product and experience is of the highest quality.

In addition to attracting high value visitors, we also take a leadership role in the industry, providing insights and information about the visitor economy to operators and regional tourism organisations. We lead strategy and campaign work to guide visitor behaviour and make sure tourism gives back to communities more than it takes.

Tourism New Zealand also owns and operates the quality assurance organisation Qualmark New Zealand, and supports the Visitor Information Network Inc, overseeing almost 80 i-SITE visitor information centres around New Zealand.

Tourism New Zealand has 13 offices around the world, and we co-locate staff in a further three locations. In total we have around 160 full-time staff members. We take a portfolio management approach to promoting New Zealand on the world stage, targeting 15 specific countries.

## Our markets

### Priority one core markets

**AUSTRALIA**  
FY19 HOLIDAY ARRIVALS  
602,312 (▲4.1%)  
OVERALL SPEND  
\$2.6b (▲0.9%)  
\$1,970 per person (▲0.6%)  
AC PREFERENCE SCORE  
61% (▼3.0%)

**CHINA**  
FY19 HOLIDAY ARRIVALS  
316,069 (▼8.0%)  
OVERALL SPEND  
\$1.7b (▲1.8%)  
\$4,340 per person (▲7.3%)  
AC PREFERENCE SCORE  
81% (▼3.0%)

**UNITED STATES OF AMERICA**  
FY19 HOLIDAY ARRIVALS  
243,635 (▲8.5%)  
OVERALL SPEND  
\$1.4b (▲6.9%)  
\$4,240 per person (▲0.0%)  
AC PREFERENCE SCORE  
59% (▼2.0%)

### Priority two core markets

**UNITED KINGDOM**  
FY19 HOLIDAY ARRIVALS  
101,729 (▼3.3%)  
OVERALL SPEND  
\$979m (▼5.9%)  
\$4,490 per person (▼0.3%)  
AC PREFERENCE SCORE  
64% (▼8.0%)

**GERMANY**  
FY19 HOLIDAY ARRIVALS  
74,776 (▼1.0%)  
OVERALL SPEND  
\$575m (▲2.3%)  
\$6,020 per person (▲2.8%)  
AC PREFERENCE SCORE  
66% (▼3%)

**JAPAN**  
FY19 HOLIDAY ARRIVALS  
67,016 (▼0.8%)  
OVERALL SPEND  
\$273m (▲8.1%)  
\$3,080 per person (▲10.6%)  
AC PREFERENCE SCORE  
61% (▼2%)

### Priority emerging markets

**INDIA**  
FY19 HOLIDAY ARRIVALS  
28,125 (▼10.3%)  
AC PREFERENCE SCORE  
79% (▼1.0%)

**INDONESIA**  
FY19 HOLIDAY ARRIVALS  
18,581 (▼2.2%)  
AC PREFERENCE SCORE  
78% (▼3.0%)

**ARGENTINA**  
FY19 HOLIDAY ARRIVALS  
10,299 (▼38.3%)

**BRAZIL**  
FY19 HOLIDAY ARRIVALS  
9,326 (▼15.3%)

**PHILIPPINES**  
FY19 HOLIDAY ARRIVALS  
11,175 (▲7.1%)

### Priority three markets

**SOUTH KOREA**  
FY19 HOLIDAY ARRIVALS  
62,977 (▼7.1%)

**SINGAPORE**  
FY19 HOLIDAY ARRIVALS  
41,696 (▲4.6%)

**CANADA**  
FY19 HOLIDAY ARRIVALS  
42,168 (▲7.1%)

**MALAYSIA**  
FY19 HOLIDAY ARRIVALS  
37,145 (▼0.7%)

“What I love about tā moko is the fact that we get to utilise designs that our ancestors left us.”

📍 Te Puia, Rotorua  
Arekatera

# The 2018/2019 year

## Our overall objective

Tourism New Zealand is a Crown Agent governed by the Crown Entities Act 2004. Statutory functions under the Act include:

- Ensure that New Zealand is marketed as a visitor destination
- Maximize long term benefit to New Zealand
- Develop, implement and promote strategies for tourism
- Advise the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.

Measure	Target	Performance	Status
Grow the value contribution of international tourism to GDP (IVS spend)	An increase on 2017/18 figures	+0.6%	Achieved
Grow international visitor spend in the regions	An increase on 2017/18 figures	+4.9%	Achieved
Grow international arrivals in the off-peak season	An increase on 2017/18 figures	+0.6%	Achieved
Kiwis agree tourism is good for New Zealand (MOTN)	96% (hold)	93%	Not Achieved
Visitor experience meets or exceeds expectations (IVS VX)	94% (hold)	96%	Achieved
Grow global preference for NZ as a visitor destination	70% (+1%)	66%	Not Achieved

## Strategic priorities and outcomes framework

Tourism New Zealand's strategy is supported by outcomes and measures set out in the Statement of Intent (SOI) FY18-FY21.

### GOVERNMENT TOURISM STRATEGY

### TOURISM ENRICHES NEW ZEALAND

- New Zealand benefits from productive tourism growth
- Exceptional visitor experiences ensure the sector's future success
- Tourism protects and enhances New Zealand's natural and cultural heritage
- New Zealanders' lives are improved by tourism
- Regions and communities benefit from tourism

### TOURISM NEW ZEALAND STRATEGIC PRIORITIES

#### 1. HIGH VALUE VISITORS

Contributing year-round to more of New Zealand

#### 2. BALANCED PORTFOLIO

Of markets and sectors

#### 3. SUSTAINED EXPERIENCE

Of Kiwis and Visitors

#### FOCUS AREA:

#### 100% PURE NZ

Brand evolution: People and Place

#### GROW REGIONS

Additional \$1 billion by 2023

#### DESTINATION READINESS

Insight, guidance and storytelling

### M1: OUTCOME MEASURE

#### VISITOR VALUE AND GDP CONTRIBUTION

01 Grow International Visitor Spend – as measured by IVS

#### SOCIALLY INCLUSIVE GROWTH

02 Grow Regional Spend – as measured by MRTE

#### SECTOR PRODUCTIVITY

03 Grow Off peak season – as measured by ITM holiday arrivals Mar-Nov

#### SOCIAL LICENSE

04 Kiwis agree tourism is good for NZ – as measured by MOTN

#### VISITOR EXPERIENCE

05 Visitor experience meets/exceeds expectations – as measured by IVS VX

#### BRAND PREFERENCE

06 Grow global preference for destination NZ – as measured by AC Monitor

### M2: IMPACT MEASURES

#### PR AND CONTENT (EARNED MEDIA)

07 EAV from content and IMP

#### DIGITAL (PAID AND OWNED MEDIA)

08 Referrals to industry via newzealand.com or TPR

#### TRADE AND PARTNERSHIPS

09 JV Partnerships ROI  
10 IATA share lift

#### BUSINESS EVENTS

11 Value of business events conference bids supported

#### STAKEHOLDER PERFORMANCE

12 TNZ's overall performance, as rated by stakeholders

## Statement of Performance: Tourism New Zealand's activity

Tourism New Zealand's activities in FY19 were funded through the Budget 2018/19 Estimates of Appropriations for Vote Tourism.

	FY18 ACTUAL \$000'S	FY19 ACTUAL \$000'S	FY19 BUDGET \$000'S
Crown Revenue	\$117,350	\$111,739	\$111,480
Other Revenue <sup>1</sup>	\$5,683	\$4,407	\$2,782
<b>Total Revenue</b>	<b>\$123,033</b>	<b>\$116,146</b>	<b>\$114,262</b>
<b>Total Expenses<sup>2</sup></b>	<b>\$126,496</b>	<b>\$113,736</b>	<b>\$114,262</b>

In FY19 our strategic priorities were to:

- **Broaden our measures of value from near-term growth to long-term sustainability** – redefining the way we value visitors (and therefore, how we work) to account not only for volume and spend, but also regional dispersal, seasonal shape and investment signals, geopolitical diversity and long-term sustainability.
- **Manage our portfolio of markets and sectors as a strategic investor** – recognising multi-year evolution and path-dependence in the way we develop our portfolio of investments in markets, sectors and regions, and to balance a portfolio of markets for managing growth and risk.
- **Work with Government and industry partners to sustain and improve the experience of visitors and host communities** – work closely with partners to provide market insights and align our respective activities. Through this we work to protect tourism's social licence to operate, enhance the visitor experience and support regional economic development.

Tourism New Zealand also identified focus areas for FY19 that build on the momentum of previous years, while also responding to change in the global and domestic operating environment.

- Ensure high-value visitors choose New Zealand for their next holiday, with a focus on the evolution of 100% Pure New Zealand
- Promote and develop international tourism in the regions
- Destination readiness programme

These were achieved through various activities grouped into six areas described in our Statement of Performance Expectations:

- Activity one:** Deliver key visitor messages through the 100% Pure New Zealand campaign activity.
  - Campaign (Commercial and Creative and Content)
- Activity two:** Deliver key visitor messages through third parties such as media, opinion leaders, and broadcast production.
  - Public Relations (PR, International Media Programme (IMP), and Content)

**Activity three:** Partner with the travel industry to convert interest in New Zealand into travel and to extend marketing reach.

- Joint Venture (JV) activity with travel trade, Regional Tourism Organisations and aviation partners

**Activity four:** Inform and inspire global travel sellers to assist them to market New Zealand.

- Working with the travel trade
- International Business Events, including Conferences and Incentives

**Activity five:** Deliver inspiring and informative information for potential visitors

- newzealand.com (Digital)

**Activity six:** Communicate and engage with New Zealand's tourism industry to align industry investment with Tourism New Zealand areas of focus.

- Industry communication, engagement and relationship building (Corporate Comms, NZ and Government Relations)

APPROPRIATION ONE: MARKETING OF NEW ZEALAND AS A VISITOR DESTINATION	FY19 ACTUAL \$000'S	FY19 BUDGET \$000'S
<b>Activity One:</b> Deliver key visitor messages through the 100% Pure New Zealand campaign activity	\$39,443	\$38,735
<b>Activity Two:</b> Deliver key visitor messages through third parties such as media, opinion leaders and broadcast production	\$6,401	\$6,666
<b>Activity Three:</b> Partner with travel industry to convert interest in New Zealand into travel and to extend marketing reach	\$19,225	\$20,810
<b>Activity Four:</b> Inform and inspire global travel sellers to assist them to market New Zealand	\$10,711	\$11,059
<b>Activity Five:</b> Deliver inspiring and informative information for potential visitors	\$6,375	\$6,622
<b>Activity Six:</b> Communicate and engage with New Zealand's tourism industry to align industry investment with Tourism New Zealand areas of focus	\$1,689	\$1,537
New Zealand and off-shore support costs <sup>3</sup>	\$29,615	\$28,962
<b>Total</b>	<b>\$113,458</b>	<b>\$114,391</b>

<sup>1</sup> Other revenue includes bank interest and partner revenue. It excludes foreign exchange gains.

<sup>2</sup> Total expenses include offsets from foreign exchange reserves to protect the funding lines from adverse movements in foreign exchange during the year with offshore expenditure. The total expense excludes other foreign exchange losses.

<sup>3</sup> New Zealand and off-shore support costs support the delivery of all six activities.



## FY19 activities: measures, targets and results

### Activity one: Deliver key visitor messages through the 100% Pure New Zealand campaign activity.

In FY19 we focused on further improving the effectiveness of the targeting, quality and delivery of our marketing campaigns. We evolved the brand strategy of 100% Pure New Zealand and developed and launched 100% Pure Welcome and the campaign 'Good Morning World', further embracing our brand truth of 'people and place'.

#### Link with Tourism New Zealand strategic priorities

Our campaign and market insights activity is a key vehicle for delivering the brand message in our off-shore markets and delivers against all our three overarching strategic priorities, and the following FY19 strategic priorities:

- Ensure high-value visitors choose New Zealand for their next holiday
- Promote and develop international tourism in the regions

#### How did we do?

Our activity in FY19 focused on the development of 100% Pure New Zealand: 100% Pure Welcome. This global campaign combines the warm embrace of our people with our landscapes, and provides an opportunity to distinguish New Zealand as a destination through our genuine manaakitanga.

The campaign launched with Good Morning World, a year-long campaign featuring videos of real New Zealanders welcoming visitors to their special places around the country, with one video released each day on TNZ's social media platforms, and leveraged through media and PR.

The campaign launch in Australia in June was fully integrated across paid, owned, earned and trade channels, leading with Australia's number 1 Breakfast show, Sunrise, broadcasting live from New Zealand with an estimated equivalent advertising value (EAV) of over \$7.2 million, reaching over 13 million people. There was a 20% lift in traffic to newzealand.com after launch night, and the hero 100% Pure Welcome film achieved over 1 million views on YouTube on day one. In New Zealand, the domestic launch reinforced key messages around the contribution of tourism to communities and regional economies. In a global first, we invited all Kiwis to be a part of the campaign, incorporating user generated content from around the country. The campaign launched in Malaysia and the Philippines in June, and in China, USA, UK and other key markets in FY20. Data is showing us that the campaign content is three times more effective than our previous FY18 campaign in terms of cost per view.

During the year we ran several other significant campaigns across target markets. All campaigns invested in promoting off peak and regional travel to spread the benefits of tourism across the year, and across the country. In-market campaigns in just one reporting quarter covered locations from

Taupo, Ohakune, Mt Ruapehu, Akaroa, Lyttelton, Hanmer Springs and Waipara – and with Good Morning World, every corner of New Zealand is being showcased. This work resulted in our target for regional spend being achieved at \$4 billion for FY19.

In Australia, our winter ski campaigns in 2018 led to an increase in visitor spending at Ruapehu, up 33% for July 2018, including a 39% increase from Australian visitors. Our annual South Island Journeys campaign, in partnership with Christchurch International Airport and SOUTH, promoted five regional itineraries across the South Island. We showcased Wellington and Marlborough in a culture and culinary-themed campaign in Australia in partnership with the Wellington Regional Economic Development Agency and Destination Marlborough.

Good Morning World will roll out in the US market in FY20. Meanwhile, the National Geographic campaign has continued to deliver strong engagement there. Research from this partnership found it has been effective in motivating Active Considerers to start planning their New Zealand holiday, while also showing a strong potential to build lasting brand perceptions. EAV to date has tracked strongly against our KPIs with the campaign featuring in longer feature articles and receiving more airtime.

In China we continue to keep ahead of the digital curve, and New Zealand topped WeChat's long-haul destination rankings during FY19. With holiday numbers declining from this important market, Tourism New Zealand has commissioned research to understand changing consumer travel habits and media consumption. The Good Morning World campaign launched in China just after the FY19 close on Little Red Book, China's top lifestyle social platform.

### Profile: The 20th anniversary of 100% Pure New Zealand

Back in 1999, 100% Pure New Zealand was a revolution in tourism marketing when New Zealand developed one of the first global tourism campaigns in the world. The results were astonishingly quick. Within three and-a-half years brand recognition in New Zealand's target markets was at levels that had taken other countries a decade to achieve. 100% Pure New Zealand has become one of the most admired and longest standing destination marketing campaigns in the world. This year, we embarked on the next chapter of the campaign with 100% Pure Welcome and Good Morning World, to make our audience fall in love with New Zealand all over again.

#### THE CREATION OF GOOD MORNING WORLD

368 pieces of content contributing to a year-long campaign

Over 400 real Kiwis took part in the filming

Every region in New Zealand represented throughout the campaign

Over 8 million views of our content after only 80 days

Watch the videos

“We want to tell a real, authentic story of our people and culture, and we need Kiwis to do it. There are no fancy scripts here, no fancy edits – this is us.”

Stephen England-Hall, speaking about Good Morning World



## FY19 activities: measures, targets and results

### Activity two: Deliver key visitor messages through third parties such as media, opinion leaders, and broadcast production.

We have continued our successful approach of using influencers, international media, key opinion leaders, and major events to promote New Zealand to the world and convert potential visitors into actual visitors. The focus in FY19 was the International Media Programme (IMP), maximising print and screen opportunities, content development and syndication.

#### Link with Tourism New Zealand strategic priorities

Tourism New Zealand's PR activity is primarily aimed at driving preference for New Zealand and integrating messages across multiple platforms that:

- Ensure high-value visitors choose New Zealand for their next holiday
- Promote and develop international tourism in the regions

#### How did we do?

TNZ's PR activity made New Zealand famous across film, TV, print and social media in FY19. We hosted a range of carefully selected international broadcasters and influencers from priority markets, and ensured New Zealand was in the news in the right way and in the right places. We achieved a total estimated advertising value (EAV) of \$231 million, exceeding our target of \$200 million. Wherever possible, itineraries for broadcast, print and social coverage showcased regional and seasonal travel opportunities.

Key highlights included our partnership with Sunrise Breakfast for the launch of Good Morning World in Australia, achieving an EAV of \$10 million. Other TV broadcasts from the International Media Programme produced impressive results including German show Grenzenlos: Discover the World reaching 400,000 viewers (\$7.5 million EAV); Japan's Sekai no Shasou Kara reaching 5 million viewers (\$5 million); USA's Samantha Brown's Places to Love reaching 700,000 viewers for one of several episodes (\$2.1 million); China's XFun food and travel show showcasing Marlborough, Canterbury, Wanaka and Queenstown (\$2.4

million); and Philippines I-Witness with three episodes covering Queenstown, Wanaka and Dunedin (\$5 million). International media coverage of the Duke and Duchess of Sussex's tour of New Zealand generated \$18.5 million EAV across 11 countries.

Strong influencer results were seen in Indonesia, including \$2.9 million in EAV from a visit by Indonesian Tourism Advocate Nadine Chandriwinata. Our partnership with Bryce Dallas Howard in the US continued with a range of activity including social media content, consumer and influencer events. Our work with National Geographic Travel continued, with the 'Journey of Manaakitanga' campaign highlighting people and hospitality, with three National Geographic influencers travelling the country with local hosts in Kaikoura, Nelson, Rotorua and Whakatane. The visit highlighted the uniqueness of New Zealand's regions and our warm Kiwi culture to a global audience of 330 million.

The launch of the Tiaki Promise in November, in conjunction with Air New Zealand, resulted in 535 stories with a combined estimated advertising value of \$4.8 million. We also generated \$3.9 million in EAV for the launch of the Nevis Catapult in Queenstown. The second phase of the #GetNZonthemap campaign in October highlighted New Zealand's accessibility to consumers and generated \$1.1 million EAV.

**REGIONAL MEDIA COVERAGE**

# 9286 STORIES

**FROM CAPE REINGA TO RAKURA**

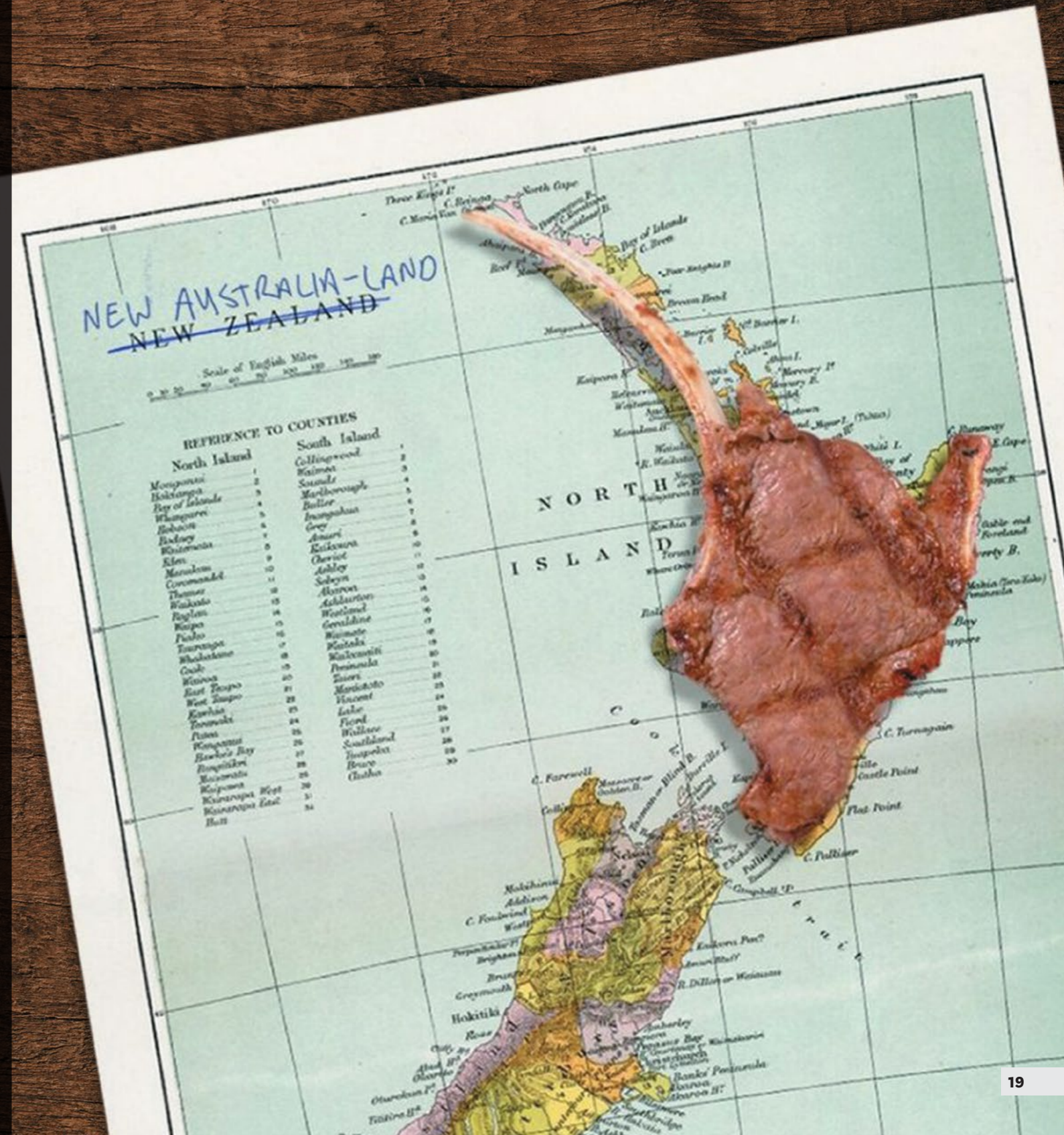
### Profile: New Australia-Land

In a great example of agile and inspired thinking, in January, Tourism New Zealand's team in Australia came up with the 'New Australia-Land' response to a popular advertisement from Meat and Livestock Australia calling for a

Trans-Tasman union. The New Australia-Land website attracted 110,000 visitors, keeping New Zealand top of mind among Australian consumers, and winning a travel marketing award in Australia.

### INTERNATIONAL MEDIA TOTAL EAV

**Target:** \$200m  
**Performance:** \$231  
**Status:** Achieved



[View the website](#)

## FY19 activities: measures, targets and results

### Activity three: Partner with the travel industry to convert interest in New Zealand into travel and to extend marketing reach.

Tourism New Zealand partners with travel trade, Regional Tourism Organisations (RTOs), and aviation partners, in joint ventures that enable us to combine marketing messages with products that potential visitors can buy. This approach accelerates conversion and increases the pool of funding available. In FY19 we ran several high-impact JV campaigns and embarked on some new, innovative partnerships.

#### Link with Tourism New Zealand strategic priorities

Tourism New Zealand's joint venture and aviation activity is primarily aimed at achieving partnerships to activate conversion and extend marketing reach and encompasses the following FY19 strategic priorities:

- Ensure high-value visitors choose New Zealand for their next holiday
- Promote and develop international tourism in the regions

#### How did we do?

Our relationships with RTOs are critical to the success of our campaigns. This was exemplified by our ski activity in Australia, which solidified close partnerships with RTOs, operators, airports and airlines. The 'Winter at its Peak' campaign highlighted Ruapehu, Mt Hutt, Queenstown and Lake Wanaka and achieved major Australian print PR reaching 2.9 million readers. Work to develop new insights into the Australian ski consumer audience was undertaken and shared with industry to ensure we are getting the most out of this lucrative and region-friendly market.

We also joined with the Wellington Regional Economic Development Agency to support its partnership with Te Papa, Kiwirail, Weta Studio Tours and Wellington International Airport to grow visitation to the Wellington region.

In China, joint ventures were crucial for maintaining reach. We signed our first memorandum of understanding with Tencent in March 2019. An agreement signed with leading Chinese travel agency GZL led to a focus on building second tier city markets in China, through capacity building events with over 800 agents from 175 agencies. We also signed an MoU with Ctrip Customised Travel, China's largest customised travel platform, in September to support the growth of China tailor-made travel to New Zealand, launching a new Ctrip 'New Zealand Specialist and Customized Travel' training programme. Our regional development strategy is showing positive results in China after years of market education, with Ctrip sending its first group of visitors to the Hawke's Bay in April.

We extended our MoU with Air New Zealand for another three years, which will provide up to \$30 million in investment from both parties over three years for joint activity. We also launched new airline partnerships. Our first consumer joint venture campaign with Air Canada, supporting its new nonstop service from Vancouver to Auckland, launched on 3 June.

Our significant presence at TRENZ 2019 in Rotorua provided a touchpoint for all of our partnership activity with the sector, with our teams hosting agents and buyers, consulting with RTOs, connecting international media with operators and sharing our market insights and campaign plans.

### CAMPAIGN RETURN ON INVESTMENT (ROI)<sup>5</sup> – ALL MARKETS

**Target:** 5:1  
**Performance:** 18:1  
**Status:** Achieved

<sup>5</sup> ROI is calculated by: (passengers booked) x (average visitor spend for market) / campaign spend. This generates a ratio that shows for every dollar we spent we generated 'x' amount of value. Note: ROI relates to campaign spend only and is not intended to represent a ROI for overall Tourism New Zealand activity.



 Watch the video

## FY19 activities: measures, targets and results

### Activity four: Inform and inspire global travel sellers to assist them to market New Zealand.

Tourism New Zealand's work with global travel sellers is two-fold with our Trade team liaising with travel agents in-market, providing education, running famil and joint venture campaigns; and our Business Events team liaising with conference and events managers, and the luxury/premium market.

#### Working with the travel trade

54% of visitors to New Zealand from our target markets purchase their tickets through traditional and online travel agents, making these relationships critical to converting desire for a New Zealand holiday into arrivals.

#### Link with Tourism New Zealand strategic priorities

Tourism New Zealand's activity in working with the travel trade area supported the following FY19 and overarching strategic priorities:

- Ensure high-value visitors choose New Zealand for their next holiday
- Promote and develop international tourism in the regions
- Destination readiness programme

#### How did we do?

A successful year of fully integrated trade campaigns including National Geographic's Journey of Manaakitanga and #getNZonthemap, plus a focus on digital content creation and distribution, has seen an increase in travel agent engagement, including a 135% year on year increase in the number of 100% Pure

New Zealand Specialist agents (currently 9,430 globally). The number of flights booked to New Zealand through travel agents has increased 1.7% to 2.37 million, with 70% from TNZ's target markets.

TNZ presented to and trained hundreds of travel sellers, business events buyers, luxury travel sellers and tourism operators across priority and emerging markets in FY19. In one trade training campaign, training videos from our 100% Pure New Zealand Specialist Programme were viewed 71,000 times.

We hosted travel agents from around the world on famils, including from Singapore, Malaysia and the Philippines to attract visitors from South East Asia during shoulder seasons, and luxury travel advisors from the UK, Germany and North America to strengthen New Zealand's premium destination image and contribute to our value focus. Famils from priority and emerging markets were run in conjunction with TRENZ to showcase products and operators around the country. The 100% Pure New Zealand Specialist Famil intended to take place from 23-28 March was rescheduled to FY20 following the 15 March terrorist attack in Christchurch.

The Good Morning World campaign was augmented into a travel trade campaign, using trade-specific assets including 25 Good Morning World videos featuring New Zealand operators. This allowed us to prime agents with information in advance of the consumer campaign launching in key markets - supporting our dream, plan, book strategy.

### TRAVEL TRADE: SHARE IMPACT IN TIER 1 AND 2 COVERED ACCOUNTS

**Target:** 2%  
**Performance:** 4.1%  
**Status:** Achieved



 Watch the video

## FY19 activities: measures, targets and results

### Activity four: Inform and inspire global travel sellers to assist them to market New Zealand. (Continued)

#### International Business Events, including Conferences and Incentives and Premium

Business events continue to be a lucrative market for high value visitation. Business events visitors typically spend more than holiday visitors, travel to New Zealand in shoulder seasons and explore multiple regions. The focus for FY19 included securing business and generating forward demand for the new conference centres coming on stream in Auckland and Christchurch.

#### Link with Tourism New Zealand strategic priorities

Tourism New Zealand's activity in international business events and the premium market supported the following FY19 and overarching strategic priorities:

- Promote and develop international tourism in the regions
- Destination readiness programme

#### How did we do?

Conference bid support in FY19 maintained momentum, focusing on associations and key New Zealand sectors of expertise. The positive promotion of our two major infrastructure

projects, the New Zealand International Convention Centre and Te Pae, plus a structured sales pipeline approach, was reflected in positive bid results for Auckland and Christchurch. Conference bids were submitted for Wellington, Hamilton, Rotorua, Queenstown and Dunedin. We achieved all business targets, securing 32 conferences, with an estimated economic benefit of \$40.5 million from over 19,500 delegates. Conferences enriched New Zealand across a range of sectors including medicine, biological sciences, education, energy, engineering, physics, geology and law. An estimated \$126 million in conferences were supported through the Conference Assistance Programme.

FY19 saw strong performance from incentive markets with \$61.3 million in converted bids, well surpassing the full year target of \$37.5 million. The China market continues to convert high value incentive groups, with the market achieving \$35.9 million in incentive wins in FY19. The US, South East Asia and India markets also performed strongly with \$25.4 million in converted bids. We won a significant group from a leading US ICT firm, valued at over \$3 million. The group of 600 people will visit Queenstown in March 2020.

#### ESTIMATED VALUE OF BIDS SUPPORTED THROUGH CAP FUND

**Target:** \$122m  
**Performance:** \$126m  
**Status:** Achieved

### Profile: Business Events legacy project


At the MEETINGS trade show in May we launched the Business Events legacy project, designed to measure and maximise the lasting benefits generated by conferences for Kiwis, in the spirit of ensuring tourism enriches New Zealand. Through this legacy project, we will work with conference hosts and local communities to identify economic, social and cultural benefits of business events early on and decide how to bring them to life in practical ways – from outreach activities in local communities, to academic input into issues important to New Zealand. The first pilot projects will be identified in FY20.

INTERNATIONAL BUSINESS EVENTS SECURED BY TNZ HAVE DELIVERED

**\$500M**

TO NEW ZEALAND OVER THE PAST 5 YEARS



 Watch the video

## FY19 activities: measures, targets and results

### Activity five: Deliver inspiring and informative information for potential visitors.

Tourism New Zealand's consumer website, newzealand.com, continues to serve as an essential hub for our activity with regular updates to both content and functionality to convert people dreaming about New Zealand into planning; and current information about travel sellers and products to book. Our focus for FY19 was to continue to grow conversion to referrals to the travel industry from both paid marketing campaigns, and 'organic' search and social media; and to continue the process to update the website's content management system.

#### Link with Tourism New Zealand strategic priorities

Tourism New Zealand's newzealand.com activity is primarily aimed at driving preference for New Zealand, optimising delivery capability and the supporting the following FY19 and overarching strategic priorities:

- Ensure high-value visitors choose New Zealand for their next holiday
- Promote and develop international tourism in the regions

#### How did we do?

All of Tourism New Zealand's major campaigns led potential visitors to newzealand.com, our hub for attraction and referral activity, and/or partner websites. We continued our dramatic growth in the number of referrals to industry resulting from partnerships and targeted campaign approaches - at 10.5 million, we achieved 182% of our annual referral target of 5.8 million.

While newzealand.com remains world class, the content management system behind it had become close to obsolete, which presented a significant risk to our operations. In FY19 the CX, Technology & Data team worked through a project to futureproof newzealand.com, moving to a new content management system that addresses this risk and provides a faster, more streamlined user experience. This went live in Quarter 3 and referrals to the industry have been maintained. We also commenced the significant replatforming process for our Operator Database, which will go live in FY20.

We continued to innovate the way we communicate with visitors. In China, the launch of the TNZ WeChat mini programme showed 57% more site visits and 365% more referrals than the newzealand.com mobile site. New Zealand became the top long-haul destination in WeChat rankings in Quarter 3.

We also contributed to visitor information domestically. For the first time TNZ ran a domestic campaign over the FY19 summer to encourage responsible camping. The campaign encouraged people to plan their journeys, use facilities and leave no trace, reaching nearly 2 million people.


We also continued our visiting driver safety campaign alongside the New Zealand Transport Agency to encourage responsible and safe travel on our roads, serving visitors with safe driving education using digital targeting.

### NUMBER OF REFERRALS<sup>6</sup> TO INDUSTRY VIA NEWZEALAND.COM OR VIA DIRECT THIRD-PARTY REFERRALS (TPRS)

**Target:** 5.8m

**Performance:** 10.5m

**Status:** Achieved

 [View the website](#)

<sup>6</sup> Referrals: The number of people, who, once drawn to newzealand.com from paid search or display digital activity, are then delivered to an operator or partner site where travel/experiences can be purchased.



## FY19 activities: measures, targets and results

### Activity six: Communicate and engage with New Zealand's tourism industry to align industry investment with Tourism New Zealand areas of focus.

Tourism New Zealand places considerable importance on its relationship with tourism operators. We regularly engage with industry, informing them of our activity, learning about theirs, and gathering feedback to ensure alignment between programmes of work. In FY19 we focused on delivering 'voice of the visitor' insights to serve our destination readiness goals, as well as ongoing partnership work to sustain and enhance the visitor experience in targeted areas.

#### Link with Tourism New Zealand strategic priorities

Tourism New Zealand's activity in this area aims to optimise delivery capability, focus marketing activity on clearly defined higher value visitors, and the following FY19 and overarching strategic priorities.

- Promote and develop international tourism in the regions
- Destination readiness programme

#### How did we do?

Tourism New Zealand's role in attracting high value visitors to New Zealand and preparing New Zealand to benefit socially, environmentally and economically from tourism focuses on providing the 'voice of the visitor' to industry and other stakeholders, to ensure the country is 'destination ready'. We continued our involvement in a number of visitor experience initiatives including Tiaki - Care for New Zealand, the Tourism Attractions Project, Responsible Camping and our partnership with the Department of Conservation.

We hosted industry roadshows in Queenstown, Auckland, Taupo, Greymouth, Christchurch, Wellington, Dunedin and Napier, with 1063 registrations. We engaged with regional tourism operators, local government and business, providing updates on TNZ campaigns and activities and staying in tune with tourism at place.

Growth moderation was top of mind at these events, with industry approaching the challenge with a practical mindset but seeking market intelligence. In this context, demand from the sector for TNZ's support has naturally increased, and this is reflected in our stakeholder engagement score. Our response requires ongoing listening, engagement and provision of quality data.

We launched new insights products for industry during FY19. The 'Business Figures for Tourism' data hub with Figure.NZ makes our arrivals, market and spend insights more accessible to industry. Our 'Visitor Profiles' bring our high value visitors from six key markets to life, to assist in the design of products and services tailored to their expectations.

Our China Market Development Unit monitored the China Approved Destination Status (ADS) tour programme, consisting of 38 inbound tour operators and 453 guides, to maintain quality and safety standards for the Chinese tour sector. We participated in China-New Zealand Year of Tourism events including the opening ceremony in March and celebrated our tourism relationship with China at our roadshow and outreach activities throughout 2019.

Our Mood of the Nation measure has dipped this year, with 93 per cent of New Zealanders agreeing international tourism is good for New Zealand, down 3 per cent. While still a strong base, the result points to the importance of our work to support the long-term sustainability of the sector. In FY19 we undertook campaigns to encourage and guide responsible visitor behaviour, including Tiaki - Care for New Zealand and a visiting driver education and responsible camping campaign. The launch of Tiaki - Care for New Zealand in November brought together TNZ, government and industry partners and New Zealanders to encourage visitors to stay safe, protect the environment and respect culture during their journeys in Aotearoa.

**STAKEHOLDER PERFORMANCE: TNZ'S OVERALL PERFORMANCE, AS RATED BY KEY STAKEHOLDERS**

**Target:** 86%

**Performance:** 72%


**Status:** Not achieved

### Profile: Encouraging campers to care for our home

In summer FY19 Tourism New Zealand, in partnership with the Ministry of Business, Innovation and Employment, launched the first Responsible Camping campaign. The campaign encouraged people who were camping to plan their journeys, use facilities, leave no trace and care for our home. Results were impressive, reaching nearly 2 million

people and contributing to fewer complaints to councils about negative camping behaviour. The campaign will be expanded and run again in FY20 with Tourism New Zealand working with all Councils, Regional Tourism Organisations and i-SITES to provide them with materials to educate campers on doing the right thing and caring for our home.

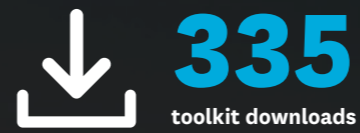


 Watch the video

# The 2018/2019 year

New Zealand is our home. It is precious, and everyone who lives and travels here has a responsibility to look after it.

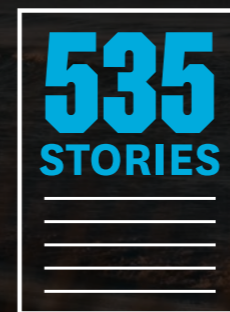
Industry engagement:



New Zealand engagement:



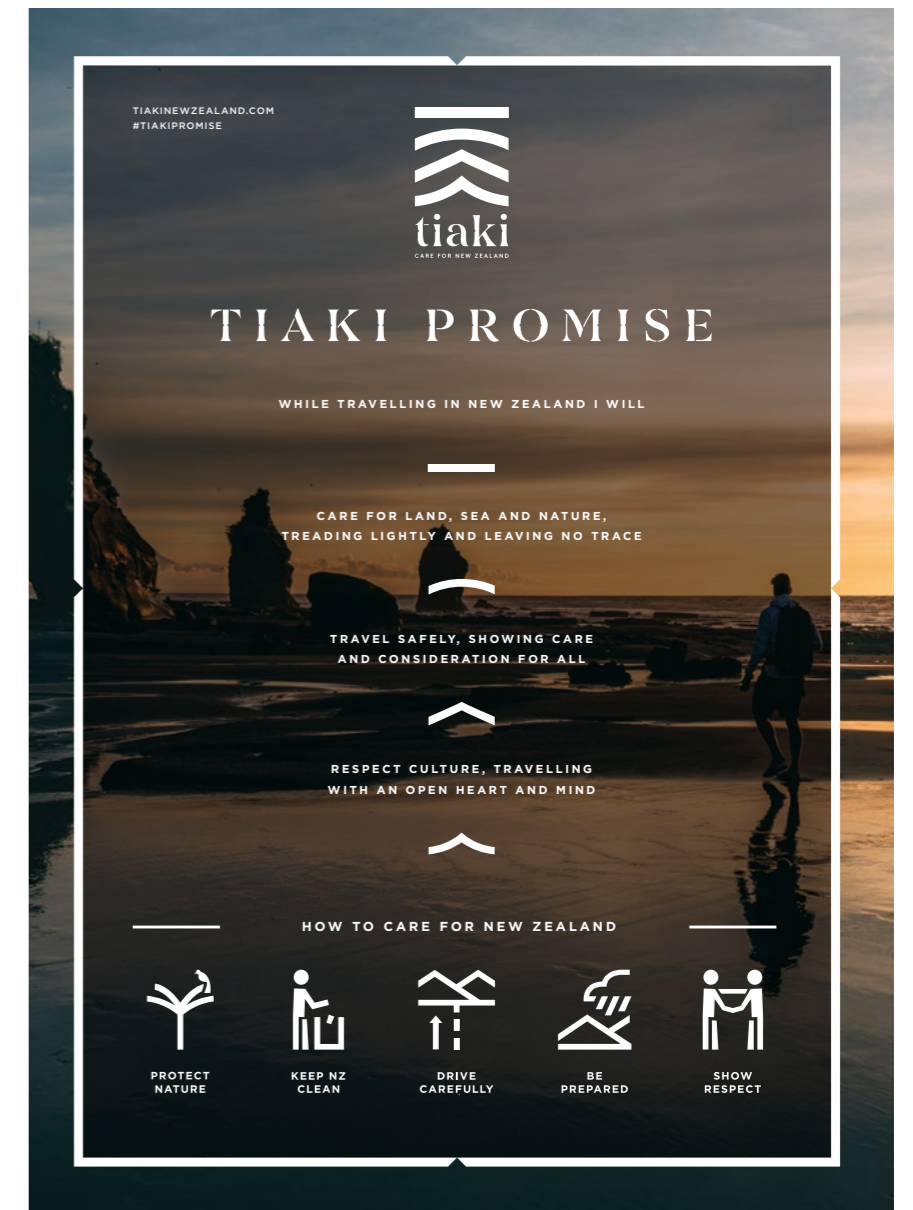
18% awareness of Tiaki from Air New Zealand My Voice survey



535 international media stories valued at over \$4.8 million in EAV

Watch the video

## Tiaki - Care for New Zealand



In November TNZ joined Air New Zealand, the Department of Conservation, Local Government New Zealand, New Zealand Māori Tourism, Tourism Holdings Ltd and Tourism Industry Aotearoa for the launch of Tiaki - Care for New Zealand, a platform for visitor behaviour engagement.

Through Tiaki - Care for New Zealand and the Tiaki Promise, our visitors learn how they can experience New Zealand in a way that keeps them safe, protects the natural environment, respects all cultures and preserves the country for future generations. The campaign reminds people to travel responsibly as they enjoy what our country

has to offer, making it clear what behaviours are expected from the basics, like putting rubbish in the bin to driving safely and showing care and consideration for all. The Tiaki Promise has a strong and meaningful foundation in Māori culture, recognising that people and land are interconnected. The Tiaki video has been shown on Air New Zealand flights, and tourism operators are able to utilise a toolkit of video and still materials to showcase Tiaki to visitors travelling around the country. Industry adoption of Tiaki was pushed at TRENZ and at other industry outreach events throughout the year.

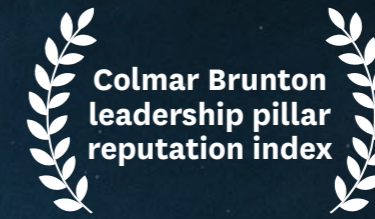


# Awards

## New Zealand's achievements and awards



rank 2



rank 1



Award for Bravery for 100% Pure New Zealand Australia-Land campaign



'It's My World Travel Award 2019'  
'Top 10 Most Popular Destinations'



National Tourism Office International  
(3rd year in a row)



Tourism Board of the Year



'Best Country' (6th year in a row)

**“This is one of the beautiful,  
most amazing spots for  
sunrises and views.”**



📍 Treble Cone, Wanaka  
Jess

From top left to right

- Jamie Tuuta
- Roger Sharp
- Mike O'Donnell
- Kauahi Ngapora
- Colleen Neville
- John Thorburn
- Jan Hunt



## Meet the Team

### The Board

#### Jamie Tuuta - Chair

Award winning Māori business leader Jamie Tuuta was first appointed to the Board in March 2013 and was appointed Chair in April 2019. Jamie also chairs Te Ohu Kaimoana, conservation project Taranaki Maunga and Māori Television, and was the Māori Trustee and Chief Executive of Te Tumu Paeroa. Jamie has held a range of governance positions in iwi development, agribusiness, fishing, investment, health, Māori development, tourism and education. In 2015 Jamie received the Young Māori Business Leader Award at the Aotearoa NZ Māori Business Leaders Awards, and was awarded the Sir Peter Blake Emerging Leadership Award in 2010.

#### Roger Sharp – Deputy Chair

Roger has over 30 years' experience in travel, technology and capital markets, and chairs global digital travel business, Webjet. Roger built and sold his first tech company in the 80s. He became an aviation banker in the 90s, advising on flagship transactions including the privatisations of Air New Zealand and Qantas. After working for one of the world's largest financial institutions, he founded a technology investment banking firm in 2003. Since then he has invested in and chaired several stock exchange listed companies including ASX-listed online travel agent travel.com.au Limited, which was sold to Wotif.com in 2008. Roger was officially appointed to the board on 1 December 2018 for a term ending on 30 June 2021.

#### Mike O'Donnell

Mike "MOD" O'Donnell is a full-time director with a background in eCommerce, technology, tourism and funds management. Mike is chairman of cloud-based booking platform Timely, and is a director of Kiwibank, Kiwiwealth, G2G Knowhow, Serato Music, Raygun Performance Software and Radio New Zealand. The former Chief Operating Officer of Trade Me and vWork, MOD previously chaired Positively Wellington Tourism and has managed several online travel businesses. MOD was appointed to the Board in October 2013.

#### Kauahi Ngapora

Kauahi is General Manager of Whale Watch Kaikoura Ltd and has 25 years of experience in the Māori tourism sector. His governance experience includes directorships at Tourism Industry Aotearoa and Whale Watch Australia. He has also been Chair of Destination Kaikoura and is a member of the Tourism Infrastructure Fund panel. Kauahi was awarded the Outstanding Māori Business Leader Award at the 2018 University of Auckland's Aotearoa Māori Business Leaders Awards. He was appointed to the Board in September 2018.

#### Colleen Neville

Colleen (Ngati Maniapoto, Waikato-Tainui) is the CEO of Te Arawa Group Holdings Limited, the commercial arm of Te Pumautanga o Te Arawa Trust. She has 16 years experience as a Chartered Accountant in diverse sectors including tourism, forestry, agribusiness and health services, and has extensive expertise in Māori post-settlement governance entities, Māori incorporations and Māori land trusts. Her governance experience has covered Scion, Poutama Trust, Te Ohu Kaimoana, Te Kakano Whakatipu Ltd, Te Arawa Agribusiness Ltd and Te Matai Pacific Iwi Collective. She was appointed to the Board in September 2018.

#### John Thorburn

John is Chief Executive of Entrada Travel Group and was previously the Chief Executive of Ngai Tahu Tourism. John is also Director of Intercity Group Australia Pty Limited. He has held senior positions in a range of industries, including manufacturing, marketing and telecommunications. John has also held previous board positions with the New Zealand Tourism Industry Aotearoa and the New Zealand Conservation Authority. John was appointed to the Board in August 2012.

#### Jan Hunt

Jan is a director at Skyline Enterprises and Jumping New Zealand. Previously she was a Board member of the Queenstown Chamber of Commerce and worked as a General Manager at Millbrook Resort, Sky City Hotel & Convention Centre, and Millennium Queenstown. Jan was appointed to the New Zealand Tourism Board in June 2017.

During FY19 we farewelled from the Board longstanding Chair of Tourism New Zealand Dame Kerry Prendergast (August 2011 to April 2019), Richard Leggatt (February 2010 – September 2018, Deputy Chair from December 2013); Raewyn Iodine (August 2015 – September 2018) and Chris Parkin (December 2013- September 2018). We thank all Board members for their outstanding contribution during FY19.

From top left to right

- Stephen England-Hall
- René de Monchy
- David Craig
- Sue Parcell
- Rebecca Ingram
- Natalie Haines
- Brendan Downey-Parish



## Meet the Team

### Our Executive Team

#### Stephen England-Hall, Chief Executive

Stephen England-Hall joined Tourism New Zealand as Chief Executive on 3 April 2017. Stephen has worked extensively in management consulting in the digital marketing, data, and technology sectors across New Zealand, the United Kingdom, and North America. Prior to joining Tourism New Zealand Stephen was Chief Executive Officer of Loyalty New Zealand, the company behind New Zealand's customer loyalty and data coalition, Fly Buys, and the analytics business LAB360.

He has a strong background in organisational leadership having held managerial positions including Chief Executive Officer, Managing Director, Growth and Innovation Director, and Chief Client Officer for social media marketing company Syncapse Corporation, global media agency Razorfish LLC (part of Publicis Groupe), DNA, EDS, BT Global Services, and CA Technologies.

As the Tourism New Zealand Chief Executive Stephen is also a Board member of the New Zealand China Council Board, the Tourism Industry Association, and The New Zealand Story. He sits on the New Zealand Screen Production Grant Panel, and Significant Economic Benefits Verification Panel.

#### René de Monchy, Director of Commercial

René de Monchy joined Tourism New Zealand in August 2015. René brings 15 years' global experience in consumer-led businesses including local and international marketing roles for Fonterra, Heineken, and Asia Pacific Breweries in Singapore.

The primary objective of the Commercial Director role is to lead the in-market commercial arm of Tourism New Zealand through leveraging global and local relationships, prudent fiscal management, strategic direction, coordinated and effective execution as well as insight-led investment of all in-market activities across the planning and partnerships, marcomms, trade and public relations teams.

#### David Craig, Acting Director Marketing

David was previously the General Manager - Asia at Tourism New Zealand from 2014 to 2017 and before that he led the development of Tourism New Zealand's Latin America strategy. As Acting Director Creative & Content David takes responsibility for the creative philosophy and the standard of creative output for the organisation, including leading the evolution of Tourism New Zealand's core creative narrative including the 100% Pure New Zealand brand. The role takes a multidisciplinary approach that works across marketing, PR and trade to ensure cohesive and powerful storytelling that engages minds and changes hearts such that the visitor ecosystem benefits New Zealand in the short and long term.

#### Sue Parcell, Chief Financial Officer

Sue is responsible for leading and managing the financial, treasury, property, legal, procurement, contract and vendor negotiation, compliance and risk management functions at TNZ. She also leads the sustainability and operational functions for TNZ and oversees the performance reporting function. Sue has Executive responsibility for Qualmark, TNZ's operator subsidiary. She has considerable experience in the tourism industry, including in senior finance and general management roles. Prior to TNZ she worked in finance roles in business services in New Zealand and overseas.

#### Rebecca Ingram, General Manager New Zealand and Government Relations

Rebecca joined Tourism New Zealand in July 2014 as General Manager, PR and Major Events and in June 2018 took up the position of General Manager New Zealand and Government Relations. In this role she is responsible for overseeing relationships with our key New Zealand stakeholders, including industry, government ministers and agencies, and overseeing Tourism New Zealand's internal and external communications and New Zealand campaign activity (e.g. Tiaki - Care for New Zealand). Rebecca has a strong background in public relations, marketing and communications having held senior

management roles for the Chartered Accountants Australia and New Zealand and Telecom New Zealand.

#### Natalie Haines, General Manager People & Culture

Natalie joined Tourism New Zealand in May 2018 and leads people, culture, safety and wellbeing functions for our organisation. She has experience in the fields of organisational change, capability development, culture and recruitment. Prior to joining Tourism New Zealand Natalie held senior people and culture roles at Contact Energy, and Oranga Tamariki - Ministry for Children. During this time both organisations were undergoing significant change.

#### Brendan Downey-Parish, General Manager CX, Technology & Data

Brendan joined Tourism New Zealand in January 2016 and in 2018 was appointed to the role of General Manager CX, Technology, & Data. In his role, Brendan leads a multi-disciplinary team to deliver a world class digital experience platform, drive impact by harnessing data for improved insight and ensure that TNZ customers have a seamless experience. Brendan has more than 15 years marketing & innovation expertise gained across the beverage, food and consumer goods sectors in New Zealand and internationally, including 7 years with Fonterra in the Middle East.



“Matt’s our quiet achiever, who makes a significant difference to everyone at Tourism New Zealand.”

“Gregg has made an outstanding contribution in his first year, bringing the team together and having an impact across the organisation.”

“Echo and Yvonne have achieved a fantastic result through their professional and savvy approach to a challenging project.”

## Meet the Team

### Our Whānau

By international standards Tourism New Zealand’s whānau is relatively small – with 160 staff working across our 13 locations globally.

Our whānau are the lifeblood of Tourism New Zealand. By international standards, we are a relatively small team – however what we lack in relative size we more than make up for in attitude, collaboration and drive.

Despite our geographical spread we are a close-knit team, aided by our intranet, Kōhanga, annual global community challenges, video conferences across business groups, weekly updates and bi-annual internal Whetū awards recognising outstanding work and success across our whānau. Winners from the bi-annual awards are automatically nominated for our annual Whetū Nui Awards, which are chosen by our executive team at the end of the calendar year. Winners receive our Whānau Pendant and Trophy.

- **Whetū Wheriko (glistening star)** – which is presented each year to an individual member of the whānau who has made an outstanding contribution to the organisation.
- **Whetū Mātaiata (morning star)** – recognising the achievement of someone who is new to the Tourism New Zealand whānau.
- **Whetū Nui (Super Star)** – selected from the list of nominees from the previous two Whetū rounds.



#### Whetū Wheriko

##### Matthew Moore

Information Systems Manager Matthew Moore was recognised as one of Tourism New Zealand’s ‘unsung heroes’ who always goes above and beyond for the organisation. He led our Office 365 Cloud migration project, which saw most of our IT systems upgraded and moved on to a Cloud platform, providing staff with a better user experience.



#### Whetū Mātaiata

##### Gregg Wafelbakker

General Manager Asia, Gregg Wafelbakker, joined our global whānau in July 2017 from roles as General Manager China and General Manager Marketing at Westland Milk Products. Since coming to TNZ, Gregg has made a significant impact by bringing our wider Asia markets together, working collaboratively to solve problems and living our new ways of working.



#### Whetū Nui winners

##### Echo Zhu and Yvonne Yang

Public Relations Manager Echo Zhu and Senior PR Officer Yvonne Yang from our Shanghai office received Whetū-Nui awards to mark their work on the successful Chef Nic project which saw more than 47 million views of the New Zealand episode of the food show and an EAV of over \$47 million.

## Meet the Team

### Governance

#### The Board

The New Zealand Tourism Board (trading as Tourism New Zealand) is a Crown entity established under the New Zealand Tourism Board Act 1991 and is a Crown agency for the purposes of the Crown Entities Act 2004.

Tourism New Zealand is governed by a Board appointed by the Minister of Tourism. All decisions relating to the operation of Tourism New Zealand are made by, or under the authority of, the Board in accordance with the New Zealand Tourism Board Act 1991, and the Crown Entities Act 2004.

In accordance with the New Zealand Tourism Board Act 1991, the Board must have no fewer than five, and no more than nine, members.

The Minister's formal line of accountability with Tourism New Zealand is through the Board's Chair. Board appointments are generally for two or three years, with reappointment possible. The composition of the Board reflects a balance of tourism industry and commercial expertise.

The Board meets at least six times a year, including a two-day meeting to review the organisation's ongoing strategic direction. This strategy meeting initiates the business planning process and informs the preparation of the annual Statement of Intent.

#### Delegation

The Board delegates day-to-day management of Tourism New Zealand to the Chief Executive who is directly accountable to the Board through the Chair. Tourism New Zealand's Delegated Authorities Policy is set by the Board and reviewed annually.

Appropriate formal processes are in place for reporting back to the Board.

#### Induction and Development

Tourism New Zealand introduces each new board member to the organisation through an induction process, which includes time spent with senior executives and their teams. Members are also encouraged, where appropriate, to attend tourism-related events such as TRENZ and other industry events.

#### Conduct

Tourism New Zealand expects all its employees and board members to maintain the highest ethical standards. Tourism New Zealand has in place an employee code of conduct, which all staff sign on joining the organisation. Tourism New Zealand also has a formal code of conduct for its board members, which is consistent with the code released by the State Services Commission.

#### Disclosure of Interests

The Board is conscious of its obligations to ensure that board members avoid any conflicts of interest in their decision-making process. The Board ensures that a proper process is followed and that members' interests are formally recorded, with any changes or additions being disclosed at the start of each meeting. Members excuse themselves from any discussions in which their duty as a member could be compromised.

#### Risk Management

Tourism New Zealand manages its risks through a risk management framework; a process that requires it to identify legislative and business risks arising from its strategic direction and operating environment.

Tourism New Zealand's Risk Management Policy is reviewed annually by the Audit Committee. The Chief Executive reports to the Board on the matter of new or escalated risks and the processes in place to manage these appropriately.

Tourism New Zealand conducts its own internal audits. Audits are agreed by the Audit Committee and programmes of work are developed with input by Tourism New Zealand's external auditors. The results are reported back to the Audit Committee.

#### Board Committees

Committees of the Board are convened to deal with specific matters and include the Audit Committee and Remuneration Committee.

The Audit Committee meets at least three times a year. It reviews Tourism New Zealand's internal control framework, external audit relationships and engagements, risk management, health and safety management, and financial reporting, including International Financial Reporting Standards (IFRS).

The Remuneration Committee meets three times per year. It reviews the performance and remuneration of the Chief Executive. The committee approves the organisation-wide remuneration policy, and remuneration changes for the Executive team.

#### Subsidiary companies

Tourism New Zealand has two subsidiary companies: Qualmark New Zealand (wholly owned), and the Visitor Information Network Incorporated, trading as i-SITE New Zealand. Legally Tourism New Zealand owns the Visitor Information Network, however, each of the 80-plus i-SITES in New Zealand are individually owned and operated<sup>7</sup>.

A member of Tourism New Zealand's Executive Team chairs the i-SITE Board and the i-SITE executive comprises two Tourism New Zealand staff members. Qualmark New Zealand is chaired by Tourism New Zealand's Chief Financial Officer.



# Meet the Team

## Our People

Under Section 151 (1)(g) of the Crown Entities Act, Tourism New Zealand is required to provide information about compliance with obligations to be a good employer, including its Equal Employment Opportunities (EEO) Programme. Set out below is a work place profile for Tourism New Zealand as at 30 June 2019.

Tourism New Zealand operates in 12 offshore markets and employs people of different nationalities, race and ethnicity. We recognise the value of a diverse workforce and the importance of working together to deliver outcomes.

# Meet the Team

## Our commitment to being a good employer

Tourism New Zealand prides itself on being a good employer. We are committed to equal employment opportunities. Our status as a good employer is assessed against the Human Right's Commission's seven elements of being a good employer.

We ensure we are engaging and enabling our employees through our People Plan which has four commitments to support our employees to enrich New Zealand:

- Embody our values and brand
- Focus on delivering value
- Embrace the future
- Enrich our wellbeing

### 1. Leadership, culture and accountability

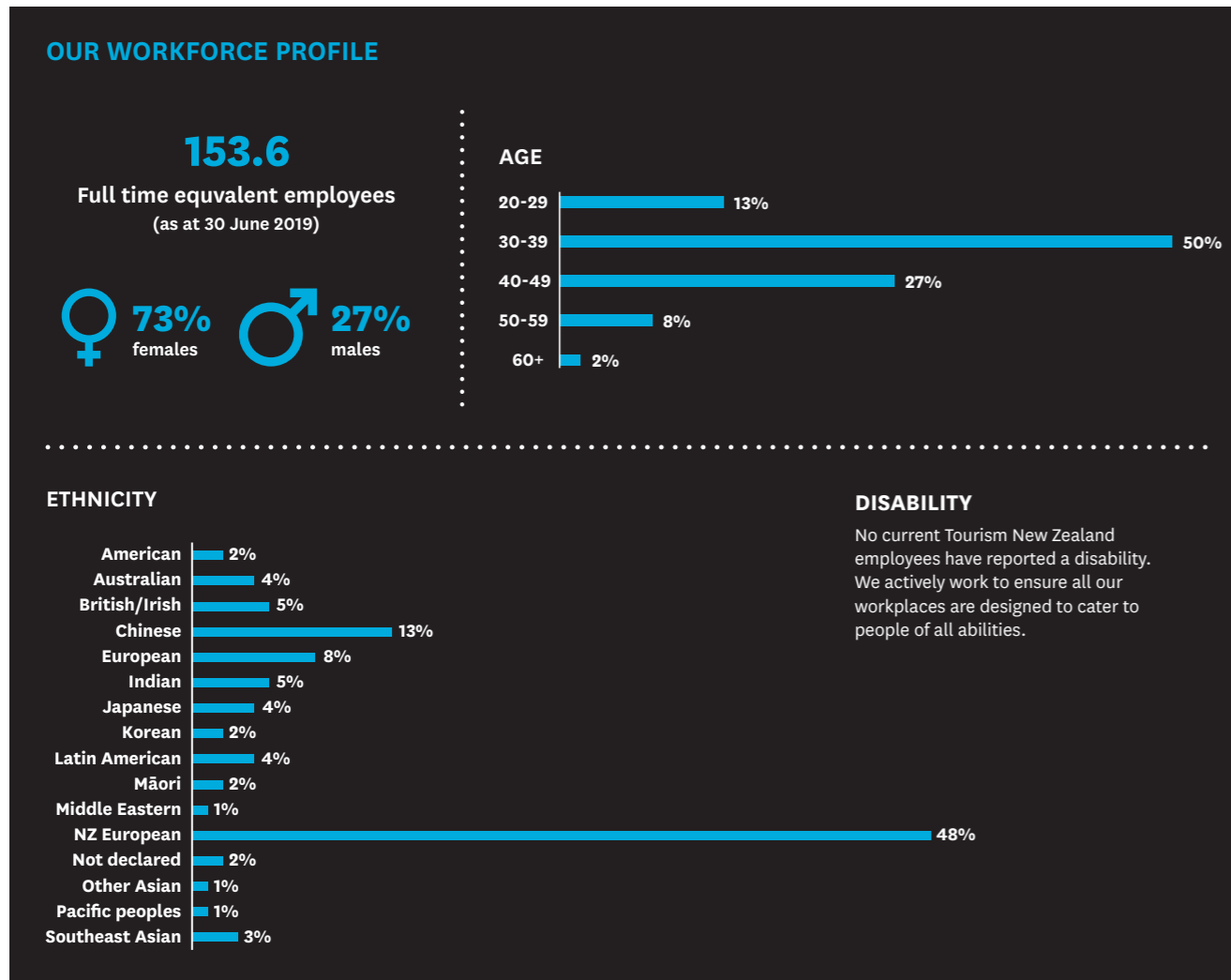
This year we took the opportunity to review our organisation values and employees helped design a new set of values to support our efforts to enrich New Zealand. The new values are courage (māia), care (manaaki) and connection (hononga) each value has a question to help employees check they're living the values. Living these values has been reinforced through our development, recognition and induction activities (see table below for these values).

Twice a year we carry out our Kōrero Mai (have your say) survey with employees to understand employee engagement. Employee engagement

continues to be at a high level and increased during the year from 72% to 74%.

Employee contributions are celebrated through our Whetū recognition programme. Employees who have displayed our values in their work, and their actions have had a positive impact on enriching New Zealand are nominated by their colleagues for a Whetū award.

Our leadership and management team are committed to demonstrating leadership and accountability in all areas of EEO and, from an EEO perspective, this means a commitment to, and activity in, the following areas.



Value	Question	Whakatauki
<b>COURAGE</b> <i>Māia</i>	Is this extraordinary work? <i>Ko te whakamana te whai?</i>	<b>Kia kaha, kia māia, kia manawanui</b> <i>Big hearted, dedicated, courageous.</i>
<b>CARE</b> <i>Manaaki</i>	Will this create a better future? <i>He ao houkura te whai?</i>	<b>Manaaki whenua, manaaki tangata, haere whaka mua</b> <i>Care for land, care for people, go forward.</i>
<b>CONNECTION</b> <i>Hononga</i>	Are you building on the strength of our global whānau? <i>Te whakamānawa i ngā hononga ā-iwi whānui o te ao te whai?</i>	<b>Ehara taku toa i te toa takatahi, engari he toa takitini</b> <i>My strength is not from me alone, but from many.</i>

# Meet the Team

## Our commitment to being a good employer

### 2. Recruitment, selection and on-boarding

Our recruitment and selection procedures ensure that all prospective employees are given the opportunity to participate equally in the recruitment process. The selection process typically involves a structured competency interview, reference checking, screening, and for senior positions psychometric assessment, all of which support EEO principles.

All new employees participate in our induction programme called Whānau Welcome. This programme supports employees to connect to our purpose and values, understand our strategy and how the organisation works, and foster networks across the organisation. This year a noho marae was included to gain a deeper understanding of Māori culture.

This year we refreshed our onboarding surveys to gain insights from employees within their first two weeks and first three months of employment. This allows us to respond quickly to any gaps in our induction process.

### 3. Employee development, promotion and exit

A programme to further develop the leadership capability in all our employees was launched. This programme is focused on supporting our employees to realise our aspirations of enriching New Zealand. The programme is half-way through implementation and all employees will have completed the programme by the end of financial year 2020.

People leaders are supported through ongoing development workshops as part of this programme to ensure learning continues in their team. People leaders have also been supported with workshops to further develop their people management capability in the area of giving and receiving feedback.

This year there has been increased focus on building capability to embrace our cultural heritage and share it with the world. Employees have been supported with pronunciation; welcoming with a pepeha, waiata and karakia; understanding Māori values; and embracing Māori culture through our people. We have developed a Māori language plan and a mahi tahi was signed with Te Taura Whiri i te Reo Māori (Māori Language Commission) to support efforts to revitalise te reo.

We value internal mobility within the organisation and continued to see a high number of roles being filled internally with 26% of roles filled by existing Tourism New Zealand employees this year.

This year we refreshed our exit survey to provide us further insights from employees at the time they leave the organisation.

### 4. Flexibility and work design

Tourism New Zealand continues to support flexible working arrangements and this year a programme of work was undertaken to further embrace flexible working. The approach adopted balanced the needs of the individual, team and organisation. We learned that it is best to take a team approach to adopting increased flexible working and this is done by team learning and adjustment, with a focus on communication, connection and collaboration. The team approach to flexible working has been piloted in three teams and will be rolled out to all teams over the next financial year. Whilst flexible working is not everyone's preference, it does mean a lot to many of our global whānau.

### 5. Remuneration, recognition and conditions

Tourism New Zealand's reward practices value everyone's contribution, recognises performance, are fair and equitable, consider internal and external relativities and affordability to support achievement of business objectives. Tourism New Zealand remuneration practice is supported by independent job evaluation methodology and market remuneration information to establish salary ranges. Individuals identified as not meeting the requirements of their role are provided with support and development where required. To help support pay equity all employees on parental leave receive a remuneration review.

### 6. Harassment and bullying prevention

Tourism New Zealand reviewed and updated its Bullying, Harassment and Discrimination Prevention Policy to ensure that employees and contractors work in an environment where they feel comfortable and respected. Employees at Tourism New Zealand work with a wide range of external stakeholders and to support them with this all new

employees attend 'Great Hosting' training. Included in this training programme is the development of skills, knowledge and confidence to respond and take action should they experience or witness unprofessional behaviour.

### 7. Safety and healthy environment

To build on the good progress Tourism New Zealand has made in ensuring a safe work environment a greater focus on wellbeing has been initiated this year. Work has been carried out to better understand the wellbeing and safety culture at Tourism New Zealand. The findings show that Tourism New Zealand employees hold strong overall mindsets about wellbeing and safety. Opportunities were highlighted to further strength organisational practices to match these mindsets, particularly in the case of wellbeing. This has formed a programme of work that will help ensure a safe and healthy work environment.

Two Safety and Wellbeing Committees help ensure employee participation in safety and wellbeing across the time-zones in the 12 countries in which Tourism New Zealand operates. Tourism New Zealand has continued to provide driver training programmes to ensure that all staff who host and drive are skilled to do so safely and to a high standard. Measures indicate these programmes continue to be very successful and our employees feel increasingly that safety and wellbeing is well managed. Workplace assessments and the provision of special equipment continues to be provided to ensure that employees are able to contribute safely and effectively.





## Financials

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### Financial statements

**In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of the New Zealand Tourism Board's financial statements and statement of service performance, and for the judgments made in them.**

**The Board of New Zealand Tourism Board has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.**

**In the Board's opinion, these financial statements and statement of service performance give a true and fair view of the financial position and operation of the New Zealand Tourism Board Group for the year ended 30 June 2019.**

**The Members of the New Zealand Tourism Board and Group authorised these financial statements for issue on 4 October 2019.**

**Signed on behalf of the Board:**



Jamie Tuuta  
Chair  
4 October 2019



John Thorburn  
Chair of the Audit Committee  
4 October 2019



## Financial statements

### Statement of comprehensive revenue and expense

for the year ended 30 June 2019

Notes	Group			Parent			
	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	
<b>Revenue from non-exchange transactions</b>							
*Revenue from Crown	2	111,739	111,480	117,350	111,739	111,480	117,350
Other revenue	3	831	1,100	1,171	831	1,100	1,171
<b>Revenue from exchange transactions</b>							
Interest income		136	45	60	136	45	60
Other revenue	3	5,004	3,509	5,940	3,440	1,637	4,452
<b>Total revenue</b>		<b>117,710</b>	<b>116,134</b>	<b>124,521</b>	<b>116,146</b>	<b>114,262</b>	<b>123,033</b>
<b>Expenditure</b>							
Other expenses	4	114,503	115,196	127,174	112,778	113,364	125,613
Depreciation and amortisation	11,12	1,005	968	932	958	898	883
<b>Total expenditure</b>	<b>5</b>	<b>115,508</b>	<b>116,164</b>	<b>128,106</b>	<b>113,736</b>	<b>114,262</b>	<b>126,496</b>
<b>Net operating surplus/(deficit) before foreign exchange and taxation</b>		<b>2,202</b>	<b>(30)</b>	<b>(3,585)</b>	<b>2,410</b>	<b>-</b>	<b>(3,463)</b>
Fair value gain (losses) on derivative financial instruments	10	(3,989)	-	4,249	(3,989)	-	4,249
Income tax expense	20	-	-	-	-	-	-
<b>Net surplus/(deficit) for the year</b>		<b>(1,787)</b>	<b>(30)</b>	<b>664</b>	<b>(1,579)</b>	<b>-</b>	<b>786</b>
<b>Total comprehensive revenue and (expense) for the year</b>		<b>(1,787)</b>	<b>(30)</b>	<b>664</b>	<b>(1,579)</b>	<b>-</b>	<b>786</b>
Transfer from / (to) foreign exchange reserves	17	151	-	1,066	151	-	1,066
<b>Net operating surplus/(deficit) after foreign exchange transfer</b>		<b>(1,636)</b>	<b>(30)</b>	<b>1,730</b>	<b>(1,428)</b>	<b>-</b>	<b>1,852</b>
<b>Net surplus/(deficit) for the year is attributable to:</b>							
Non-controlling interest	6	(17)	(30)	97	-	-	-
Owners of the parent		(1,770)	-	567	(1,579)	-	786
		<b>(1,787)</b>	<b>(30)</b>	<b>664</b>	<b>(1,579)</b>	<b>-</b>	<b>786</b>
<b>Total comprehensive revenue and (expense) for the year is attributable to:</b>							
Non-controlling interest	6	(17)	(30)	97	-	-	-
Owners of the parent		(1,770)	-	567	(1,579)	-	786
		<b>(1,787)</b>	<b>(30)</b>	<b>664</b>	<b>(1,579)</b>	<b>-</b>	<b>786</b>
		<b>1,519</b>	<b>-</b>	<b>-</b>	<b>1,519</b>	<b>-</b>	<b>-</b>

\*Due to the Christchurch terrorist attacks in March 2019, and the resulting impact on Tourism New Zealand's activity, the Ministry of Business, Innovation and Employment (MBIE) approved the carry-over of funds not spent in FY19 into FY20.

### Statement of changes in equity

for the year ended 30 June 2019

Notes	Parent			
	Shareholders Equity \$000s	Foreign Exchange Reserve \$000s	Accumulated Comprehensive Revenue and Expense \$000s	Total \$000s
<b>Balance at 1 July 2018</b>	1,805	5,858	(1,409)	6,254
Total comprehensive revenue and expense for the year	-	-	(1,579)	(1,579)
Transfer from / (to) retained earnings to foreign exchange reserve	-	(151)	151	-
Net total after foreign exchange transfer	-	(151)	(1,428)	(1,579)
<b>Balance at 30 June 2019</b>	<b>1,805</b>	<b>5,707</b>	<b>(2,837)</b>	<b>4,673</b>

### Statement of changes in equity

for the year ended 30 June 2018

Notes	Parent			
	Shareholders Equity \$000s	Foreign Exchange Reserve \$000s	Accumulated Comprehensive Revenue and Expense \$000s	Total \$000s
<b>Balance at 1 July 2017</b>	1,805	6,924	(3,261)	5,468
Total comprehensive revenue and expense for the year	-	-	786	786
Transfer from / (to) retained earnings to foreign exchange reserve	-	(1,066)	1,066	-
Net total after foreign exchange transfer	-	(1,066)	1,852	786
<b>Balance at 30 June 2018</b>	<b>1,805</b>	<b>5,858</b>	<b>(1,409)</b>	<b>6,253</b>

### Statement of changes in equity

for the year ended 30 June 2019

Notes	Group				
	Shareholders Equity \$000s	Foreign Exchange Reserve \$000s	Accumulated Comprehensive Revenue and Expense \$000s	Non-Controlling Interest \$000s	Total \$000s
<b>Balance at 1 July 2019</b>	1,805	5,858	(1,967)	280	5,980
Total comprehensive revenue and expense for the year	-	-	(1,770)	(17)	(1,787)
Transfer from / (to) retained earnings to foreign exchange reserve	-	(151)	151	-	-
Net total after foreign exchange transfer	-	(151)	(1,619)	(17)	(1,787)
<b>Balance at 30 June 2019</b>	<b>1,805</b>	<b>5,707</b>	<b>(3,586)</b>	<b>263</b>	<b>4,189</b>

### Statement of changes in equity

for the year ended 30 June 2018

Notes	Group				
	Shareholders Equity \$000s	Foreign Exchange Reserve \$000s	Accumulated Comprehensive Revenue and Expense \$000s	Non-Controlling Interest \$000s	Total \$000s
<b>Balance at 1 July 2017</b>	1,805	6,924	(3,601)	183	5,311
Total comprehensive revenue and expense for the year	-	-	568	97	665
Transfer from / (to) retained earnings to foreign exchange reserve	-	(1,066)	1,066	-	-
Net total after foreign exchange transfer	-	(1,066)	1,634	97	665
<b>Balance at 30 June 2018</b>	<b>1,805</b>	<b>5,858</b>	<b>(1,967)</b>	<b>280</b>	<b>5,980</b>

The notes and accounting policies on pages 56 to 58 form part of and are to be read in conjunction with these financial statements.

The notes and accounting policies on pages 56 to 58 form part of and are to be read in conjunction with these financial statements.

## Financial statements

### Statement of financial position

for the year ended 30 June 2019

Notes	Group			Parent			
	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	
<b>Current Assets</b>							
Cash and cash equivalents	8	12,010	5,355	5,305	11,767	5,000	4,978
Receivables from non-exchange transactions	9	14	177	151	14	160	151
Receivables from exchange transactions	9	2,225	2,388	1,474	2,150	2,200	1,453
Prepayments and other current assets		1,738	1,400	1,645	1,729	1,400	1,645
Derivative financial instruments	10	-	1,456	2,969	-	1,456	2,969
		15,987	10,776	11,544	15,660	10,216	11,196
<b>Non-current Assets</b>							
Property, plant and equipment	11	2,020	1,407	1,841	2,019	1,404	1,836
Intangible assets	12	813	1,009	971	728	954	903
Accommodation bonds	13	368	350	388	368	350	388
Investment in subsidiary	6	-	260	-	260	260	260
Derivative financial instruments	10	-	177	-	-	177	-
		3,201	3,203	3,200	3,375	3,145	3,387
<b>Total Assets</b>		19,188	13,979	14,704	19,035	13,361	14,583
<b>Current Liabilities</b>							
Creditors and other payables	14	10,263	4,948	6,750	9,889	4,800	6,539
Employee entitlements	15	820	831	763	803	800	743
Invoiced in advance		2,050	719	736	1,803	500	533
Provisions	16	196	120	165	196	120	165
Current Lease Incentive Liability		88	-	52	88	-	52
Derivative financial instruments	10	1,020	-	-	1,020	-	-
		14,437	6,618	8,466	13,799	6,220	8,032
<b>Non-current Liabilities</b>							
Provisions	16	190	150	96	190	150	96
Derivative financial instruments	10	-	-	-	-	-	-
Long Term Lease Incentive Liability		373	-	202	373	-	202
		563	150	298	563	150	298
<b>Total Liabilities</b>		15,000	6,768	8,764	14,362	6,370	8,330
<b>Net Assets</b>		4,189	7,211	5,980	4,673	6,991	6,253
<b>Equity</b>							
<b>Equity attributable to equity holders of the parent</b>							
Shareholder's Equity		1,805	1,805	1,805	1,805	1,805	1,805
Accumulated Comprehensive Revenue and Expense		(3,586)	1,083	(1,967)	(2,837)	1,065	(1,409)
Foreign Exchange Reserve	17	5,707	4,121	5,858	5,707	4,121	5,858
<b>Parent interests</b>		3,926	7,009	5,696	4,673	6,991	6,253
<b>Non-controlling interests</b>	6	263	202	280	-	-	-
<b>Total Equity</b>		4,189	7,211	5,980	4,673	6,991	6,253

The notes and accounting policies on pages 56 to 58 form part of and are to be read in conjunction with these financial statements.

### Statement of cash flows

for the year ended 30 June 2019

Notes	Group			Parent			
	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	2019 Actual \$000s	2019 Budget \$000s	2018 Actual \$000s	
<b>Cash flows from operating activities</b>							
Crown revenue		111,739	111,480	117,350	111,739	111,480	117,350
Interest received		136	45	60	136	45	60
Other revenue from non-exchange transactions		950	1,100	1,132	950	1,100	1,131
Other revenue from exchange transactions		4,415	3,253	6,503	2,834	1,637	5,100
Payments to suppliers and employees		(109,131)	(114,933)	(124,368)	(107,467)	(113,962)	(122,954)
Goods and services tax (net)		(322)	-	440	(381)	-	458
<b>Net cash inflow/(outflow) from operating activities</b>	18	7,787	945	1,117	7,811	300	1,145
<b>Cash flows from investing activities</b>							
Purchase of property, plant and equipment		(1,093)	(300)	(613)	(954)	(300)	(494)
Purchase of intangible assets		-	-	-	(79)	-	(118)
Payments for accommodation bonds		(5)	-	(24)	(3)	-	(24)
Repayment of accommodation bonds		28	-	-	28	-	-
<b>Net cash inflow/(outflow) from investing activities</b>		(1,070)	(300)	(637)	(1,008)	(300)	(636)
<b>Cash flows from financing activities</b>							
Capital contribution		-	-	-	-	-	(200)
Non controlling interest capital contribution		-	-	-	-	-	-
<b>Net cash inflow/(outflow) from financing activities</b>		-	-	-	-	-	(200)
<b>Net decrease in cash held</b>		6,718	645	480	6,803	-	309
Effect of exchange rates on foreign currency balances		(12)	-	(103)	(12)	-	(103)
Opening cash brought forward		5,304	5,355	4,927	4,976	5,000	4,770
<b>Cash at end of year</b>	8	12,010	6,000	5,304	11,767	5,000	4,976

The notes and accounting policies on pages 56 to 58 form part of and are to be read in conjunction with these financial statements.

# Notes to the financial statements

## Note 1

### (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.

The financial statements for Tourism New Zealand (the parent) and its controlled subsidiaries (collectively the Group) are for the year ended 30 June 2019.

### (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) accounting 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 issued but not yet effective

There have been no changes in the accounting policies of the Group in the year ended 30 June 2019, other than the adoption of amendments to PBE Standards as disclosed below. Other than the changes disclosed below, all accounting policies and disclosures are consistent with those applied by the Group in the previous financial year.

PBE IFRS 9 – Financial Instruments – The amendments have minimal impact on the Group. The standard was applied retrospectively and the adoption did not have any impact on the amounts recognised in the financial statements.

The External Reporting Board has also issued amendments to the following standards to incorporate requirements and guidance for the

Standard	Title	Application date	
PBE IPSAS 21, PBE IPSAS 26	PBE Standards on interests in other entities: Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26)	1 July 2019	
PBE IPSAS 34, PBE IPSAS 35, PBE IPSAS 36, PBE IPSAS 37, PBE IPSAS 38, PBE IPSAS 39	PBE IPSAS 34 Separate Financial Statements PBE IPSAS 35 Consolidated Financial Statements PBE IPSAS 36 Investments in Associates and Joint Ventures PBE IPSAS 37 Joint Arrangements PBE IPSAS 38 Disclosure of Interests in Other Entities Employee Benefits		
PBE FRS 48	Service Performance Reporting		1 July 2021

not-for-profit sector. These amendments apply to PBEs with reporting periods beginning on or after 1 July 2019. Tourism New Zealand expects there will be minimal or no change in applying these updated accounting standards.

### (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). Subsidiaries are combined using the acquisition method of combination. 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 Tourism New Zealand 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

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

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

### (h) Intangible assets

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

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

Research costs are expensed as incurred.

### (i) Trade and other receivables

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

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

### (j) 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.

### (k) Provisions

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

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

### (l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance

of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

The Group does not enter into finance leases.

### (m) Revenue

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

### Revenue from non-exchange transactions

**Grants received from the Crown:** Grants 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 Tourism New Zealand and are therefore considered as non-exchange transactions.

Revenue is recognised at fair value of cash received or receivable when the risks and rewards of ownership are transferred to the buyer at the time of delivery of goods to the customer.

The services provided have a return obligation and therefore the revenue from 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.

### 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.

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

### (n) Income tax

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

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

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit 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.

**(o) Other taxes**

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

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

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

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

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

**(p) Financial instruments**

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair

value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the Statement of comprehensive 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.

**(q) 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.

**Note 2**

**Revenue from Crown**

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Baseline Funding	115,351	121,460	115,351	121,460
<b>During the year, additional funding was provided by the Crown for the following:</b>				
Additional Crown Funding	332	-	332	-
Total revenue received from the Crown	115,683	121,460	115,683	121,460
Less GST	3,944	4,110	3,944	4,110
Net revenue received from the Crown	111,739	117,350	111,739	117,350

**Note 3**

**Other revenue**

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Sales and Partnership revenue from exchange transactions	5,004	5,940	3,440	4,452
Sales and other revenue from non-exchange transactions	831	1,171	831	1,171
Total Other revenue	5,835	7,111	4,271	5,623

**Note 4**

**Other expenses include:**

	Group		Parent	
	2019	2018	2019	2018
<b>Personnel expenses</b>				
Number of permanent and fixed term staff	160	157	154	153
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Salaries and wages	18,014	18,053	17,516	17,474
Employer superannuation contributions	418	444	403	427
Increase/(decrease) in employee entitlements (note 15)	57	(37)	60	(23)
Other personnel expenses	1,405	1,669	1,380	1,636
	19,895	20,130	19,359	19,515
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Personnel costs for New Zealand and offshore staff were:				
New Zealand Personnel Expenses - Tourism New Zealand	10,710	11,277	10,710	11,277
New Zealand Personnel Expenses - Subsidiaries	535	615	-	-
Offshore Personnel Expenses	8,649	8,238	8,649	8,238
	19,894	20,130	19,359	19,515
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Compensation or other benefits paid to ceased staff	78	263	78	263
	2019	2018	2019	2018
Number of ceased staff	2	8	2	8
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Auditor's remuneration</b>				
Amounts received or due and receivable by Ernst & Young for:				
The audit of the financial statements	86	90	86	81
	86	90	86	81
Amounts received or due and receivable by auditors other than Ernst & Young New Zealand for:				
The audit of the financial statements of subsidiary entities	9	9	-	-
Other assurance services	37	17	36	15
	133	117	122	96
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Other expenses</b>				
Loss on disposal of property, plant and equipment	67	18	67	18
Lease expense	2,362	2,560	2,362	2,556
Remuneration of board members of Parent (See also note 30)	176	190	176	190

## Note 5

### Total expenditure of parent

	Parent	
	2019 \$000s	2018 \$000s
<b>Total expenditure by geographic region:</b>		
Australia	17,448	20,823
North America	16,473	19,889
China	11,931	14,854
United Kingdom and Europe	9,878	11,229
Japan	5,083	4,512
Asia	10,115	10,649
Other markets	2,606	2,997
New Zealand (a)	40,202	41,543
<b>Total Expenditure of Parent</b>	<b>113,736</b>	<b>126,496</b>

(a) New Zealand expenditure includes costs that apply to all markets and across a number of campaigns including spend on the 100% Pure New Zealand Campaign, brand development and the continued development of the newzealand.com website.

## Note 6

### Subsidiary companies

	Interest Held		Interest Held	
	2019	2018	2019	2018
Qualmark New Zealand Limited	100%	100%	100%	100%
Visitor Information Network Incorporated (trading as i-SITE NZ)	0%	0%	0%	0%

The financial year-end of both subsidiaries is 30 June.

### Qualmark New Zealand Limited

Qualmark New Zealand Limited is New Zealand tourism's official quality agency. Qualmark licenses professional and trustworthy New Zealand tourism businesses to use the Qualmark® - tourism's official quality mark - to help international and domestic travellers select places to stay, things to do and ways to get around.

Qualmark's core activities are based around determining the eligibility of businesses to enter the licensing system. This is achieved by way of assessment, promoting and working with Qualmark® licensees and working closely with other organisations and sectors within the tourism industry. By doing so, quality standards are raised and New Zealand tourism businesses improved based on best-practice.

### Visitor Information Network Incorporated (trading as i-SITE NZ)

Tourism New Zealand has control of Visitor Information Network Incorporated (VIN Inc), trading as i-SITE New Zealand, effective 21 August 2002.

Tourism New Zealand and i-SITE New Zealand have a relationship agreement that recognises the importance of having an effective and high quality network of visitor information centres, dedicated to delivering free, comprehensive and objective information. The terms and conditions of the relationship agreement mean that Tourism New Zealand meets the criteria determined in PBE IPSAS 6 for consolidating investments in subsidiaries.

The i-SITE brand creates a distinctive look, which distinguishes the official network from other information centres. The i-SITE Visitor Centres provide on-the-ground information to ensure the visitor experience is as enjoyable as possible.

## Note 7

### Joint Venture company

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
The New Zealand Way Limited	-	-	-	-

The financial year-end of The New Zealand Way Limited is 30 June.

Tourism New Zealand has a 50% shareholding in The New Zealand Way Limited. This Company is the operating entity of a joint venture between Tourism New Zealand and New Zealand Trade & Enterprise. The activities of the joint venture is limited to the marketing and promotion of Brand New Zealand (both within New Zealand and offshore), the licensing and control of the use of Intellectual Property, and such other activities as may be unanimously agreed in writing by the parties. The New Zealand Way Brand provides marketing opportunities to those companies which meet quality and environmental standards. The Brand is promoted as a mark of outstanding quality, superior service and unique New Zealand characteristics. There were no impairment losses relating to the investment in Joint Venture. There were also no capital commitments or other commitments relating to the Joint Venture.

During the year, there were no transactions in The New Zealand Way Limited (2018: Nil). Therefore the share of Joint Venture's revenue and (deficit)/surplus for the year is Nil (2018: Nil).

At year end, The New Zealand Way Limited's Net Assets were Nil (2018: Nil). Therefore the carrying amount in the Joint Venture at year end is Nil (2018: Nil).

## Note 8

### Cash and cash equivalents

	Group		Parent	
	2019	2018	2019	2018
<b>Cash holdings:</b>				
Cash at bank and in hand	3,525	3,550	3,282	3,223
Call accounts - foreign currencies	3,177	1,754	3,177	1,754
Call accounts - New Zealand dollar	5,309	1	5,309	1
	12,010	5,305	11,767	4,978

Cash at bank and in hand generally earns interest at floating rates based on daily bank deposit rates. Call account deposits are made depending on the immediate cash requirements of the Group, and earn interest at the respective money market call rates.

	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Cash Holdings by Currency:</b>				
New Zealand Dollar	6,712	1,886	6,469	1,559
United States Dollar	211	868	211	868
British Pound	206	301	206	301
Australian Dollar	2,094	516	2,094	516
European Euro	925	606	925	606
Japanese Yen	520	385	520	385
Singapore Dollar	228	129	228	129
Canadian Dollar	25	12	25	12
Indian Rupee	992	475	992	475
Other Asian Currencies	98	127	98	127
	12,010	5,305	11,767	4,978

### Cash Holdings by Bank:

HSBC Bank	6,142	4,799	5,899	4,472
ANZ Bank	5,648	325	5,648	325
ASB Bank	-	22	-	22
Bank of New Zealand	-	2	-	2
Tokyo Mitsubishi	220	157	220	157
	12,010	5,305	11,767	4,978

The fair value of cash and cash equivalents for the Group is \$12,010,000 (2018: \$5,305,000) and \$11,767,000 (2018: \$4,978,000) for the Parent. Tourism New Zealand holds a stand by Letter of Credit with HSBC bank for an amount of \$360,000 to serve as security against any non-payment of payroll. This letter of credit has no expiry date. HSBC also provides a financial guarantee to Datacom Business Services, Tourism New Zealand's payroll processor for Australian payroll an amount of AUD 42,000. Further, a financial guarantee for an amount of AUD 102,246 is also provided by HSBC bank for Sydney office rent until 26 May 2025. A cheque encashment facility for \$1,000 also exists with HSBC. Qualmark holds a stand by Letter of Credit with HSBC for an amount of \$26,000 to serve as security against any non-payment of payroll. This letter of credit has no expiry date.

**Note 9**

**Receivables**

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Receivables	14	151	14	151
Less: Provision for impairment	-	-	-	-
	14	151	14	151

Receivables from non-exchange transactions are non-interest bearing and are generally on 30-day terms. The carrying value of receivables approximates their fair value. As at 30 June 2019 and 2018, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	Parent					
	2019			2018		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Not past due	14	-	14	59	-	59
Past due 1 - 30 days	-	-	-	51	-	51
Past due 31 - 60 days	-	-	-	22	-	22
Past due 61 - 90 days	-	-	-	-	-	-
Past due > 91 days	-	-	-	19	-	19
	14	-	14	151	-	151

	Group					
	2019			2018		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Not past due	14	-	14	59	-	59
Past due 1 - 30 days	-	-	-	51	-	51
Past due 31 - 60 days	-	-	-	22	-	22
Past due 61 - 90 days	-	-	-	-	-	-
Past due > 91 days	-	-	-	19	-	19
	14	-	14	151	-	151

**Receivables from exchange transactions**

	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Receivables	2,225	1,474	2,150	1,453
Less: Provision for impairment	-	-	-	-
	2,225	1,474	2,150	1,453

Receivables from exchange transactions are non-interest bearing and are generally on 30-day terms. The carrying value of receivables approximates their fair value. As at 30 June 2019 and 2018, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	Parent					
	2019			2018		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Not past due	1,615	-	1,615	1,130	-	1,130
Past due 1 - 30 days	227	-	227	29	-	29
Past due 31 - 60 days	22	-	22	44	-	44
Past due 61 - 90 days	18	-	18	18	-	18
Past due > 91 days	268	-	268	232	-	232
	2,150	-	2,150	1,453	-	1,453

	Group					
	2019			2018		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Not past due	1,884	-	1,884	1,313	-	1,313
Past due 1 - 30 days	236	-	236	53	-	53
Past due 31 - 60 days	33	-	33	54	-	54
Past due 61 - 90 days	21	-	21	20	-	20
Past due > 91 days	51	-	51	33	-	17
	2,225	-	2,225	1,474	-	1,457

Receivables from exchange transactions for the Group include GST/VAT refunds comprising 57% (2018: 61%) of total receivables as follows:

	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
GST Refund due from NZ Inland Revenue Department	559	249	559	249
GST Refund due from Australian Taxation Office	484	526	484	526
Consumption Tax Refund from Japan Tax Office	177	160	177	160
VAT Refund due from UK Revenue & Customs	51	55	51	55
	1,269	988	1,269	988

**Note 10**

**Derivative financial instruments**

Tourism New Zealand uses foreign exchange instruments in order to manage its exposure to fluctuations in foreign currency exchange rates on normal operating activities. The instruments are matched with anticipated future cash flows in foreign currencies. Tourism New Zealand does not use financial instruments for speculative purposes. At balance date Tourism New Zealand had 74 (2018: 70) foreign exchange contracts maturing at various dates over the next 12 months. The contracts are financial assets / liabilities at fair value through profit or loss and designated as held for trading financial instruments with fair value gains or losses recognised in the Statement of Comprehensive Revenue and Expense.

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Foreign currency forward exchange contracts:</b>				
Foreign exchange contracts at 30 June - Sell Value	68,466	58,203	68,466	58,203
Fair value Derivatives in Gain / (Loss)	(1,020)	2,969	(1,020)	2,969
Foreign exchange contracts at 30 June - Buy Value	67,446	61,171	67,446	61,171
<b>Foreign exchange contracts by currency (In NZD):</b>				
United States Dollar	35,221	28,764	35,221	28,764
British Pound	4,450	5,579	4,450	5,579
Australian Dollar	15,590	14,579	15,590	14,579
European Euro	3,124	4,077	3,124	4,077
Japanese Yen	5,007	4,347	5,007	4,347
Singapore Dollar	3,919	3,825	3,919	3,825
Hong Kong Dollar	77	-	77	-
Canadian Dollar	58	-	58	-
	67,446	61,171	67,446	61,171

## Note 11

Property, plant and equipment	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>All property, plant and equipment</b>				
At cost	9,389	9,400	9,348	9,359
Accumulated depreciation	(7,370)	(7,559)	(7,329)	(7,523)
<b>Net carrying amount</b>	<b>2,020</b>	<b>1,841</b>	<b>2,019</b>	<b>1,836</b>
<b>Property, plant and equipment for each class:</b>				
<b>Furniture and fittings</b>				
At cost	1,282	1,214	1,255	1,186
Accumulated depreciation	(1,139)	(1,145)	(1,112)	(1,118)
Net carrying amount of furniture and fittings	143	69	143	68
<b>Leasehold improvements</b>				
At cost	3,277	3,278	3,277	3,278
Accumulated depreciation	(1,866)	(2,172)	(1,866)	(2,172)
Net carrying amount of leasehold improvements	1,411	1,106	1,411	1,106
<b>Office equipment</b>				
At cost	566	768	566	768
Accumulated depreciation	(473)	(664)	(473)	(664)
Net carrying amount of office equipment	93	104	93	104
<b>Motor vehicles</b>				
At cost	61	61	61	61
Accumulated depreciation	(61)	(61)	(61)	(61)
Net carrying amount of motor vehicles	-	-	-	-
<b>Computer equipment</b>				
At cost	4,203	4,079	4,189	4,065
Accumulated depreciation	(3,830)	(3,518)	(3,817)	(3,508)
Net carrying amount of computer equipment	373	561	372	557
Total property, plant and equipment	2,020	1,841	2,019	1,836
<b>All property, plant and equipment reconciliation</b>				
At 1 July, net of accumulated depreciation	1,840	2,032	1,836	2,023
Additions	955	490	955	490
Disposals and write back of depreciation	(67)	(21)	(67)	(21)
Depreciation charge for the year	(709)	(659)	(705)	(655)
<b>At 30 June, net of accumulated depreciation</b>	<b>2,020</b>	<b>1,841</b>	<b>2,019</b>	<b>1,836</b>
Depreciation by asset class:				
Furniture and fittings	18	24	18	23
Leasehold improvements	329	324	329	324
Office equipment	41	38	41	38
Computer equipment	321	273	317	269
Total Depreciation	709	659	705	655

## Note 12

Intangible assets	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Intangible assets</b>				
At cost	2,459	2,322	2,210	2,133
Accumulated amortisation	(1,646)	(1,351)	(1,482)	(1,230)
Net carrying amount	813	971	728	903
<b>Intangible assets reconciliation</b>				
At 1 July, net of accumulated amortisation	971	1,123	903	1,014
Additions	137	123	77	118
Impairment of Intangible assets	-	-	-	-
Amortisation charge for the year	(296)	(273)	(253)	(228)
<b>At 30 June, net of accumulated amortisation</b>	<b>813</b>	<b>971</b>	<b>728</b>	<b>903</b>

Intangible assets include investment into redevelopment of Tourism New Zealand's corporate website and intranet, Tourism New Zealand's and Qualmark's finance and HR system, and Visitor Information Network Incorporated's Bookit software.

## Note 13

### Accommodation bonds

Accommodation bonds are refundable deposits or key money paid for the lease of office and housing premises.

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Japan	139	134	139	134
North America	32	50	32	50
Asia	197	204	197	204
New Zealand	-	-	-	-
	368	388	368	388

## Note 14

### Creditors and other payables

Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Creditors	4,309	1,193	4,075	1,018
Accrued expenses	5,954	5,557	5,814	5,521
	10,263	6,750	9,889	6,539



## Note 15

### Employee entitlements

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
Annual Leave	820	763	803	743
	820	763	803	743

## Note 16

### Provisions

Tourism New Zealand has a number of potential future restoration costs relating to make good clauses on office rental leases. The provision recognises the present value of expected future payments for amounts in relation to make good. The provision relates to four Tourism New Zealand offices and is expected to be utilised over the next eight years.

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Provisions are represented by:</b>				
Lease make-good	386	261	386	261
Total Provisions	386	261	386	261
Current provision	196	165	196	165
Non-current provision	190	96	190	96
	386	261	386	261
<b>Movements in provisions are as follows:</b>				
Balance at 1 July	261	266	261	266
Additional provisions made	125	120	125	120
Amounts used	-	-	-	-
Unused amounts reversed	-	(125)	-	(125)
Balance at 30 June	386	261	386	261

## Note 17

### Foreign Exchange Reserve

Tourism New Zealand funds its overseas offices and operations in the local currency of that office or operation. Some of the surplus/(deficit) arising from foreign currency movements are held in reserve to finance changes in the New Zealand dollar cost of maintaining a consistent level of funding to those overseas offices or operations. Only the realised gains or losses on foreign currency transactions during the year are transferred to reserves, and the unrealised gains or losses on mark to market revaluation of derivatives held at year end are not transferred to reserves.

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Movements in reserve is as follows:</b>				
Balance at 1 July	5,858	6,924	5,858	6,924
Transfer to Retained Earnings from Foreign Exchange Reserve	(151)	(1,066)	(151)	(1,066)
Balance at 30 June	5,707	5,858	5,707	5,858

## Note 18

### Reconciliation of surplus to net cash from operating activities

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Net surplus/(deficit)</b>	(1,787)	664	(1,579)	786
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation	1,005	932	958	883
Make good provision	125	(1)	125	(1)
Share of associate's surplus	-	-	-	-
Net (gains)/losses on derivative financial instruments	3,989	(4,249)	3,989	(4,249)
Net foreign exchange (gains)/losses	12	103	12	103
Total non-cash items	5,131	(3,215)	5,084	(3,264)
<b>Add/(less) items classified as investing or financing activities</b>				
Net Loss/(Gain) on disposal of assets	67	18	67	18
Movement in foreign currency accommodation bonds	(3)	46	(3)	46
Lease Incentive Liability	207	(45)	207	(45)
Total items classified as investing or financing activities	271	19	271	19
<b>Add/(less) movements in working capital items</b>				
Debtors and other receivables	(616)	722	(560)	699
Prepayments	(93)	449	(84)	449
Payables and accruals	3,490	2,117	3,350	2,071
Invoiced in advance	1,314	399	1,270	408
Employee entitlements	57	(38)	60	(23)
Net movements in working capital items	4,152	3,649	4,036	3,604
Net cash from operating activities	7,767	1,117	7,812	1,145

## Note 19

### Contingencies

Tourism New Zealand has no contingent assets or liabilities as at 30 June 2019.

In 2018/2019, Tourism New Zealand has provided a written undertaking to the Board of Qualmark New Zealand to provide ongoing support sufficient to enable Qualmark to meet its obligations when they were due.

## Note 20

### Income tax

Tourism New Zealand is exempt from income tax under the New Zealand Tourism Board Act 1991. Tourism New Zealand's subsidiaries are subject to income tax. The Group has tax losses that can be used to offset future taxable profits of \$796,898 (2018: \$705,321). A deferred tax asset has not been recognised in respect of these losses as they may not be used future taxable profits.

## Note 21

### Management of risk

Tourism New Zealand has developed a risk management framework and has undertaken a full risk assessment of its business. Management is required to sign off on a half yearly basis that no new exposures have arisen and that existing risks are being properly managed. Written policies and procedures exist covering those aspects of business which have the potential to generate risk for Tourism New Zealand. Adherence to these policies minimises potential risk to Tourism New Zealand. Employees are required as part of employment contracts to adhere to Tourism New Zealand policies and procedures.

Tourism New Zealand carries comprehensive insurance covering all normal business risks including Public Liability. Tourism New Zealand has purchased insurance to provide Board members and Officers Liability, Employers Liability and Professional Indemnity cover for Board members and employees. Tourism New Zealand also provides cover for its staff for offshore travel. Insured values are reviewed annually and adjusted to reflect changes in business operations.

## Note 22

### Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. These judgements and estimates are based on historical experience and other factors that are reasonable under the circumstances and form the basis for the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions.

## Note 23

### Capital management

Tourism New Zealand's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets. Tourism New Zealand manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that Tourism New Zealand effectively achieves its objectives and purpose, whilst remaining a going concern.

Tourism New Zealand is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

Tourism New Zealand purchases a variety of foreign currencies to fund promotional activity offshore. As this is funded in NZ Dollars, there is an exposure to foreign exchange risk through the movement of NZ Dollars against those foreign currencies. To manage this risk and improve operational flexibility, a foreign exchange reserve was set up in 2009/10 that comprised of the realised gains from that year to be used solely to offset future realised foreign exchange gains and losses. Refer to Note 17 for more information.

## Note 24

### Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 29 categories are as follows:

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Financial assets:</b>				
Cash and cash equivalents	12,010	5,305	11,767	4,978
Receivables	970	637	895	616
<b>Total loans and receivables</b>	<b>12,980</b>	<b>5,942</b>	<b>12,662</b>	<b>5,594</b>
<b>Fair value through Surplus or Deficit held for trading:</b>				
Derivative financial instrument assets / (liabilities)	(1,020)	2,969	(1,020)	2,969
<b>Other financial liabilities:</b>				
Creditors	10,263	6,750	9,889	6,539

## Note 25

### Capital commitments

There is no capital expenditure contracted for at balance date but not provided for in the financial statements. (2018:Nil)

## Note 26

### Operating commitments

Operating commitments include non-cancellable lease payments for premises, motor vehicles and office equipment and non-cancellable contracts for services like equipment maintenance and public relations.

	Group		Parent	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Operating commitments payable after balance date on:</b>				
<b>Non-cancellable accommodation leases:</b>				
Up to One Year	2,070	2,132	2,070	2,132
One to Two Years	1,486	1,409	1,486	1,409
Two to Five Years	2,755	2,200	2,755	2,200
Over Five Years	1,254	-	1,254	-
	<b>7,565</b>	<b>5,741</b>	<b>7,565</b>	<b>5,741</b>
<b>Non-cancellable motor vehicle and equipment Leases</b>				
Up to One Year	78	107	78	107
One to Two Years	16	82	16	82
Two to Five Years	11	18	11	18
Over Five Years	-	-	-	-
	<b>105</b>	<b>207</b>	<b>105</b>	<b>207</b>
<b>Non-cancellable contracts for goods and services</b>				
Up to One Year	2,462	2,373	2,462	2,373
One to Two Years	592	25	592	25
Two to Five Years	241	1	241	1
Over Five Years	-	-	-	-
	<b>3,295</b>	<b>2,399</b>	<b>3,295</b>	<b>2,399</b>
<b>Total operating commitments</b>	<b>10,965</b>	<b>8,347</b>	<b>10,965</b>	<b>8,347</b>

**Note 27**

**Related party transactions**

Tourism New Zealand is a wholly owned entity of the Crown which has the ability to significantly influence its role. The Crown is Tourism New Zealand's major source of revenue.

Tourism New Zealand enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Tourism New Zealand would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

Tourism New Zealand also enters into transactions with its subsidiaries and associates. These transactions occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Tourism New Zealand would have adopted if dealing with that entity at arm's length as well.

Tourism New Zealand also enters into transactions with board members and entities over which they have control or significant influence. These transactions occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Tourism New Zealand would have adopted if dealing with that entity at arm's length. The following table provides the total amount of transactions that were entered into with these related parties.

**Related Party and Transaction**

	Transaction value year ended 30 June		Balance outstanding year ended 30 June	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Income has been received by Tourism New Zealand from:</b>				
<b>J Thorburn (Director):</b> Intercity Group Limited - Income received by TNZ for tourism related services	9	28	-	-
<b>M O'Donnell (Director):</b> Ruapehu Alpine Lifts Limited - Income received by TNZ for tourism related services	100	152	-	-
<b>J Hunt (Director):</b> Skyline Enterprises - Income received by TNZ for tourism related services	19	48	-	-
<b>K Ngapora (Director):</b> Whale Watch Kaikoura - Income received by TNZ for tourism related services	13	-	-	-
<b>J Hunt (Director):</b> Skyline Enterprises - Income received by TNZ for tourism-related services	48	-	-	-
<b>Payments have been made by Tourism New Zealand to:</b>				
<b>J Tuuta (Director):</b> Venture Taranaki Trust - Provision of tourism related services to TNZ	-	1	-	-
<b>S England-Hall (Director):</b> Tourism Industry Association, New Zealand China Council & Figure New Zealand - provision of Tourism related services	119	69	-	-
<b>K Pendergast</b> - New Zealand US & China Council Subscription Fees 2017/2018, and prepayments for 2018/2019	-	37	-	-
<b>M O'Donnell (Director):</b> Kiwibank - Provision of tourism related services to TNZ	15	20	-	-
<b>J Hunt (Director):</b> Skyline Enterprises - Provision of tourism related services to TNZ	5	10	-	-
<b>R Sharp (Director):</b> Webjet Limited - Provision of tourism related services to TNZ	50	-	-	-
<b>K Ngapora (Director):</b> Whale Watch Kaikoura - Provision of tourism related services to TNZ	2	-	-	-

**Key management personnel compensation**

Key management personnel includes all board members, the Chief Executive and 5 (2018:12) members of the Executive Team.

On 1 July 2018, Tourism New Zealand changed the definition from Extended Leadership Team to Executive Leadership Team. This resulted in a decrease in members from 12 to 6.

	Balance outstanding year ended 30 June	
	2018 \$000s	2017 \$000s
<b>Remuneration of the Board of Directors:</b>		
Salaries and other short-term benefits	176	190
<b>Remuneration of the Chief Executive and Executive Team:</b>		
Salaries and other short-term benefits, FTE: 6 (2018: 13)	1,931	3,644
Termination benefits	-	181
<b>Total key management personnel compensation</b>	<b>2,107</b>	<b>4,014</b>

## Note 28

### Financial instrument risks

Tourism New Zealand's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Tourism New Zealand has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature.

### Market Risk

**Interest rate risk** - Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates. Tourism New Zealand is exposed to interest rate risk on its cash balances. Refer to note 8 for cash balances exposed to interest rate risk.

Interest rate risk sensitivity analysis - As at 30 June 2019, if interest rates on cash balances had increased/decreased by 0.5% (50 basis points) with all other variables held constant, the deficit/surplus and equity would have changed as follows:

	Surplus/(deficit) higher/(lower)		Equity higher/(lower)	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Group</b>				
+ 0.5% (50 basis points)	28	3	28	3
- 0.5% (50 basis points)	(28)	(3)	(28)	(3)
<b>Parent</b>				
+ 0.5% (50 basis points)	28	2	28	2
- 0.5% (50 basis points)	(28)	(2)	(28)	(2)

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of significant operations around the world, Tourism New Zealand is required to enter into transactions denominated in foreign currencies. As a result of these activities, Tourism New Zealand is exposed to foreign currency risk on its foreign denominated cash balances, receivables, creditors and other payables, and derivative instruments.

It is Tourism New Zealand's policy to manage foreign currency risks arising from contractual commitments and liabilities by entering into foreign exchange forward contracts to significantly reduce the foreign currency exposure. These forward exchange contracts are entered into prior to the commencement of the financial year to cover the exposure on budgeted NZD spend in targeted markets based on the market's economic outlook and other factors that might have an impact on their currency. Refer to Derivative financial Instruments (note 10) for details on the forward currency contracts held. Further exposures to foreign exchange risk through the movement of NZ Dollars against those foreign currencies are also managed through the foreign exchange reserve as explained in Note 17.

The basket of currencies that Tourism New Zealand holds also reduces the risk from any single currency as all currencies are not expected to move adversely against the NZD. Refer to the total expenditure of the Parent by geographic region (note 5) and Cash and cash equivalents (note 8) for currency exposures.

Currency risk sensitivity analysis - Tourism New Zealand is subject to volatility in financial performance associated with foreign currency rates. As at 30 June 2019, if the NZ Dollar had increased/decreased by 5% against various foreign currencies used by Tourism New Zealand with all other variables held constant, the deficit/surplus and equity would have changed as follows:

	Surplus/(deficit) higher/(lower)		Equity higher/(lower)	
	2019 \$000s	2018 \$000s	2019 \$000s	2018 \$000s
<b>Group</b>				
NZD to various currencies +5%	(3,178)	(3,026)	-	-
NZD to various currencies -5%	3,505	(9,114)	-	-
<b>Parent</b>				
NZD to basket of currencies +5%	(3,178)	(3,026)	-	-
NZD to basket of currencies -5%	3,505	(9,114)	-	-

This movement is attributable to foreign exchange gains/losses on translation of forward foreign exchange contracts and other foreign currency denominated assets and liabilities.

### Credit risk

Credit risk is the risk that a third party will default on its obligations to Tourism New Zealand, causing Tourism New Zealand to incur a loss.

Tourism New Zealand has no significant concentrations of credit risk, as it has a small number of credit customers and only places funds with registered banks. With respect to foreign exchange instruments, Tourism New Zealand reduces its risk by limiting the counter parties to major trading banks and does not expect to incur any significant losses as a result of non performance by these counter parties.

Tourism New Zealand's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash (note 8), net debtors (note 9) and derivative financial instruments (note 10). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

### Liquidity risk

Liquidity risk is the risk that Tourism New Zealand will encounter difficulty raising liquid funds to meet commitments as they fall due.

Tourism New Zealand has no significant concentrations of liquidity risk. Tourism New Zealand annually agrees a funding schedule with the Crown which matches the estimated timing of its commitments and close out of market positions.

The following liquidity risk disclosures reflect all contractually fixed pay-offs, repayments and interest resulting from recognised financial and derivative financial instrument liabilities as of 30 June 2019. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

	< 6months \$000s	6-12 months \$000s	> 1 year \$000s	Total \$000s
<b>Group - Year end 30 June 2019 Financial liabilities</b>				
Creditors	(4,309)	-	-	(4,309)
<b>Derivative financial instrument liabilities - gross settled</b>				
Inflows	33,185	33,736	-	66,921
Outflows	(33,712)	(34,229)	-	(67,941)
	(527)	(493)	-	(1,020)
<b>Net outflow</b>	<b>(4,836)</b>	<b>(493)</b>	-	<b>(5,329)</b>
<b>Parent - Year end 30 June 2019 Financial liabilities</b>				
Creditors	(4,075)	-	-	(4,075)
<b>Derivative financial instrument liabilities - gross settled</b>				
Inflows	33,185	33,736	-	66,921
Outflows	(33,712)	(34,229)	-	(67,941)
	(527)	(493)	-	(1,020)
<b>Net outflow</b>	<b>(4,602)</b>	<b>(493)</b>	-	<b>(5,095)</b>
<b>Group - Year end 30 June 2018 Financial liabilities</b>				
Creditors	(1,193)	-	-	(1,193)
<b>Derivative financial instrument liabilities - gross settled</b>				
Inflows	28,300	32,229	-	60,529
Outflows	(26,802)	(30,758)	-	(57,560)
	1,498	1,471	-	2,969
<b>Net outflow</b>	<b>305</b>	<b>1,471</b>	-	<b>1,776</b>
<b>Parent - Year end 30 June 2018 Financial liabilities</b>				
Creditors	(1,018)	-	-	(1,018)
<b>Derivative financial instrument liabilities - gross settled</b>				
Inflows	28,300	32,229	-	60,529
Outflows	(26,802)	(30,758)	-	(57,560)
	1,498	1,471	-	2,969
<b>Net outflow</b>	<b>480</b>	<b>1,471</b>	-	<b>1,951</b>

### Fair value

The Group can apply various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 - the fair value is calculated using quoted prices in active markets;
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Derivative financial instruments are classified as Level 2 and are valued using mid values of the forward contracts as determined by the New Zealand Debt Management Office based on inputs that are observable.

There were no transfers between Level 1 and Level 2 during the year.

**Note 29**

**Remuneration of employees**

During 2018/2019 70 (2018: 63) employees received remuneration and benefits which exceeded \$100,000 per annum as follows:

\$	2019	2018
100,000 - 109,999	12	4
110,000 - 119,999	6	13
120,000 - 129,999	6	8
130,000 - 139,999	10	10
140,000 - 149,999	5	3
150,000 - 159,999	5	4
160,000 - 169,999	4	3
170,000 - 179,999	3	3
180,000 - 189,999	1	3
190,000 - 199,999	4	1
200,000 - 209,999	2	1
210,000 - 219,999	1	2
220,000 - 229,999	2	1
230,000 - 239,999	2	1
240,000 - 249,999	1	-
250,000 - 259,999	1	1
260,000 - 269,999	1	-
270,000 - 279,999	-	-
280,000 - 289,999	-	-
290,000 - 299,999	-	-
300,000 - 309,999	-	-
310,000 - 319,999	1	1
320,000 - 329,999	1	-
330,000 - 339,999	-	1
340,000 - 349,999	-	1
390,000 - 399,999	-	-
490,000 - 499,999	-	1
540,000 - 549,999	1	-
570,000 - 579,999	-	1
630,000 - 639,999	1	-
	<b>70</b>	<b>63</b>

Employee numbers who have earned \$100,000 or more in FY19 has increased as a result of foreign exchange movements and visa status changes for offshore employees.

**Note 30**

**Remuneration of board members**

Board members earned the following fees during the year:

\$	2019	2018
K Prendergast (Chair)	35	42
R Leggat (Deputy Chair)	7	25
John Thorburn	20	20
Jamie Tuuta	29	23
Michael O'Donnell	20	20
Christopher Parkin	5	20
Raewyn Idoine	-	20
Jan Hunt	20	20
K Ngapora	15	-
C Neville	15	-
R Sharp	10	-
	<b>176</b>	<b>190</b>

**Change in board members:**

Colleen Neville and Kauahi Ngapora were appointed on the 6th September 2018, with Roger Sharp appointed on 1 December 2018 to be Deputy Chair until 30 April 2022. Jan Hunt was reappointed until 30 June 2021 and Jamie Tuuta was appointed to the Board Chair position on 1 May 2019, expiring 30 April 2022.

Richard Leggat, Christopher Parkin and Raewyn Idoine's positions all expired on the 5th September 2018. Kerry Prendergast finished as Board Chair on 31st March 2019.

**Note 31**

**Events after the balance date**

There were no significant events after the balance date.

**Note 32**

**Explanations of major variance against budget**

There are no major variations to budget other than those explained in the notes above.

## Five year financial summary for parent

	Statement of Financial Position					
	2014 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s
<b>Current Assets</b>						
Cash	3,970	6,206	4,903	4,770	4,978	11,767
Receivables	1,868	1,935	2,403	2,303	1,604	2,164
Prepayments and other current assets	934	1,545	1,402	2,094	1,645	1,729
Derivative financial instruments	-	5,716	-	-	2,969	-
	6,772	15,402	8,708	9,167	11,196	15,660
<b>Non-current Assets</b>						
Property, plant and equipment	1,929	1,699	1,477	2,023	1,836	2,019
Intangible Assets	1,264	1,554	1,257	1,014	903	728
Accommodation bonds	257	280	350	408	388	368
Investment in subsidiary			60	60	260	260
Derivative financial instruments	-	1,054	-	-	-	-
	3,450	4,587	3,144	3,505	3,387	3,375
<b>Total Assets</b>	<b>10,222</b>	<b>19,989</b>	<b>11,852</b>	<b>12,672</b>	<b>14,583</b>	<b>19,035</b>
<b>Current Liabilities</b>						
Creditors and other payables	3,001	5,705	4,578	4,468	6,539	9,889
Employee entitlements	655	772	796	766	743	803
Income in advance	20	502	483	125	533	1,803
Provisions	20	96	116	116	165	196
Current Lease Incentive Liability	-	-	-	52	52	88
Derivative financial instruments	1,520	-	1,456	1,103	-	1,020
	5,216	7,075	7,429	6,630	8,032	13,799
<b>Non-current Liabilities</b>						
Provisions	246	170	150	150	96	190
Long Term Lease Incentive Liability	-	-	-	249	202	373
Derivative financial instruments	246	-	177	177	-	-
	492	170	327	576	298	563
<b>Total Liabilities</b>	<b>5,708</b>	<b>7,245</b>	<b>7,756</b>	<b>7,206</b>	<b>8,330</b>	<b>14,362</b>
<b>Net Assets</b>	<b>4,514</b>	<b>12,744</b>	<b>4,096</b>	<b>5,466</b>	<b>6,253</b>	<b>4,673</b>
<b>Equity</b>						
Shareholder's equity	1,805	1,805	1,805	1,805	1,805	1,805
Retained earnings	(1,408)	6,295	(1,830)	(3,261)	(1,409)	(2,837)
Foreign Exchange Reserve	4,117	4,644	4,121	6,924	5,858	5,707
<b>Total Equity</b>	<b>4,514</b>	<b>12,744</b>	<b>4,096</b>	<b>5,466</b>	<b>6,252</b>	<b>4,673</b>

	Statement of Comprehensive Income					
	2014 Actual \$000s	2015 Actual \$000s	2016 Actual \$000s	2017 Actual \$000s	2018 Actual \$000s	2019 Actual \$000s
<b>Income</b>						
Revenue from Crown	113,730	113,350	115,850	117,350	117,350	111,739
Interest	46	48	202	59	60	136
Other revenue	8,349	6,378	5,416	6,204	5,623	4,271
	122,125	119,776	121,468	123,613	123,033	116,146
<b>Expenditure</b>						
Other expenses	122,190	119,114	120,621	121,644	125,613	112,778
Depreciation, amortisation and impairment	1,012	968	1,092	951	883	958
	123,202	120,082	121,713	122,595	126,496	113,736
Fair value gain (losses) on derivative financial instruments	(1,909)	8,536	(8,403)	355	4,249	(3,989)
<b>Total comprehensive income / (expense)</b>	<b>(2,986)</b>	<b>8,230</b>	<b>(8,648)</b>	<b>1,372</b>	<b>785</b>	<b>(1,580)</b>
Transfer from / (to) foreign exchange reserves	890	(527)	523	(2,803)	1,066	151
<b>Net operating surplus/(deficit) after foreign exchange transfer</b>	<b>(2,096)</b>	<b>7,703</b>	<b>(8,125)</b>	<b>(1,431)</b>	<b>1,851</b>	<b>(1,428)</b>

# Financials

## Independent Auditor's Report

### To the readers of New Zealand Tourism Board and Group's financial statements and performance information for the year ended 30 June 2019



The Auditor-General is the auditor of New Zealand Tourism Board (the Entity) and group (the Group). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information, of the Entity and the Group on his behalf.

#### Opinion

We have audited:

- the financial statements of the Entity and the Group on pages 50 to 73, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies; and
- the performance information of the Entity and the Group on pages 14 to 29.

In our opinion:

- the financial statements of the Entity and the Group 50 to 73:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information on pages 14 to 29:
  - presents fairly, in all material respects, the Entity's performance for the year ended 30 June 2019, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 4 October 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board members for the financial statements and the performance information

The Board is responsible on behalf of the Entity and the Group for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Entity and the Group for assessing the Entity's and the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Entity and the Group, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004.

#### Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Entity's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Entity's and Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Entity and the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Entity and the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

#### Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 13, 30 to 49 and 74 to 75 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Independence

We are independent of the Entity and the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Entity or the Group.

*Emma Winsloe*

**Emma Winsloe**  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand



**“To be a kaitiaki of Papatūānuku is to look after Mother Earth, to make sure that we’re preserving all of our natural elements for our future generations to come.”**

📍 Te Puia, Rotorua  
Arohanui





**100% PURE  
NEW ZEALAND**