



TOURISM
INDUSTRY
AOTEAROA



ANNUAL REPORT

2017/2018

Report from the Chair & Chief Executive

It is a pleasure to review the last 12 months for TIA and tourism, as the industry faces the challenges and opportunities of continued growth in demand. At the end of the period under review (1 April 2017 – 31 March 2018), tourism was officially worth \$36 billion, well on its way to reaching the Tourism 2025 goal of \$41 billion in annual spend.

Advocating for sustainable growth

TIA led several major projects during 2017/18 to advance the industry, and continues to be guided by the Tourism 2025 Framework.

A significant milestone for our industry was the launch of the Tourism Sustainability Commitment in November 2017, which commits tourism businesses to achieving ambitious economic goals while being sustainable in their environmental, business and community practices. The response from the industry has been encouraging, with hundreds of businesses signing up. TIA has employed two Sustainability Advocates to champion the Commitment with tourism businesses across the country.

Closing the infrastructure deficit continues to be a priority for TIA, informed by the findings of the National Tourism Infrastructure Assessment, which identified the priority investment areas nationally and regionally.

Talking of the regions, the Kaikoura Earthquake Tourism Action Group (KE-TAG) met regularly during the year in review. TIA established KE-TAG in November 2016 to help coordinate the post-quake recovery. Positively, the region's visitor spend is now tracking back to pre-quake levels, and most tourism operators have been able to stay in business.

An industry Insight Framework was launched by TIA in November 2017 to lead and manage the insight available to New Zealand tourism businesses, and an Insight Leadership Panel of industry representatives was convened to support its implementation.

The advocacy team have had a busy programme over the last year covering a broad range of topics, from air connectivity to conservation management to people and skills. Significant resources went into advocating against Auckland's targeted rate for commercial accommodation. As a result of this advocacy, the revenue to be collected by the rate was reduced by more than half and a number of smaller operators were exempted from paying.

We have been establishing good relationships with the new Government and Ministers following the 2017 General Election. It was pleasing to see tourism was on the front bench of priorities for the new Government.

Leadership programmes

TIA managed several successful, industry-leading events in 2017/18 to strengthen trade and business relationships, aid industry growth, and inform on key initiatives.

TRENZ 2017 was held in Auckland to overwhelmingly positive feedback and reports of high satisfaction levels from attendees.

Over 350 industry leaders attended the annual New Zealand Tourism Awards in Christchurch to celebrate businesses and individuals excelling in their respective fields. The Air New Zealand Supreme Award for 2017 was won by Haka Tour Group.

The annual Tourism Summit Aotearoa was held in Wellington in November 2017, bringing together government and business leaders in the industry, and the Discussing Tourism forums in 2017 were attended by over 300 delegates across the four locations.

The 2017 New Zealand Hotel Industry Conference, co-hosted by TIA and Horwath HTL, was again a successful and sold-out event, with an expanded awards programme.

Adding value

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

The Board is pleased with the TIA team's performance over this financial year, in which TIA reinforced its position as an industry leader with the launch of the Tourism Sustainability Commitment and introduction of the Insight Framework.

TIA's success is possible because of the support of our members, and it is pleasing to see that member retention is strong. The Board is also very grateful for the valuable support of TIA's Strategic Partners – ServiceIQ, Westpac, Tourism Industry New Zealand Trust, AIG and JLT, 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 'C. Roberts'.

Chris Roberts
Chief Executive

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

Grant Webster
Chair



TIA Board of Directors

(As at 31 March 2018)

Adventure & Outdoor Sector

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

Air Transport Sector

Steve Sanderson, Chief Executive, Wellington Airport

Attractions, Conferences and Events Sector

Graeme Stephens, Chief Executive, SKYCITY Entertainment Group

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

Richard Lauder (Co-Deputy Chair), Chief Executive, Real Journeys

Hotel & Lodges Sector

Gillian Millar, Vice President New Zealand, Fiji and French Polynesia, Accor Hotels

Land Transport Sector

Grant Webster (Chair), Chief Executive, Tourism Holdings

Motels, Other Accommodation and Hospitality Sector

Fergus Brown, Chief Executive, Holiday Parks New Zealand

Regional Tourism Sector

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

Tourism Services and Services to Tourism Sector

Anna Black, Executive Director, General Travel NZ
& President, Tourism Export Council New Zealand

Water Transport and Cruise Sector

Craig Harris (MNZM), Managing Director, McKay Shipping

Tourism New Zealand Representative

Stephen England-Hall, Chief Executive, Tourism New Zealand

Co-opted Director

Duncan Small, Head of Government and Industry Relations, Air New Zealand

Co-opted Director

Kauahi Ngapora, General Manager, Whale Watch Kaikoura

Board changes in 2017/18

September 2017

Steve Sanderson, Chief Executive, Wellington Airport, was elected as the Air Transport sector representative, replacing Adrian Littlewood, Chief Executive, Auckland International Airport, who did not seek re-election.

Richard Lauder, Chief Executive, Real Journeys, was elected as the General sector representative, replacing Grant Lilly, Company Director.

Gillian Millar, Vice President New Zealand, Fiji and French Polynesia, Accor Hotels was elected as the Hotel and Lodge sector representative, replacing Chris Sedgwick, Senior Vice President, New Zealand, Fiji & French Polynesia, Accor Hotels.

Duncan Small, Head of Government and Industry Relations, Air New Zealand, was co-opted to the Board as Air New Zealand representative replacing Christopher Luxon, Chief Executive Officer, Air New Zealand who did not seek re-appointment.

October 2017

Graeme Stephens, Chief Executive, SKYCITY Entertainment Group was appointed as Attractions, Conferences and Events sector representative as Callum Mallett, General Manager Operations, New Zealand International Convention Centre stepped down.

Anna Black, Executive Director, General Travel NZ & President, Tourism Export Council New Zealand was appointed as Tourism Services and Services to Tourism sector representative, replacing Martin Horgan Managing Director, Southern World NZ & President, Tourism Export Council New Zealand who stepped down.

Kauahi Ngapora, General Manager, Whale Watch Kaikoura was co-opted to the Board, replacing Richard Lauder, Chief Executive of Real Journeys who was elected to the Board representing the General sector.

TIA Strategic Partners





Financial Performance and Position – Tourism Industry Aotearoa (TIA) Group

The group financial result for the year ended 31 March 2018 of TIA and the Tourism Industry New Zealand Trust combined shows a net surplus of \$138,501 (compared with \$151,861 the previous year). The membership of TIA comprises approximately 1200 full members, 430 affiliate members, and 200 secondary schools.

Income

The 2017/18 commission, sponsorship, project funding and events income was \$3,524,220. Annual membership income was \$1,567,951, with total income increased by 3.2% from the prior year, largely from retention of members above 90% this year and a 2% fees increase.

Secretariat and management fees of \$39,401 are receipts for the financial, IT, phone, reception and other services provided to partner tourism and travel trade associations.

During the year, a management fee of \$467,000 was charged by TIA to the Tourism Industry New Zealand Trust to deliver major events including TRENZ, which was held in Auckland in April 2017. Also during the year, an administration fee of \$322,995 was charged by TIA to the Tourism Industry Trust New Zealand for all other governance and administration costs not directly related to TRENZ. These transactions are not shown on the consolidated group financial statements.

The remaining income comprises interest received of \$137,862 (\$117,065 for 2016/17) and overall total income of TIA was \$5,269,424 (compared with \$5,108,499 the previous year).

Expenses

Total expenses for the year were \$5,130,933 (compared with \$4,956,638 in 2016/17). The 3.5% increase in cost was primarily driven by increased membership events and employment, and offset by lower spend in 2018 on projects and research costs for tourism infrastructure research, Drivesafe and Domestic Tourism.

Taxation expense of \$33,790 was also incurred but offset by \$14,358 of prior year tax credits applied.

Financial Position

TIA Group has more than \$2.9 million (compared with \$2.8 million the previous year) in accumulated funds, with \$6.2 million of cash at bank and short term deposits as at 31 March 2018. TRENZ 2018 event and other fees received in advance of \$4.3 million (compared with \$3.8 million in 2016/17) are also held at balance date.

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 FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	\$	\$
INCOME		
Membership Income		
Membership Fees	1,567,951	1,478,561
	1,567,951	1,478,561
Other Income		
Secretariat & Management Fees	39,401	39,400
Interest Received	137,862	117,065
Commission, Sponsorship, Event & Other Income	3,524,220	3,473,473
	3,701,483	3,629,938
Total Income	5,269,434	5,108,499
EXPENDITURE		
AGM & Meeting Expenses	34,517	40,534
Business Development Expenses	27,039	35,895
Conferences & Subscriptions	22,904	24,824
Depreciation & Amortisation	77,869	64,987
Employment Expenses	1,997,500	1,896,399
Information Technology Expenses	109,726	98,419
Legal & Accounting Expenses	78,205	50,945
Membership Events	2,261,633	1,884,804
Office Expenses	91,544	87,406
Property & Occupancy Expenses	99,838	91,862
Projects & Research	106,079	577,868
Other Expenses	190,289	102,695
Taxation Expense	33,790	-
Total Expenses	5,130,933	4,956,638
NET SURPLUS/(DEFICIT) FOR THE YEAR	138,501	151,861

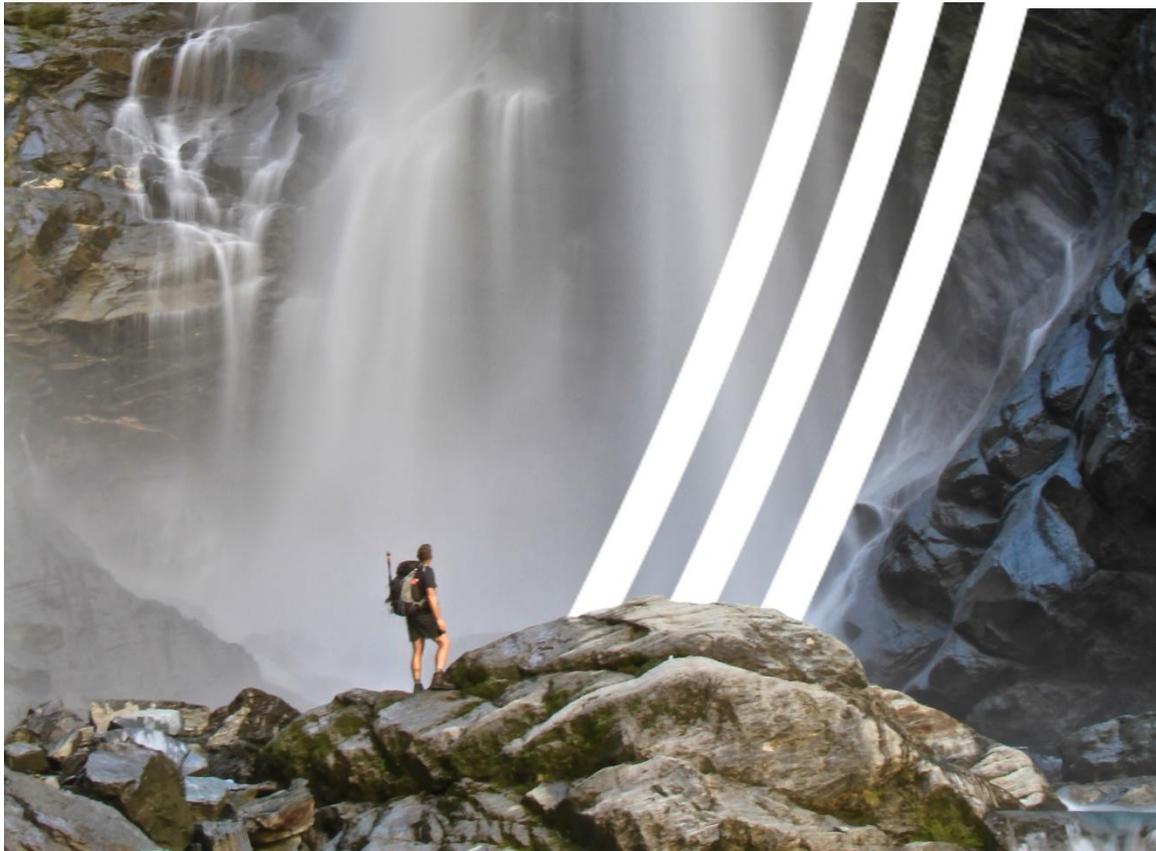
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	2018	2017
	\$	\$
ACCUMULATED FUNDS		
Capital	10	10
Balance at beginning of year	2,801,923	2,650,062
Net Surplus for year	138,501	151,861
TOTAL ACCUMULATED FUNDS	2,940,434	2,801,933
Represented by:		
CURRENT ASSETS		
Cash & Bank	3,101,337	3,023,336
Short Term Deposits	3,100,000	2,850,000
Accounts Receivable	1,101,973	931,830
Prepayments and other Current Assets	464,091	408,753
Taxation Receivable	0	14,358
	7,767,401	7,228,277
CURRENT LIABILITIES		
Income in Advance	4,318,806	3,804,596
Accounts Payable	144,266	344,227
Employee Entitlements	84,920	80,232
Other Accrued Liabilities	85,337	134,836
Taxation Payable	19,700	-
GST Payable	295,049	223,580
FBT Payable	1,042	1,043
	4,949,120	4,588,514
NET WORKING CAPITAL	2,818,281	2,639,763
NON CURRENT ASSETS		
Fixed Assets	36,880	19,904
Intangible Assets	85,273	142,266
	122,153	162,170
TOTAL NET ASSETS	2,940,434	2,801,933

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from other non-exchange transactions	102,738	306,107
Receipts from membership fees	1,995,879	1,351,441
Receipts from other exchange transactions	3,395,535	4,178,553
Interest received	<u>137,861</u>	<u>117,065</u>
	5,632,013	5,953,166
Payments		
Payments to suppliers	3,394,505	3,024,705
Payments to employees	1,817,822	1,779,489
Grants, contributions and sponsorship paid	51,982	5,000
Interest paid	<u>0</u>	<u>0</u>
	5,264,309	4,809,194
NET CASH FLOWS FROM OPERATING ACTIVITIES	367,704	1,143,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Sale of property plant and equipment	0	0
Withdrawal of short term deposits	<u>1,850,000</u>	<u>3,150,000</u>
	1,850,000	3,150,000
Payments		
Purchase of property plant and equipment	39,704	120,622
Investments in short term deposits	<u>2,100,000</u>	<u>2,850,000</u>
	2,139,704	2,970,622
NET CASH FLOWS FROM INVESTING ACTIVITIES	(289,704)	179,378
NET CASH FLOWS FROM FINANCING ACTIVITIES		
	0	0
Net increase / (decrease) in cash and cash equivalents	78,001	1,323,350
Cash and cash equivalents at 1 April	3,023,336	1,699,986
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>3,101,337</u>	<u>3,023,336</u>

This is a summary of the full financial statements as at 31 March 2018. 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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