

INTERIM REPORT

For the Six months ending 31 December 2021

Governing Body: Destination Lake Taupo Trust Board Dennis Christian (Chairman) **Timothy Castle** Torben Landl Cushla Clark Nicola Harvey Andrew Te Whaiti **General Manager:** Jane Wilson **Bankers:** Bank of New Zealand Taupo - Transactional Banking **Auditors:** Audit New Zealand on behalf of The Controller and Auditor General **Insurance Brokers:** Aon New Zealand Limited Address: Level 1, 32 Roberts Street, Taupo

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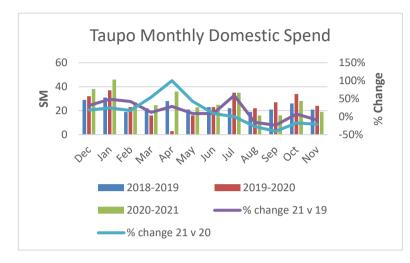
DIRECTORY:

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PERFORMANCE OVERVIEW

This Interim Report consolidates the 6 monthly financial statements for the Destination Great Lake Taupō Trust, an assessment against key performance indicators in the 2021-22 DGLT Statement of Intent, and a report on the Trust's activities in accordance with Section 13.2(a) of the Trust Deed.



The continuation of closed international borders and the prolonged Auckland and Waikato lockdowns seriously impacted visitation to the region in the last half of 2021. With our number one domestic market unable to travel, nil international visitors and a significant number of cancellations from the events sector, due to the 'Red' Covid settings, our domestic spend dropped dramatically for the 4-month period of August to November 2021¹ - down 26% on the same 4 months in 2020.

However, the Taupō region has fared reasonably well compared to many other regions around the

country and, although the significant drop from August – November was a very challenging time for the sector, 12-month visitor spend was up 15% to \$335M in the year ending November 2021^2 .

The development of a bi-cultural Destination Management Plan (DMP) in partnership with Iwi and key stakeholders has seen strong progress in leading the development and articulation of our "Regional DNA". Consultation across the community is continuing to further refine the 'scripts' and includes workshops with Iwi, school children, cross sector business groups, the aged community and local and central government agencies.

The product audit was also completed as part of our DMP diagnostic, and this has already provided useful insights for meetings with prospective investors and local businesses. It has also helped identify product development opportunities and areas for building operator capability.

In August 2021, the Taupō District community was surveyed to gain a more informed understanding of their appetite for tourism and the visitor economy, now and into the future. Ninety percent of over 700 respondents agreed or strongly agreed tourism was good for the region, and over 94% agreed it was an important contributor to the local economy.



Growing industry capability continues to be a priority in building a 'destination of excellence'. Although hampered by Covid restrictions, a workshop on designing and implementing sustainable business events was held for the Events sector and a number of one – on – one digital training sessions were undertaken, on premise, with operators.

With our strategic shift to support and drive business to operators in response to Covid-19, we have seen strong collaboration from industry across our marketing and campaign initiatives. Many operators are now leveraging our marketing spend with great effect.

¹ TECT - Nov 2021

² MBIE: Tourism Electronic Card Transactions – Nov 2020

Loading deals and advertising on lovetaupo.com has delivered over 100,000 referrals to operator websites and over 18,000 operator deals 'clicked' for the 6 months July – December 2021.

The continuation of Tourism Recovery funding from MBIE saw \$1M of funding added to DGLT's revenue, allowing DGLT to meet its obligations as set out in the 2021-2022 Statement of Intent.

This recovery funding is spread across 3 core priority areas as follows:

Destination Management: \$287,000 Destination Marketing: \$394,000

Product Development and Building Industry Capability: \$319,000

REPORT ON TRUST ACTIVITIES

Destination Marketing:

An extremely agile approach to all marketing activity has been necessary over the last 12 months. Open and closed international borders (trans-Tasman bubble) and changes in domestic alert levels have seen several campaigns implemented only to be shut down within days or weeks of initiation.

With the opening of the trans – Tasman bubble we initiated a "Winter Better" campaign in collaboration with Visit Ruapehu and Ruapehu Alpine Lifts into the eastern gateway States of Australia from 01 June – 23 July. Unfortunately, as Covid re – emerged in New South Wales and Victoria we pulled activity in these two States part way through the campaign period. Likewise, our relaunch of the successful 'Cheeky Midweeky' campaign in August was on air just 2 days before we had to cancel it as Auckland, and then Waikato went back into lockdown.

In recognition of Aucklanders continued time in lockdown and the contribution they made to keeping the rest of the country safe, we launched the 'Kia Kaha Auckland' campaign in September. This partnership with Town Centre Taupō gave away five prize packages including experiences and vouchers from 40 different operators. This not only supported our operators but also provided an opportunity to build our databases based around our key target segments (golf, fishing, biking, families, and couples). The campaign generated over 16,000 entries and gained some excellent PR through Mayoral interviews on TV One Breakfast and Newstalk ZB.

- Landing page https://www.lovetaupo.com/en/auckland/
- Video https://drive.google.com/file/d/1eHx4YUkf2Sow0irCROhobvw-GTrYn2US/view?usp=sharing



Our 'Right in the Heart of this Place' campaign has now aired across TV channels over 3 phases. It was relaunched at the end of November in response to industry feedback advising bookings for the traditional busy summer period were extremely light. The campaign was on air for 3 weeks primarily targeting Auckland and Waikato (our top two domestic source markets) and its key objective was to drive referrals to operators through the promotion of 'Summer Deals'. More than 11,000 referrals were delivered to operator websites and over 2,000 deals were clicked on over the 3-week campaign period. Auckland website traffic to lovetaupō.com increased 41% during this time (compared to the period directly before it), with peaks of 1,000 extra visitor views from Auckland on both the 12th and 18th of December. Anecdotal feedback advised January 2022 was the busiest January on record for many operators, and this was supported by spend data in early January.

- Landing Page: https://www.lovetaupo.com/en/plan/deals/taupo-summer-deals/
- o **TVC**: <u>View the ad here</u>



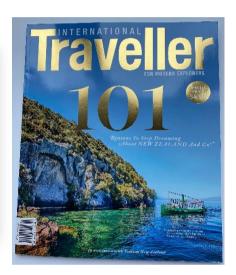


We have continued to work closely with Tourism New Zealand and have received extensive media coverage through the GO NZ partnership with Stuff and across many other media channels including TV, radio, print and digital.







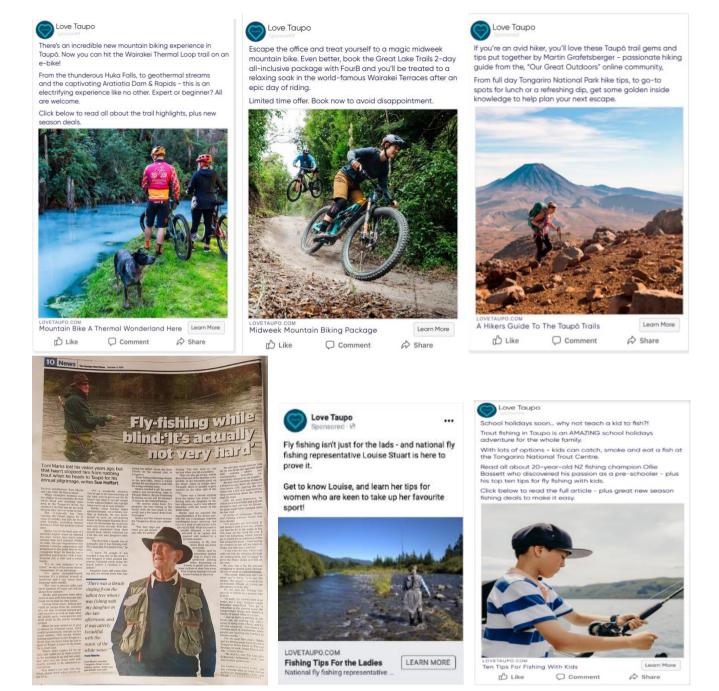


Attracting visitors who travel for their passion remained a key focus during this period. In addition to the existing fishing and biking passion groups we formed partnerships with the New Zealand Mountain Safety Council and Experience Golf to launch our hiking and golf acquisition campaigns. These partnerships have provided an opportunity to extend our reach (by tapping into their consumer databases), given us access to a broader range of imagery and provided much needed insights on these specialist groups.

This passion group strategy enables us to continue to 'talk' to these niche travellers on an ongoing basis and in an agile manner. It also means our marketing dollars are not being wasted on campaign activity that is then redundant due to changes in Covid levels and travel permissions. It has allowed us to deliver content quickly and cost effectively in an 'always-on' approach. Although resource heavy, due to a constant need for new content, this strategy has delivered excellent engagement with our platforms and contributed to a very low bounce rate across organic traffic on lovetaupo.com of just 22%.



One of our initiatives for our bike passion group included a return visit by Bas and Vaea. Recently crowned King & Queen of the Crank Worx World Tour 2021, Bas & Vaea revisited Taupō to ride the Taupō Bike Park with our local trail builder Mason Bryant. This return visit provided a great opportunity to engage with the local community as we invited Bike Kids Taupo to join the champions and ride the Park together.



With continued border closures our international marketing activity remained on hold other than some very limited webinar training organized by ECNI (our Explore Central North Island group of RTO's) and the production of a 'Virtual Video' to be used as a training tool by Tourism NZ.

Corporate, incentive and business event clients are high value and are a key source of revenue for the region, often visiting midweek and across the shoulder seasons. Due to closed borders, we have continued to see a significant rise in Business Events (BE) enquiry for the district. Unfortunately, the Red Alert level has caused substantial pain for the Events sector and the industry has been severely impacted by BE and leisure event cancellations.

We continued to work closely with our newly formed Business Events Partnership Group and have produced printed and digital collateral and have almost completed production of a BE video to use at tradeshows and in future marketing initiatives.

Destination Management:

DGLT is currently working closely with TDC, MBIE and Ngāti Tūwharetoa in conjunction with other local agencies (DOC, Enterprise Great Lake Taupo) to develop a coordinated vision and action plan outlining the tourism future for the Taupō/Tongariro district.

Through the Strategic Tourism Assets (STAPP) funding a dedicated Manager was recruited in December 2020 to manage the development of a regional Destination Management Plan (DMP). This work continued through July – December, however unfortunately Lynne Banford (the contractor) was unable to renew her contract in December. We are now recruiting a replacement resource for this important project and expect to fill this position in March 2022.

An early piece of this work involved the development and articulation of our "Regional Story or DNA". Having a clear knowledge and understanding of our underlying values will ensure that all stakeholders and community share a united vision and voice across the future development, marketing, investment, and protection of our region.

The following 3 scripts are currently being tested across many stakeholder and community groups to identify which 'story' best resonates and encapsulates the essence of who we are.

<Tone>

Spirited. Authentic. Connected. Life affirming.

<Example Narrative 1>

A natural connection

This place lives in all of us.

It's where culture and landscapes intertwine and come alive. Where our connection to Tangata Whenua (people of the land) runs as deep as the waters that rejuvenate and nourish us. Where the mountains that stand above us inspire and enrich our spirit. And where the forces beneath our feet give us the energy to flourish.

Life flows through our communities and people too. It encourages us to be better. To dream big and then do. To share our stories. And extend manaakitanga to all who arrive as visitors and leave as whanau.

This is Te Kopua Kanapanapa. Our home. The living heart of Aotearoa New Zealand's North Island.

We can't wait for you to experience it. As long as you treasure it as much as we do.

<Tone>

Energising. Wellbeing. Subtle. Magic.

<Example Narrative 2>

Life flows from here

All of us, in our own way, have a deep connection to this remarkable place. The beating heart of Aotearoa.

Here, the living spirit of our mountains, lake and rivers wash over us and nourish our souls every day. The manaakitanga of our people and community guides us and gives us strength. And the power of our stories reflects who we are, where we've been, and where we're going.

Together, we're building a future that'll both enrich and sustain our people and strengthen the kaitiakitanga of our landscapes for generations to come.

If you treasure life as much as we do, you're welcome here.

<Tone>

Friendly. Fun. Down To Earth.

<Example Narrative 3>

This is real life

Life flows from and through this living landscape where the mountains, rivers, lakes, and land are as spirited as the people who call our colourful community home.

It's in the powerful stories we tell (and in the tall ones too). The richness of the connections we create. The manaakitanga we extend to all who take a little of us with them and leave a little of themselves. And in our desire to protect what we have now for those who will come next (we call it regeneration for the next generation).

Living here nourishes and sustains all of us. It shapes who we are and where we're going. It soothes our souls. Makes us think "Wow, we're bloody lucky". Encourages us to get more out of each day. Inspires us to explore the world beyond our doorstep. And it always calls us back.

All of us feel it. You can too. If you're prepared to treasure it as much as we do.

Commercial Accommodation Audit

Accommodation Type	Number of Properties	% Of Properties	Number of Rooms	% Of total Rooms	Water Leisure Facilities
Motels	58	40%	1,051	41%	27
Hotels	14	10%	662	25%	13
Lodges	20	14%	135	5%	7
Apartments	8	6%	119	4%	7
B&B	22	15%	65	3%	8
Hostels	11	7%	204	8%	2
Holiday Park	12	8%	380	14%	4
Total	146	100%	2616	100%	68

A comprehensive product audit was completed in July. It provides an in-depth record of existing tourism product, infrastructure, and operator performance (through tracking consumer review sites). This audit enables us to identify product gaps and opportunities for product development as well as highlighting where industry needs to build greater capability to deliver an exceptional visitor experience. The audit identified a strong

portfolio of commercial and peer – to peer accommodation across the Taupō District. There are 146 commercial

accommodation providers with a total of 2,616 accommodation rooms and over 1600 peer to peer businesses providing a mix of shared/ private rooms or entire properties.

Peer to peer (P2P) Accommodation Audit

Property Type	Number of Properties	% <u>of</u> Properties	Number of Rooms	% Rooms		
House	1126	70%	3601	83%		
Apartment	260	16%	470	11%		
Room	208	13%	281	6%		
Other	10	1%	14	0%		
Total	1638	100%	4,366	100%		

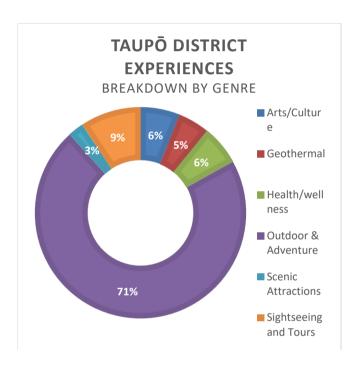
Within the Taupō District, the total revenue from Airbnb over the 12-month period to December 2021 was approx. \$43 million³, up 6.7% on the previous year. Ninety three percent of all revenue was generated by 'entire homes' with a further \$3.5M generated by private and shared rooms. The Tūrangi submarket generated \$1.8 million or 4% of the total district revenue.

Experience Audit

- There are currently 164 tourism operators offering 248 tourism products across the Taupō District, with 71% of all products defined as 'outdoor & adventure'.
- Sixty-three percent of all experiences operate from Taupō township, with 22% in Tūrangi-Tongariro and 8% in Kinloch & Mangakino.
- There are 180 points of interest in the district. They include hiking and biking trails, lakes, rivers, civic art, marae, and cold and hot swimming spots. 60% of all attractions and experiences across the district are free.

Product gaps included:

- o Authentic Māori and cultural tourism products
- Health and wellness spa, lakeside wellness product
- Luxury/boutique hotels
- Greater arts and non-adventure offering
- More wet weather activities



In August 2021, the Taupō District community was surveyed to gain a more informed understanding of their appetite for tourism and the visitor economy, now and into the future.

Results from almost 700 respondents⁴ demonstrated that the Taupō community clearly understands the value of tourism to the economy and of the ensuing benefits that the sector delivers across the district. Around 90% of respondents agreed or strongly agreed that tourism is good for the region and 94% agreed or strongly agreed that tourism was an important contributor to the regional economy.

Respondents made clear connections with tourism as a significant employer, particularly for youth in the region, with comments such as "it is the backbone of the region", "integral to the region" and "[it] helps businesses to thrive"

The community was also able to discern, that much of the increased amenity and improved services enjoyed by the region may not otherwise have been justified by the resident community and were directly attributable to strong

³ AirDNA Trend Report December 2021 – USD converted to NZD @ \$0.65

⁴ Taupō District Social Indicator Survey, August 2021

tourism visitation.

Overwhelmingly, respondents commented on the need for a 'quality' vs 'quantity' approach and believed Covid-19 provided an opportunity to reset and focus on the protection and regeneration of our environment, especially in some places such as the Tongariro Alpine Crossing. They also disliked Freedom Camping because of the perception that this type of visitor takes more than it gives back to the local environment.

Industry engagement:

We continued to meet with operators regularly, and the appointment of a dedicated Industry Liaison Manager has seen much greater engagement with DGLT. This has been reflected in the improved industry satisfaction survey result – up 6% to 82% satisfaction.

Recognizing the need to build greater digital capability across the sector we have recruited a contractor to undertake one-on-one digital training with many of our smaller operators. This will enable them to not only market their products more effectively but to better leverage our campaign spend.

An industry workshop was held in October for the Business Events partnership group to provide an overview of the sector and to learn about planning and delivering sustainable business events.

An industry update was held in August and the annual DGLT Christmas function in December.

PERFORMANCE MEASUREMENTS

Below is a table outlining the half year measures against targets set for year end 31 December 2021.

Objective 1 – Grow the va	lue of the local tourism e	conomy.			
Strategic Priority	Data sources	Baseline data	YE 2021-22	YE 2022-23	YE 2023-24
Growth in tourism expenditure	Tourism Electronic Card Transactions (TECT's)	TECT YE Dec 20: Domestic Spend only \$303 M (+9%) vs NZ -2%	YE Nov 21 Domestic: \$335M +15% on 2020 +20% on 2019 All NZ Domestic: +15% on 2020 +10% on 2019 Taupō Other: \$14M -70% on 2020 - 81% on 2019	Maintain domestic spend	Maintain domestic spend
Objective 2 – Sustainably		destination to create a 'Desti	nation of Excellence'		
Strategic Priority	Performance Measures	Baseline	YE 2021-22	YE 2022-23	YE 2023-24
Develop a Destination Management strategy ensuring the balance of economic growth with the social, cultural, and	Quarterly meetings of Te Ihirangi Leadership Advisory Group Grow industry	Development of Te Ihirangi Destination Management Plan	Ongoing	Complete	Implement
environmental well- being of the community.	capability. Product Development	Industry workshops	1 to date (+1 cancelled due to Covid-19 restrictions)	4 per year	4 per year
	Social license - connect	Product Audit to identify product gaps. Identify and support growth opportunities.	Product Audit Complete Gaps identified Ongoing meetings EDA/Iwi/Investors	Ongoing	Ongoing
	with residents.	Annual Community Sentiment Survey, brand, and community workshops.	Complete		Ongoing
Objective 3 - Run an effici	ent and effective regional	tourism organisation, strongly	supported by the local tou	rism industry.	
Strategic Priority	Data source	Baseline data	YE 2021-22	YE 2022-23	YE 2023-24
Support for DGLT marketing initiatives	Measured by free of charge, in-kind or advertising support for marketing and famils activity. Participation in DGLT	2019/20: YE June: \$83,000	\$40,000 \$27,000 to date	\$40,000	\$40,000
Stakeholder satisfaction.	hosted activities. Annual Industry Survey	2020: 76%	80% Industry satisfaction 82% satisfaction	80%	80%

Destination Lake Taupo Trust Financial Statements for the Half-Year ended 31 December 2021

FINANCIAL STATEMENTS COMMENTARY

DGLT is funded by way of a grant from Taupō District Council of \$1,779,636 paid in quarterly instalments. In the first 6 months to December 2021, DGLT received \$889,818 of which \$754,109 has been recognised in the statement of comprehensive revenue and expense. The timing of the Council grant recognition is in line with forecast.

In addition to the council grant, DGLT also received further tourism recovery funds (STAPP grant) from MBIE of \$1,000,000. The funding from MBIE has been combined with the remaining unspent STAPP funding of \$199,862 from the 2020-2021 financial year and sits in the 'revenue in advance' account in the balance sheet. As tourism recovery initiatives are undertaken by the Trust, the necessary amount of the STAPP grant is transferred from the balance sheet to 'operating grants' in the statement of comprehensive revenue and expense. Within the current period, DGLT has utilised \$350,542 of STAPP funding.

Further grants from TNZ and the MBIE Regional Events fund totalling \$52,542 have been carried forward from last financial year and are also being recognised in the statement of comprehensive revenue and expense as the related marketing initiatives are commenced. Year to date, \$14,267 of the available funding has been applied to marketing spend.

Revenue of \$34,867 from services provided is comparable to last period and has been derived from DGLT website advertising sales.

Finance revenue consists of interest earned to 31 December 2021 on bank term deposits. All deposits have a maturity less than six months with maturities aligning to forecast spend. Much of the term deposit funds stem from the lump sum STAPP grant that was received earlier in the period.

In terms of the **Statement of Comprehensive Revenue and Expense**, DGLT is currently showing an operating deficit of \$88,418. The deficit reflects the change in timing of some or our marketing activity with the relaunch of the 'Right in the Heart of this Place' TV campaign just prior to Christmas. The campaign was originally timed for February however, the early relaunch was DGLT's response to industry feedback that summer bookings were seasonally low.

In terms of the **Statement of Financial Position**, DGLT is in a strong cash position to provide for the planned marketing initiatives that will take place over the remaining two quarters. At the end of the current period, the Trust has \$900,000 on term deposit and with a recent reforecast, the forward cash position will also be reviewed to ensure cashflow for the remainder of the year continues to align with planned spend. Any surplus cashflow will be directed to term investments ranging from one to four months maturity.

DGLT is carrying a small amount of trade receivables at \$1,119 consisting of two debtors. Much of the receivable's balance of \$59,739 relates to GST refunds which were received by the Trust in January 2022. The Trust also has \$51,288 of prepaid goods and services, much of which relate to annual memberships.

During the period, some capital spend has taken place with \$28,382 utilised to upgrade the DGLT website. The website is being depreciated at 25% of cost, comprising most of the depreciation expenditure for the Trust

DGLT's current liabilities comprises \$219,468 which is due to trade suppliers for marketing services as well as \$1,023,455 of funding recorded in the 'revenue in advance' account, that will be applied to marketing initiatives over the next two quarters. The available marketing revenue comprises \$135,709 of remaining Council income for the current period, \$849,320 of STAPP funding and \$38,276 of TNZ and Regional Event funding. The planned utilsation of these marketing funds is set out in the current DGLT reforecast. The further current liability of \$55,218 reflects all holiday pay and wages due to employees up until the end of the current period.

The Trusts opening equity is \$166,986 which has been reduced by the current period deficit of \$88,418 to a closing equity position of \$78,568. As the current period deficit is due to the timing of marketing spend, the opening equity position will be restored by year end.

Statement of Comprehensive Revenue and Expense

For the half-year ended 31 December 2021

		Unaudited	Unaudited	Unaudited
		Actual	Actual	Actual
		For the 6	For the 6	
		Months to 31	Months to 31	
		December	December	
		2021	2020	30 June 2021
	Note	\$	\$	\$
Revenue				
Operating grants	4	1,118,918	1,174,782	2,001,518
Revenue from services provided	3	34,867	33,566	64,383
Finance revenue	5	1,769	151	328
Total revenue		1,155,554	1,208,499	2,066,229
Expenditure				
Employee benefit expenses	6	297,804	243,226	511,869
Depreciation and amortisation expense	10,11	24,607	22,083	43,747
Finance costs	5	(365)	-	-
Other expenses	6	921,196	439,971	1,416,607
Total operating expenditure		1,243,972	705,280	1,972,223
Operating surplus/(deficit)		(88,418)	503,219	94,006
Total comprehensive revenue and expenses attributable to:				
Destination Lake Taupo Trust		(88,418)	503,219	94,006
		(88,418)	503,219	94,006

Statement of Changes in Net Assets/Equity

For the half-year ended 31 December 2021

		Unaudited	Unaudited	Unaudited
		Actual	Actual	Actual
		For the 6	For the 6	
		Months to	Months to	
		31 December	31 December	
		2021	2020	30 June 2021
	Note	\$	\$	\$
Net Assets/Equity at start of the year	7	166,986	72,978	72,978
Total comprehensive revenue and expenses previously reported		(88,418)	503,219	94,006
Balance at 31 December	7	78,568	576,199	166,986

Statement of Financial Position

As at 31 December 2021

		Unaudited Actual For the 6 Months to 31 December 2021	Unaudited Actual For the 6 Months to 31 December 2020	Unaudited Actual 30 June 2021
N	lote	\$	\$	\$
ASSETS Cash and cash equivalents Trade and other receivables Prepayments Total current assets	8 9	1,193,456 59,739 51,288 1,304,483	665,933 312,066 24,873 1,002,872	385,731 34,964 20,175 440,870
Total current assets		1,504,405	1,002,072	440,670
1 //1	10 11	17,730 54,527 72,257 1,376,740	20,785 67,800 88,585 1,091,457	18,571 49,910 68,481 509,351
Current liabilities				
	12 13	1,242,954 55,218 1,298,172	478,638 36,620 515,258	296,261 46,104 342,365
Non-current liabilities Total non-current liabilities				
Total liabilities		1,298,172	515,258	342,365
Net assets (assets minus liabilities)		78,568	576,199	166,986
EQUITY Equity Accumulated funds Total equity	7	100 78,468 78,568	100 <u>576,099</u> 576,199	100 166,886 166,986

Statement of Cashflows

For the half-year ended 31 December 2021

		Unaudited	Unaudited	Unaudited
		Actual	Actual	Actual
		For the 6	For the 6	
		Months to	Months to	
		31 December	31 December	
		2021	2020	30 June 2021
1	Note	\$	\$	\$
Cash flows from operating activities				
Receipts from customers		40,993	40,088	119,201
Receipts from Taupo District Council operating grant		754,108	664,818	1,488,922
Finance revenue		1,769	151	328
Other revenue including STAPP, MBIE and TNZ grants		1,135,860	700,000	757,992
Payments to suppliers		(776,612)	(786,424)	(1,834,364)
Payments to employees		(288,690)	(320,330)	(579,488)
Net GST received / (paid)		(31,322)	59,509	60,599
Net cash flow from operating activities		836,106	357,812	13,190
Cash flows from investing activities				
Receipts from sale of property, plant, and equipment				65,984
Purchase and development of property, plant and equipment		-	(4,159)	(5,721)
Purchase and development of intangibles		(28,382)		
		(28,382)	(4,159)	(5,721)
Net cash flow from investing activities		(28,382)	(4,159)	60,263
Net increase (decrease) in cash held		807,724	353,653	73,453
Add cash at start of year		385,731	312,278	312,278
Cash, cash equivalents, and bank overdrafts at the end of the year	8	1,193,455	665,931	385,731

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

1 Statement of accounting policies for the half-year ended 31 December 2021

1.1 Reporting entity

The Destination Lake Taupo Trust ('the Trust") is a Council Controlled Organisation of Taupo District Council, by virtue of the Council's right to appoint the Board of Trustees. Governance is provided by the Trust Board as per the Destination Lake Taupo Trust deed. The relevant legislation governing the Trust's operations includes the LGA. The financial statements of the Destination Lake Taupo Trust have been prepared in accordance with the provisions of section 68 and section 69 of the Local Government Act 2002.

The primary objective of the Trust is to promote the Great Lake Taupo region to the domestic and international visitor market with the specific intention of growing this market, rather than for making a financial return. Accordingly, the Trust has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Trust are for the 6 months ended 31 December 2021. The financial statements were approved by the Board of Trustees on 23rd February 2022.

2 Summary of significant accounting policies

2.1 Basis of preparation of half-year financial report

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 of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis except for certain classes of assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies.

2.2 **GST**

The financial statements have been prepared exclusive of GST, except for trade and other receivables and trade and other payables. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statements.

2.3 Revenue

Revenue is measured at the fair value.

All grants (including the grant from Taupo District Council) and bequests received, including non-monetary grants at fair value, shall be recognised as revenue when there is reasonable assurance that:

- (a) the entity will comply with the conditions accounting to them; and
- (b) the grants will be received.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue.

Sales of goods and services

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Interest and dividends

Interest revenue is recognised as it accrues, using the effective interest method.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.4 Leases

(i) Finance leases

Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lease are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on derivative instruments that are recognised in the Statement of Comprehensive Revenue and Expense. The interest expense component of finance lease payments is recognised in the Statement of Comprehensive Revenue and Expense using the effective interest rate method.

(ii) Operating leases

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease expense.

2.5 Equity

Equity is the community's interest in The Trust as measured by the value of total assets, less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specific uses The Trust makes of it's accumulated surpluses. The equity of The Trust is made up of the following components:

Accumulated funds

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of less than six months.

2.7 Financial assets

The Trust classifies its investments as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when these assets are impaired or derecognised are recognised in the Statement of Comprehensive Revenue and Expense.

2.8 Trade and other receivables

Trade and other receivables are initially measured at face value, less impairment losses (note 2.11). A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of the estimated future cashflows, discounted using the effective interest method.

2.9 Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include plant and equipment.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Valuation methodologies

Those asset classes that are revalued, are revalued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of all assets not revalued in any year are reviewed at each balance date to ensure that those values are not materially different to fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the surplus or deficit.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Borrowing costs are not capitalised as part of the cost of an asset. They are recognised as an expense in the period in which they are incurred.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent measurement

Subsequent to initial recognition, classes of PP&E are accounted for as set out below. Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of PP&E, less any residual value over its remaining useful life.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Machinery	4 years	5% - 25%
Computer Equipment	4 years	25%
Office equipment	4-10 years	8.5% - 25%
Furniture and fittings	2-10 years	7% - 33%

2.10 Intangible assets

Software acquisition and development

Costs that are directly associated with the development of the Love Taupo website are recognised as an intangible asset.

Costs associated with maintaining the website are recognised as an expense when incurred.

Class of intangible asset	Estimated useful life	Amortisation rates
Website	4 years	25%

2.11 Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

2.12 Financial Liabilities

Short term creditors and other payables are recorded at their face value.

2.13 Employee entitlements

Provision is made in respect of the Trust's liability for salaries and wages accrued up to balance date, annual leave, long service leave.

Long service leave, where there is already actual entitlement, is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for annual leave are accrued on an actual entitlement basis, using current rates of pay.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

2.14 Income tax

The IRD has recently confirmed the Trust is now exempt from income tax under sections CW 40 of the Income Tax Act 2007. The IRD has advised that the exemption is not back-dated and applies from the date that the trust deed was amended on 12 June 2015.

2.15 Advertising costs

Advertising costs are expensed when the related service has been rendered.

3 Revenue from Services Provided

	Unaudited Actual For the 6 Months to 31 December 2021 \$	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual 30 June 2021 \$
Revenue from significant activities			
I-Site operations Other revenue Marketing fees Total Operating Revenue	- - 34,867 34,867	33,566 33,566	7,140 1,254 55,989 64,383
Retail sales less cost of goods sold Gross margin on retail sales less stock losses	-	- - -	- - -
I-Site Commissions I-Site Operator advertising revenue Other	-	- - -	7,140 - -

4 Subsidies and Grants

Unaudited		
Actual	Unaudited Actual	Unaudited Actual
For the 6 months	For the 6 months	
to 31 December	to 31 December	
2021	2020	30 June 2021
\$	\$	\$
364,809	350,633	512,596
754,109	824,149	1,488,922
1,118,918	1,174,782	2,001,518

Grants Other government grants - MBIE STAPP Funding Operating grant from Taupo District Council Total subsidies and grants

5 Finance Revenue and Finance Costs

Unaudited Actual For the 6 Months to 31 December 2021	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual 30 June 2021 \$
1,769 365 1,404		328

Finance revenue
Interest revenue
Less finance costs
Interest expense
Net finance costs

6 Operating Expenditure

	Unaudited		
	Actual	Unaudited Actual Unaudited Ac	
	For the 6	For the 6 Months	
	Months to 31	to 31	
	December 2021	December 2020	30 June 2021
	\$	\$	\$
Employee benefit expenses			
Salaries and wages	281,984	258,147	566,381
Increase/(decrease) in employee entitlements	9,113	(21,781)	(67,620)
Defined contribution plan employer contributions	6,707	6,860	13,108
Total employee benefit expenses	297,804	243,226	511,869
total employee beliefit expenses	237,804	243,220	311,809
Danvaciation by accet class:			
Depreciation by asset class:	1 506	1 026	7,670
Furniture and fittings	1,596	1,936	7,670
Plant & Machinery	2,352	1,960	7.670
Total depreciation	3,948	3,896	7,670
Amortisation of intangible assets:	20.650	40 407	26.077
Website	20,659	18,187	36,077
Total amortisation	20,659	18,187	36,077
Total depreciation and amortisation	24,607	22,083	43,747
Other expenses	500 545	222 700	074 500
Advertising	688,517	222,709	974,500
Audit fees for financial statements audit	9,804	9,530	19,811
Bad debts written off	420	965	965
Bank fees	287	160	355
Board meeting fees	21,231	20,769	41,934
Building rental	16,590	15,090	32,188
Conference fees	5,795	2,671	11,872
Industry expenses	4,100	357	817
Insurance	1,275	1,291	2,572
Legal fees	-	2,170	2,170
Loss on disposal of property, plant & equipment	-	40	40
Maintenance	4,495	4,500	9,411
Materials and supplies	887	6,158	11,814
Memberships and subscriptions	47,609	32,132	58,104
Other expenses	17,771	18,701	40,242
Printing & stationery	277	2,430	5,782
Professional services fees	61,720	59,291	118,459
Publicity	625		2,420
Staff expenses	3,981		3,001
Taupo District Council administration fee	25,000		50,000
Travel & accommodation	10,812		30,150
Total other expenses	921,196		1,416,607
		.55,571	_, 0, 0 0 1

7 Net Assets/Equity

	Unaudited Actual For the 6	Unaudited Actual Unaudited Actu	
	Months to 31	to 31	
	December 2021	December 2020	30 June 2021
	\$	\$	\$
Trust Equity			
Accumulated funds	78,468	576,099	166,886
Balance at 31 December 2021	78,468		166,886
Contributed equity			
Equity	100	100	100
Balance at 31 December 2021	100	100	100
Total equity	78,568	576,199	166,986
Accumulated funds			
Balance at 1 July 2021	166,886	72,880	72,880
Surplus/(deficit) for the half-year	(88,418)	503,219	94,006
Balance 31 December 2021	78,468		166,886

8 Cash and Cash Equivalents

6 Casii aliu Casii Equivalents			
	Unaudited		
	Actual	Unaudited Actual	Unaudited Actual
	For the 6	For the 6 Months	
	Months to 31	to 31	
	December 2021	December 2020	30 June 2021
	\$	\$	\$
Cash at bank and in hand	_	238	-
Bank Call Account	293,456	665,695	385,731
Bank Term deposits with maturities less than six months	900,000	·	-
Total cash and cash equivalents used in statement of cashflows	1,193,456	665,933	385,731
·			
		_	
	Actual	Actual	Actual
	2021	2019	2021
	\$	\$	\$
Total	1,193,456	665,933	385,731

The carrying value of short-term deposits with maturity dates of six months or less approximates their fair value.

9 Trade and Other Receivables

	Unaudited Actual For the 6 Months to 31 December 2021 \$	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual 30 June 2021 \$
Trade receivables Provision for doubtful receivables Net debtors	1,119 - 1,119	12,991 5,812 18,803	9,741 9,741
Interest receivable	1,465 1,465	<u>-</u>	<u>-</u> -
Other receivables - hub partners GST refund	610 <u>56,545</u> 57,155		25,223 25,223
Total current net trade and other receivables	59,739	312,066	34,964
Total debtors and other receivables from exchange transactions	1,119	18,803	9,741
Total current net trade and other receivables from non-exchange transactions	58,620	293,263	25,223
Total current net trade and other receivables	59,739	312,066	34,964

The status of receivables as at 31 December 2021 are detailed below:

	Unaudited		
	Actual	Unaudited Actual	Unaudited Actual
	For the 6	For the 6 Months	Ondudited Actual
		to 31 December	
	December 2021	2020	30 June 2021
	\$	\$	\$
Current	-	3,220	1,293
Past due 1-30 days	635	6,425	2,081
Past due 31-60 days	-	-	3,278
Past due 61+ days	484	9,158	3,089
Impairment		(5,812)	
Total individual impairment	1,119	12,991	9,741

The Trust holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

10 Property, Plant and Equipment

December 2021	Cost 1 Jul 2021 \$	Accumulated depreciation 1 Jul 2021 \$	Carrying amount 1 Jul 2021 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation	Cost / revaluation 31 Dec 2021 \$	Accumulated depreciation 31 Dec 2021	Carrying amount 31 Dec 2021 \$
Operating assets at cost									
Office furniture and fittings	26,663	(18,897)	7,766	-	-	(1,596)	26,663	(20,493)	6,170
Plant and equipment	50,645	(39,839)	10,806	3,106		(2,352)	53,751	(42,191)	11,560
Total DGLT 31 December 2021	77,308	(58,736)	18,572	3,106		(3,948)	80,414	(62,684)	17,730
December 2020	Cost 1 Jul 2020 \$	Accumulated depreciation 1 Jul 2020 \$	Carrying amount 1 Jul 2020 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation	Cost / revaluation 31 Dec 2020 \$	Accumulated depreciation 31 Dec 2020	Carrying amount 31 Dec 2020 \$
Operating assets at cost									
Office furniture and fittings	130,847	(56,513)	74,334	-	(62,725)	(1,935)	26,663	(16,989)	9,674
Plant and equipment	63,582	(51,371)	12,211	4,159	(3,299)	(1,962)	49,083	(37,972)	11,111
Total DGLT 31 December 2020	194,429	(107,884)	86,545	4,159	(66,024)	(3,897)	75,746	(54,961)	20,785
June 2021	Cost 1 Jul 2020 \$	Accumulated depreciation 1 Jul 2020	Carrying amount 1 Jul 2020 \$	Current year additions (+ gains) \$	Current year disposals (+ losses) \$	Current year depreciation	Cost / revaluation 30 June 2021 \$	Accumulated depreciation 30 June 2021	Carrying amount 30 June 2021 \$
Operating assets At cost									
Office furniture and fittings	130,847	(56,513)	74,334	-	(62,725)	(3,843)	26,663	(18,897)	7,766
Plant and equipment	63,582	(51,371)	12,211	5,721	(3,299)	(3,828)	50,645	(39,840)	10,805
Total DGLT 30 June 2021	194,429	(107,884)	86,545	5,721	(66,024)	(7,671)	77,308	(58,737)	18,571

There is no provision for impairment this year (2020 \$nil)

11 Intangible Assets

Movements in the carrying value for each class of intangible asset are as follows:

	Website \$	Total \$
At 1 July 2020		
Toal Cost	144,308	144,308
Total accumulated amortisation and		
impairment	(58,321)	(58,321)
Net book amount	<u>85,987</u>	85,987
Half-year ended 31 December 2020		
Opening net book amount	85,987	85,987
Amortisation charge for period**	(18,187)	(18,187)
Closing net book amount	67,800	67,800
At 31 December 2020		
Total Cost	144,308	144,308
Total accumulated amortisation and		
impairment	(76,508)	(76,508)
Net book amount	67,800	67,800
Half-year ended 31 December 2021		
Opening net book amount	49,910	49,910
Development costs recognised as an asset	25,276	25,276
Amortisation charge for period **	(20,659)	(20,659)
Closing net book amount	54,527	54,527
At 31 December 2021		
Total Cost	169,584	169,584
Total accumulated amortisation and	_55,50.	
impairment	(115,057)	(115,057)
Net book amount	54,527	54,527

^{**} Amortisation of \$20,659 (2020: \$18,187) is included in depreciation and amortisation expense in the statement of comprehensive income.

12 Trade and Other Payables

	Unaudited Actual For the 6 Months to 31 December 2021 \$	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual 30 June 2021 \$
Trade payables Accrued expenses Provision for ACC Revenue in advance Total creditors and other payables	120,863	86,569	18,622
	98,605	42,516	24,989
	31	186	245
	1,023,455	349,367	252,405
	1,242,954	478,638	296,261
Total creditors and other payables from exchange transactions Total creditors and other payables from non-exchange transactions	219,468	129,085	43,612
	1,023,486	349,553	252,649
Total current creditors and other payables from exchange and non-exchange transactions	1,242,954	478,638	296,261

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

13 Employee Benefit Liabilities

	Unaudited Actual For the 6 Months to 31 December 2021 \$	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual 30 June 2021 \$
Current portion Accrued pay Annual leave Long service leave & lieu days Total current portion	21,286 33,644 288 55,218	13,089 23,265 266 36,620	15,237 30,580 287 46,104
Total employee entitlements	55,218	36,620	46,104

14 Related Party Transactions

The Destination Lake Taupo Trust (the Trust) is a Council Controlled Organisation of Taupo District Council and received a significant amount of operating grants from the Council to deliver it's objectives as specified in the Trust Deed. All transactions with related parties have been conducted at arms length.

Key management personnel

	Unaudited Actual For the 6 Months to 31 December 2021 \$	Unaudited Actual For the 6 Months to 31 December 2020 \$	Unaudited Actual 30 June 2021 \$
Councillors Remuneration (Trustees) Full-time equivalent members Senior Management Remuneration (GM & SMT) Full-time equivalent members Total key management personnel compensation Total full-time equivalent personnel	21,230	20,769	41,934
	6	6	6
	-	-	-
	3	2	2
	21,230	20,769	41,934
	9	8	8

Due to the difficulty in determining the full-time equivalent for Board Members, the fulltime equivalent figure is taken as the number of Board Members.

Due to the small number of personnel that comprise the senior management team, their renumeration has not been disclosed for privacy reasons.

15 Capital & Operational Commitments and Operating Leases

Operating sub-lease as sub-lessee:

The Destination Lake Taupo Trust sub-leases a building from the Taupo District Council in the normal course of the Trust's business. The building is situated at 32 Roberts Street Taupo. The sub-lease includes two rights of renewal, each for a term of 3 years with both rights of renewal having been exercised and the final expiry date of the sub-lease being 2nd February 2023. The future aggregate minimum lease payments to be paid under the operating sub-lease is as follows:

	Unaudited		
	Actual	Unaudited Actual Unaudited Actual	
	For the 6	For the 6 Months	
	Months to 31	to 31	
	December 2021	December 2020	30 June 2021
	\$	\$	\$
Payable no later than one year	22,850	22,850	22,850
Later than one, not later than two years	5,712	22,850	15,233
Later than two, not later than five years	_	3,808	
Total non-cancellable operating leases	28,562	49,508	38,083
		l	

16 Events after Balance Date

There were no significant events after balance date that require reporting.