



Annual Report

2016/17

Report from the Chairman & Chief Executive

It is a pleasure to review another exciting 12 months for TIA and tourism. At the end of the period under review (1 April 2016 - 31 March 2017), tourism was officially worth \$34.7 billion and fast-tracking towards the Tourism 2025 aspirational goal of \$41 billion in annual turnover.

Advocating for sustainable growth

TIA led several major projects during 2016/17 to underpin strong industry growth.

Our National Tourism Infrastructure Assessment identified priority areas for investment and highlighted the need for industry to work closely with central and local government to close infrastructure gaps.

Work began on an important project to help ensure the industry is sustainable into the future – economically, environmentally and socially.

Leveraging off our disaster recovery expertise, TIA established a tourism action group to guide a coordinated industry and government response to the Kaikoura earthquake.

DGiT (Domestic Growth Insight Tool), an innovative online tool to help operators maximise domestic tourism was the first major initiative to come out of the Domestic Tourism Working Group which is spearheaded by TIA.

Led by TIA, the Responsible Camping Forum implemented a social media campaign targeting young freedom campers. It was an outstanding success, attracting 2.4 million views over the summer.

A busy advocacy programme covered a broad range of topics, from fresh water management and air connectivity to immigration, people and skills, and workplace compliance. We advocated for a quality visitor transport system that would encourage regional dispersal and led industry efforts to improve visiting driver safety. Our Local Government Election Manifesto highlighted the value of tourism to New Zealand communities. Significant resources went into supporting our hotel members, including leading a vigorous fight against Auckland Council's targeted rate for commercial accommodation.

We continued to lobby government for improvements to tourism research and easier access to insight to help operators make business decisions in a fast-changing world.

From political and government to media, relationships were strengthened to successfully raise tourism's profile.

Leadership Platforms

TIA managed several successful events during the 2016/17 year to help strengthen and grow the industry. TRENZ 2016 in Rotorua achieved very high satisfaction levels. Discussing Tourism forums were attended by over 500 delegates across six locations.

The annual New Zealand Tourism Awards were extremely competitive, with the Air New Zealand Supreme Tourism Award won by Rotorua Canopy Tours, and the Sir Jack Newman Outstanding Industry Leader Award presented to former Tourism New Zealand Chief Executive George Hickton. A People's Choice Award featured for the first time and was won by Hobbiton Movie Set & Farm Tours.

The 2016 Tourism Summit Aotearoa attracted 270 delegates and focused on infrastructure.

Co-hosted by TIA and Horwath HTL, the 2016 New Zealand Hotel Industry Conference was sold out for the second consecutive year. An expanded awards programme recognised the key roles that go into running a successful hotel.

Adding value

TIA is fortunate to have a strong and strategic Board with Directors from all the main tourism sectors.

The Board is very pleased with the TIA team's performance, including the way staff have dealt with issues as they have arisen. Responding to the Kaikoura earthquake and the Auckland targeted rates issue were activities over and above the planned actions for the organisation during 2016/17.

TIA is in a healthy and positive state and is a strong and effective advocate for New Zealand's large and diverse tourism industry.

TIA's success is possible because of the support of our members and it is pleasing to see member retention is very strong. The Board is also very grateful for the valuable support of TIA's Strategic Partners - ServiceIQ, Westpac, JLT and AIG, and our event sponsors.

Thank you to all our supporters. You help TIA accomplish what no single member or sector group could achieve by themselves.

A handwritten signature in black ink, appearing to read 'Grant Webster'.

Grant Webster
Chair

A handwritten signature in black ink, appearing to read 'Chris Roberts'.

Chris Roberts
Chief Executive



TIA Board of Directors

(As at 31 March 2017)

Adventure & Outdoor Sector

Jeroen Jongejans (Co-Deputy Chair), Director, Dive! Tutukaka

Air Transport Sector

Adrian Littlewood, Chief Executive, Auckland Airport

Attractions, Conferences and Events Sector

Callum Mallett, General Manager Operations,
New Zealand International Convention Centre

Culture and Heritage Sector

Megan McSweeney, Director of Business, External Affairs and Tourism,
Auckland War Memorial Museum

General Industry Sector

Justin Watson, Chief Commercial Officer – Aeronautical,
Christchurch International Airport

General Industry Sector

Grant Lilly, Company Director

Hotel & Lodges Sector

Chris Sedgwick, Senior Vice President, New Zealand, Fiji & French Polynesia, AccorHotels

Land Transport Sector

Grant Webster (Chair), Chief Executive, Tourism Holdings Ltd

Motels, Other Accommodation and Hospitality Sector

Fergus Brown, Chief Executive, Holiday Parks New Zealand

Regional Tourism Organisations New Zealand Representative

Graham Budd, Chief Executive, Destination Queenstown
& Chair, Regional Tourism Organisations New Zealand

Tourism New Zealand Representative

Vacant (From April 2017, Stephen England-Hall, Chief Executive Tourism New Zealand)

Tourism Services and Services to Tourism Sector

Martin Horgan, Managing Director, Southern World NZ Ltd
& President, Tourism Export Council New Zealand

Water Transport and Cruise Sector

Craig Harris (MNZM), Managing Director, McKay Shipping

Co-opted Director

Richard Lauder (Co-Deputy Chair), Chief Executive,
Real Journeys and Cardrona Alpine Resort

Co-opted Director

Christopher Luxon, Chief Executive Officer, Air New Zealand

Board changes in 2016/17:**September 2016**

Grant Webster, Chief Executive, Tourism Holdings Ltd, voted Board Chair, replacing Grant Lilly, Company Director.

Jeroen Jongejans, Director, Dive! Tutukaka and Richard Lauder, Chief Executive, Real Journeys and Cardrona Alpine Resort, voted Board Deputy Chairs, replacing David Perks on his resignation from the Board.

Graham Budd, Chief Executive, Destination Queenstown, elected as the Regional Tourism Organisations representative, replacing David Perks, General Manager, Venues and Project Development, Wellington Regional Economic Development Agency who did not seek re-election.

Callum Mallett, General Manager Operations, New Zealand International Convention Centre, elected as the Attractions, Conferences and Events sector representative, replacing Simon Jamieson, Group General Manager – NZ International Convention Centre, Development & Tourism (SKYCITY) who did not seek re-election.

Justin Watson, Chief Commercial Officer – Aeronautical, Christchurch International Airport, elected as the General Industry sector representative, replacing Malcolm Johns, Chief Executive, Christchurch International Airport who did not seek re-election.

Fergus Brown, Chief Executive, Holiday Parks New Zealand, re-elected as the Motels, Other Accommodation & Hospitality sector representative.

Richard Lauder, Chief Executive, Real Journeys & Cardrona Alpine Resort re-appointed as a co-opted director for two more years.

November 2016

Kevin Bowler left the Board as the Tourism New Zealand representative following his resignation as TNZ Chief Executive.

TIA Strategic Partners



Financial Performance and Position – Tourism Industry Aotearoa (TIA)

The financial result for the year ended 31 March 2017 shows a net surplus of \$22,266 (compared with \$30,814 the previous year). The membership of TIA comprises approximately 1000 full members, 500 affiliate members and 175 secondary schools.

Income

The 2016/17 annual membership income was \$1,478,561, 42% of total TIA revenue. Membership income increased by \$132,000 over the previous year, driven largely by a 90% retention rate for full members and strong underlying revenue growth in members' businesses.

Secretariat fees are payments for the financial, IT, phone, reception and other services provided to partner tourism and travel trade associations. Secretariat income was \$39,400.

Management fees are charged by TIA to the Tourism Industry New Zealand Trust to deliver major events. This includes TRENZ, which was run in May 2016. Management fee income was \$467,000.

The remaining income comprises interest received \$46,831, administration fees from the Tourism Industry New Zealand Trust of \$323,000, and commission, project, event and sponsorship income of \$1,452,807 (2015/16 \$1,127,274). This increase is due to project funding support being provided by members. The administration fee is an allocation of overhead expenses for rent, utilities, insurance, accountancy, etc.

Overall total income of TIA was \$3,484,600 (compared with \$3,041,076 the previous year).

Expenses

Total expenses for the year were \$3,462,334 (compared with \$3,010,264 the previous year). The increase in cost was primarily driven by a different mix of projects being undertaken by TIA in 2016/17 and supported by funding from members.

Financial Position

TIA has more than \$1.8 million in accumulated funds, which includes a Capital Reserve of \$900,000.

SUMMARY STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2017

	2017	2016
INCOME	\$	\$
Members hip Income		
Members hip Fees	1,478,561	1,346,597
	<u>1,478,561</u>	<u>1,346,597</u>
Other Income		
Secretariat & Management fees	506,401	506,401
Interest Received	46,831	60,804
Commission, Sponsorship & Other Income	1,452,807	1,127,274
	<u>2,006,039</u>	<u>1,694,479</u>
Total Income	<u>3,484,600</u>	<u>3,041,076</u>
EXPENDITURE		
AGM/Board Meeting Expenses	36,976	53,578
Business Development Expenses	35,895	36,576
Conference & Subscriptions	23,404	23,910
Depreciation & Amortisation	50,991	31,475
Employment Expenses	1,896,411	1,915,436
Information Technology Expenses	98,407	69,070
Legal & Accounting Expenses	41,058	27,529
Members hip & Events	430,391	434,227
Office Expenses	87,265	77,142
Property & Occupancy Expenses	91,862	88,197
Projects & Research	581,238	155,716
Other Expenses	88,436	77,007
Taxation Expense	-	20,401
Total Expenses	<u>3,462,334</u>	<u>3,010,264</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR	<u>22,266</u>	<u>30,814</u>

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	2017	2016
ACCUMULATED FUNDS	\$	\$
Balance at beginning of Year	1,834,262	1,803,449
Net Surplus for year	<u>22,266</u>	<u>30,814</u>
TOTAL ACCUMULATED FUNDS	<u>1,856,528</u>	<u>1,834,262</u>
Represented by:		
CURRENT ASSETS		
Cash & Bank	855,432	525,029
Short Term Deposits	1,100,000	900,000
Accounts Receivable	880,008	1,485,976
Prepayments and other Current Assets	17,870	17,341
Loan to Tourism Industry NZ Trust	<u>650,000</u>	<u>650,000</u>
	<u>3,503,310</u>	<u>3,578,346</u>
CURRENT LIABILITIES		
Income in Advance	1,106,833	1,267,254
Accounts Payable	268,506	113,298
Employee Entitlements	80,232	162,550
Other Accrued Liabilities	134,836	93,971
GST/FBT Payable	<u>148,564</u>	<u>203,547</u>
	<u>1,738,971</u>	<u>1,840,620</u>
NET WORKING CAPITAL	<u>1,764,339</u>	<u>1,737,726</u>
NON CURRENT ASSETS		
Fixed Assets	19,904	30,701
Intangible Assets	72,285	65,835
TOTAL NET ASSETS	<u>1,856,528</u>	<u>1,834,262</u>

Financial Performance and Position – Consolidated

Under Financial Reporting Standards, TIA and the Tourism Industry New Zealand Trust are required to provide Consolidated Financial Statements. The two entities are separate structures with different purposes.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2017

	2017	2016
INCOME	\$	\$
Membership Income		
Membership Fees	1,478,561	1,346,597
	<u>1,478,561</u>	<u>1,346,597</u>
Other Income		
Secretariat & Management fees	39,400	39,400
Interest Received	117,065	137,791
Commission, Sponsorship, Event & Other Income	3,473,474	3,165,323
	<u>3,629,939</u>	<u>3,342,514</u>
Total Income	<u>5,108,499</u>	<u>4,689,112</u>
EXPENDITURE		
AGM/Meeting Expenses	40,534	53,578
Business Development Expenses	35,895	36,576
Conference & Subscriptions	24,824	25,260
Depreciation & Amortisation	64,987	31,474
Employment Expenses	1,896,399	1,915,437
Information Technology Expenses	98,419	80,485
Legal & Accounting Expenses	50,945	43,224
Membership & Events	1,884,804	1,729,371
Office Expenses	87,406	77,612
Property & Occupancy Expenses	91,862	88,197
Projects & Research	577,868	176,784
Other Expenses	102,695	85,938
Taxation Expense	-	20,401
Total Expenses	<u>4,956,638</u>	<u>4,364,337</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR	<u>151,861</u>	<u>324,775</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	2017	2016
ACCUMULATED FUNDS	\$	\$
Capital	10	10
Balance at beginning of Year	2,650,062	2,325,289
Net Surplus for year	151,861	324,775
TOTAL ACCUMULATED FUNDS	<u>2,801,933</u>	<u>2,650,074</u>
Represented by:		
CURRENT ASSETS		
Cash & Bank	3,023,336	1,699,986
Short Term Deposits	2,850,000	3,150,000
Accounts Receivable	931,830	1,531,548
Prepayments and other Current Assets	408,753	356,128
Taxation Receivable	14,358	5,141
	<u>7,228,277</u>	<u>6,742,805</u>
CURRENT LIABILITIES		
Income in Advance	3,804,596	3,559,640
Accounts Payable	344,227	127,924
Employee Entitlements	80,232	129,641
Other Accrued Liabilities	134,836	133,230
GST Payable	223,580	247,785
FBT Payable	1,043	1,045
	<u>4,588,514</u>	<u>4,199,265</u>
NET WORKING CAPITAL	<u>2,639,764</u>	<u>2,543,541</u>
NON CURRENT ASSETS		
Fixed Assets	19,904	30,701
Intangible Assets	142,266	75,835
	<u>162,170</u>	<u>106,536</u>
TOTAL NET ASSETS	<u>2,801,933</u>	<u>2,650,074</u>

This is a summary of the full financial statements as at 31 March 2017. The full statements have been audited and are available on request from TIA. Please note that this summary has not been audited.



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