

Tourism New Zealand
Manaakitanga Aotearoa
Annual Report
2003-2004





SAN FRANCISCO
JC Decaux Kiosks
One-month 100% Pure New Zealand promotion
Potential audience: 5.1 million people.

2	CHAIRMAN'S REPORT	43	NOTES TO THE FINANCIAL STATEMENTS
4	CHIEF EXECUTIVE'S REPORT	43	Note 1 – Government grants
8	TOURISM NEW ZEALAND – AROUND THE WORLD IN 03/04	43	Note 2 – Other revenue
10	TOURISM NEW ZEALAND – ABOUT US	43	Note 3 – Personnel expenses
11	Guide to the Main Functions of Tourism New Zealand	44	Note 4 – Other expenses
12	BOARD OF DIRECTORS	44	Note 5 – Marketing expenses of parent
13	STATEMENT OF SERVICE PERFORMANCE	45	Note 6 – Depreciation
14	Performance Report	45	Note 7 – Total expenditure of parent
36	Management Statements	46	Note 8 – Subsidiary companies
37	FINANCIAL STATEMENTS	46	Note 9 – Associate companies
37	Management Statement	47	Note 10 – Cash
38	Statement of Accounting Policies	47	Note 11 – Receivables
40	Statement of Financial Performance	48	Note 12 – Owned property, plant and equipment
40	Statement of Movements in Equity	48	Note 13 – Accommodation bonds
41	Statement of Financial Position	49	Note 14 – Provisions
42	Statement of Cash Flows	49	Note 15 – Reconciliation of surplus (deficit) with cash flow from operating activities
		50	Note 16 – Contingent liabilities and contingent assets
		50	Note 17 – Income tax
		50	Note 18 – Management of risk
		50	Note 19 – Capital commitments
		51	Note 20 – Operating commitments
		51	Note 21 – Onerous contracts
		52	Note 22 – Related party information
		52	Note 23 – Financial instruments
		53	Note 24 – Remuneration of employees
		54	Note 25 – Remuneration of directors of parent
		55	FIVE-YEAR FINANCIAL SUMMARY FOR PARENT
		56	REPORT OF THE AUDITOR GENERAL

Presented to the House of Representatives pursuant to Section 44A
of the Public Finance Act 1989.



**In today's 'knowledge economy',
news travels fast.
But something a bit more
timeless is in the air.**

Chairman's Report

WALLY STONE

Wally Stone has served as a director of the New Zealand Tourism Board since 1999. He was a member of the tourism sector steering group that developed the New Zealand Tourism Strategy 2010.

Currently Wally holds a number of board positions, including Executive Chairman of Whale Watch Kaikoura and Director of MainPower NZ, Clifford Bay Mussel Farm and Coffee Culture.



The knowledge economy is on the tip of everyone's tongue. Technology's rapid advance – internet, email, SMS messaging and texting – has created an environment of instantaneous information.

But something a bit more timeless is in the air and is helping our country enjoy one of the highest profiles ever. Word of mouth, gossip, anecdotes, chats over cups of tea, passing comments in airport lounges and hotel receptions. Good, old-fashioned talking.

Humans enjoy nothing better than to share their most treasured experience. The better the experience the more they want to talk about it.

“When something is a genuinely wonderful experience, news travels even faster. And the news on New Zealand is not only good, but is spreading fast.”

The winning New Zealand garden at the Chelsea Flower Show in London, the New Zealand showcase in Sydney to some of the most influential people in Australia, *The Return of the King* film premiere in Wellington, food and wine festivals, hundreds of articles in publications and on broadcast media, international awards for the marketing campaign – these have all created a buzz around our country, and helped as a hook for us to market the experiences we have to offer.

But this is of little use to us if visitors do not enjoy their holidays. Those who have been here have the strongest credibility; they are the ones who can spread the anecdotes and experiences that inspire potential travellers to find out for themselves what the fuss is all about. We are already some way there. We know that the word of mouth on Aotearoa is, generally, very good. That does not mean we can rest easy. The success of the New Zealand global campaign is inspiring, and it has inspired our competition. All over the world clear, consistent, modern campaigns are emerging for destinations. These countries often have very similar

propositions to ourselves. They are using imagery and ideas that are very sophisticated. Many of them target the same countries as New Zealand. And our advertising spend in these countries pales in comparison.

The only way to compete is to be smarter, to be targeted, and to be consistent. To be one step ahead.

The global marketing campaign 100% Pure New Zealand has been a giant leap in the right direction to achieve this.

Defining the Interactive Traveller® target market has been the next step and has proved to be a timely one. Research abounds on the direction that travellers are taking – shorter booking times, increasing environmental and cultural awareness and a demand for high quality and authenticity. The Interactive Traveller® condenses all these qualities into one type of person. The sort of person who doesn't want to leave more than footprints in a country. But while they don't want to leave an impact, they do want the country to make an impact on them. A good one.



TOP LEFT: Quality spreads its wings. Over 1,300 tourism operators have been assessed by Qualmark under the new system.

TOP RIGHT: Hong Kong Central District. Video footage of New Zealand. Potential audience 600,000 daily.

BOTTOM LEFT: Japan: 100% Pure lights up Tokyo Adbus. Potential audience of one million.

BOTTOM RIGHT: 10 of the UK's most influential travel trade experience the outdoors lifestyle on a familiarisation to New Zealand organised by Tourism New Zealand.

“With 97 percent of visitors to New Zealand satisfied or very satisfied with their experience in our country.”

They are looking for assurance that their experience will meet their expectations, and New Zealand gives it to them with the 1,300 operators who are now part of the Qualmark programme.

They are looking for unique experiences they could not have anywhere else. New Zealand provides this, with its diverse landscape full of culture, adventure and of course our most important treasures, our wonderful, welcoming people.

Our visitors get to take away unique, authentic experiences that give them some really, really good stories to relate at those dinner parties.

Congratulations to the New Zealand tourism industry for creating those stories. Stories which are being repeated all around the world, and

translating into visitors to our country, who are spending more – a record \$6.4 billion last year – and coming back again. All this is possible because of the cooperation in the New Zealand tourism industry. The public and private sectors are making an effort to really work together to create opportunities, which are benefiting us all. There has been some tremendous leadership that has been evident in this process, and which has evolved from it. I would like to express my congratulations to the entire tourism industry, who have been so effective in working together to get us to where we are today. We must not lose sight that to be globally competitive, a country of 4 million must operate with a single-mindedness. A 100% Pure New Zealand focus.

And I would like to acknowledge the support of the Minister of Tourism, the Hon Mark Burton, whose untiring support of the tourism cause has seen his already very busy schedule made a whole lot busier. The presence of a government official at his level has a tremendous impact on the credibility and perception of the importance of New Zealand offshore.

I would also like to acknowledge the contribution of Lex Henry and Liz Tennet, whose terms as Tourism New Zealand board members were completed in 2004. And I welcome Paul Bingham and Susan Johnstone, two new board members, who are bringing fresh skills to the tourism table.

Finally, I would also like to extend my appreciation for the work of the board, management and staff of Tourism New Zealand. The achievements contained within this publication are in no small part due to their passion and dedication, which have allowed our voice to be heard around the world.

I look forward to another exciting year of tourism for New Zealand. Start spreading the news.

Wally Stone
Chairman, New Zealand Tourism Board



Competition in the world of tourism is escalating. New Zealand must work even harder to remain at the top of the tourism ‘game’.

Chief Executive's Report

GEORGE HICKTON
CHIEF EXECUTIVE OFFICER



For many destinations, the number of global travellers and their corresponding expenditure levels are still struggling to reach the levels of growth that they maintained pre-September 11.

New Zealand was far from immune from the global issues, but we certainly maintained more stable overall arrivals and expenditure than many other countries. A strong, consistent, compelling campaign, hard work by New Zealand tourism operators, and, for once, our location at the ‘other’ end of the earth combined to give New Zealand a distinct advantage.

New events have been held and supported which have reinforced our country's core values and attractions in the key countries in which we market. The release of the final film in *The Lord of the Rings* trilogy, its premiere in New Zealand and events held in conjunction with the premieres offshore also added to our profile on the world stage.

So defying global trends, visitors to New Zealand in the last year continued to

“In the last year Tourism New Zealand has been working to add to the momentum of New Zealand's advantages.”

spend more, and travel from most key markets recovered substantially by June 2004, with a resurgence in travel from the Asian markets most affected by SARS.

There were 2,250,191 international visitors to New Zealand in the year ending June 2004 and they spent NZ\$6.4 billion. This maintains a long period of growth in tourism earnings, which looks set to continue.

This growth is important. Not only does it enable the industry to develop and build upon their businesses, but it also assists New Zealand's economy and, with the filter-down effect through our retailers, restaurants etc, ultimately all New Zealanders.

However, tourism cannot be executed in a random manner. Tourism New Zealand is very

concerned with attracting the sort of traveller who will not only enjoy what New Zealand has to offer, but is sensitive to our unique culture and environment.

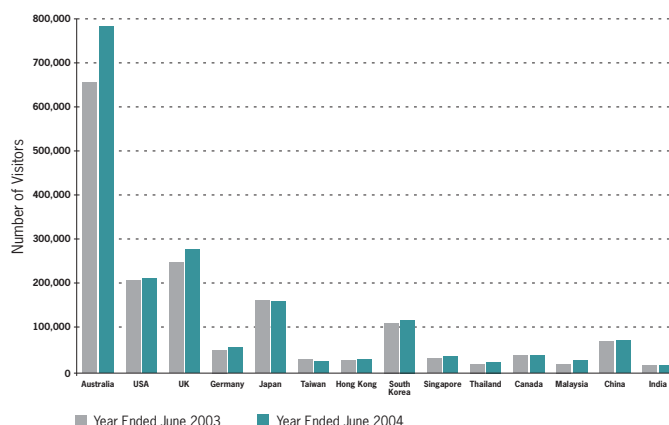
The development of our work with this target market – the Interactive Traveller® – gives New Zealand the opportunity to ensure that we remain at the top of the game. Nearly half of all holidaymakers have the characteristics of these travellers, and more will follow as travellers take a greater interest in the world around them, in environmental and cultural issues and the quality and authenticity of their holiday experience.

By targeting these travellers, developing new, innovative ways to use our marketing campaign, and New Zealand's tourism operators and Regional Tourism Organisations continuing to work hard both on and offshore, New Zealand is now well placed to increase its presence in the global tourism environment.

TOTAL INTERNATIONAL VISITOR ARRIVALS TO NEW ZEALAND
1995-2004 YEAR ENDED JUNE



TOTAL INTERNATIONAL VISITOR ARRIVALS TO NEW ZEALAND
JUNE 2003-JUNE 2004



Marketing Communications

It has been a year of awards for New Zealand, and for the campaign. The Hospitality Sales and Marketing Association International (HSMIA), a US-based organisation, awarded Tourism New Zealand two gold medals – one for the *Royal Tour* documentary and the other for the New Zealand consumer marketing campaign. The consumer marketing campaign also won the overall award (Platinum Award) in the destination marketing section.

The Pacific Asia Travel Association (PATA) awarded its 2004 Grand Award for Marketing to Tourism New Zealand's 100% Pure New Zealand global marketing campaign. Also awarded to Tourism New Zealand were Gold Awards for two components of the 100% Pure New Zealand campaign: newzealand.com and the advertising posters.

Tourism New Zealand took advantage of the profile for New Zealand around the Oscars™ ceremony in the US in March, by taking out a front-page feature and full-page advertisement in the *LA Times* the day after the 2004 Academy Awards. Billboards went up in key locations around LA, and the day of the Oscars was designated 'New Zealand Day' on Discovery Channel in North America.

In New Zealand, Tourism New Zealand's Hongi image won the Supreme Award at the 'Pride in Print' awards in May 2004.

The online image library (images.newzealand.com) has continued to grow, with over 200 images of distinctly New Zealand scenes and events added to the library during the year.

A new initiative was the Tourism New Zealand, ACC and Lonely Planet safety tips booklet *Play Safe in New Zealand*. The booklet combined safety tips with travel information to provide a useful resource for independent travellers to use when they are in New Zealand. Over 100,000 copies were adhered to the new *Lonely Planet New Zealand* book, and an additional 300,000 distributed throughout New Zealand.

Events

Tourism New Zealand continued to support a number of key events in New Zealand and, for the first time, New Zealand events held offshore. Support for these events ensures maximum media coverage and exposure is gained through international coverage and interest in the events. Tourism New Zealand has a specific focus on events which are consistent with the experiences sought by the Interactive Traveller®.

The major international event Tourism New Zealand was involved with offshore was the 2004 Chelsea Flower Show in the UK. Tourism New Zealand's 100% Pure New Zealand Ora – The Garden of Well-Being was awarded a gold medal at the show.

The BBC did a feature on the New Zealand garden, with the crew travelling to New Zealand during December 2003 to film preparations.

During the show, Sloane Square underground station was adorned with banners promoting 'New Zealand, now growing in the UK'. By the end of the show approximately 80,000 pieces

of collateral had been distributed to the 158,000 consumers that attended. It was estimated that 44 million people (via media) viewed the garden. An informal survey of visitors at Chelsea revealed that about 90 percent of them had seen coverage of the New Zealand garden on the BBC.

Involvement in other events included: sponsorship of the Christchurch and Auckland Arts Festival seasons, including the play *The Book of Fame*, an iconic New Zealand production about the 1905 All Black tour to the UK and France; sponsorship of the Avant Garde section of the Montana World of WearableArt Awards, which was extended to a six-night season in 2003; the Southern Traverse; Ellerslie Flower Show; *The Lord of the Rings: The Return of the King* Premiere Gala Dinner; the World Triathlon Championships; Coast to Coast; Ironman New Zealand; and Rally New Zealand.

Marketing Research

Over 2003/2004 Tourism New Zealand continued to build research on the Interactive Traveller® in its key markets. A foundation study was also carried out to identify the rate of Interactive Travellers® in Japan, Korea, China, Taiwan, Singapore, Hong Kong and India, with in-depth profiles completed for Japan, Korea and Singapore.

Online Marketing

The newzealand.com website has continued to play a major role in the marketing of New Zealand.



TOP LEFT: Los Angeles airport, 2-month promotion. Potential audience 10 million people.

TOP RIGHT: Tourism New Zealand's Global Motivator brochure creates interest in New Zealand at a *The Lord of the Rings* screening.

BOTTOM LEFT: Japan travelling Adbus, 1-month promotion. Potential audience 6 million people.

BOTTOM RIGHT: newzealand.com won the PATA Gold award for best website and the best travel and tourism website in the NetGuide 2003 awards.

Content over the year has been continually developed to support key tourism events and activity, including: promotion and content support for *The Return of the King*, including a 'Collect An Oscar Game'; a new haka module released in time for the Rugby World Cup in October; 'The Gourmet Garden' to complement 'New Zealand Week' on Discovery Channel, Asia, during February 2004 and which tied in with the wine focus of this year's Discovery programming; a revised ski feature developed in association with the Ski Marketing Network; and an Air New Zealand-sponsored competition for the Chelsea Flower Show.

newzealand.com won the best travel and tourism website in the NetGuide 2003 awards. Over 27,000 readers of *NetGuide* magazine voted for the awards.

Public Relations/IMP

Tourism New Zealand continued to host media who represent publications/productions that are viewed by the Interactive Traveller®. Excellent results were achieved throughout the year.

Media travelled to New Zealand to attend a number of high profile events including the Montana World of WearableArt Awards, Pinot Noir 2004, the New Zealand International Arts Festival and TRENZ. The world premiere of *The Return of the King* was also a great success in Wellington, with 49 international journalists hosted, all doing a pre/post tour of New Zealand.

Research was conducted around *The Lord of the Rings* activity. Journalists who were assisted by New Zealand government agencies (NZ Inc) while in New Zealand (this was managed by Tourism New Zealand) penned 125 stories, resulting in exposure to 125 million people. Billy Connolly also visited New Zealand in early 2004 for his *World Tour* series. *Billy Connolly's World Tour of New Zealand* will air in October 2004 on BBC prime time in the UK, and in Canada and Australia.

Product Marketing

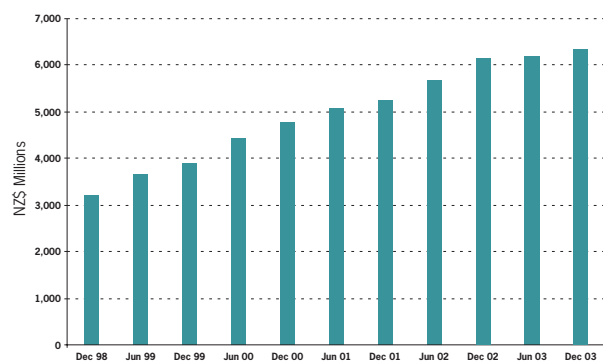
The Minister launched *The Rough Guide to Maori New Zealand* at TRENZ. This booklet was put together by Tourism New Zealand with the National Maori Tourism Network

and the best-selling Rough Guides guidebook series and with the assistance of the New Zealand Historic Places Trust, Air New Zealand and Tailor Made Travel (UK). The organisations collaborated to produce the mini-guide which was distributed with 165,000 copies of the UK newspaper *The Daily Telegraph* and magazine *Wanderlust* (circulation 47,000), as well as being distributed at the Chelsea Flower Show.

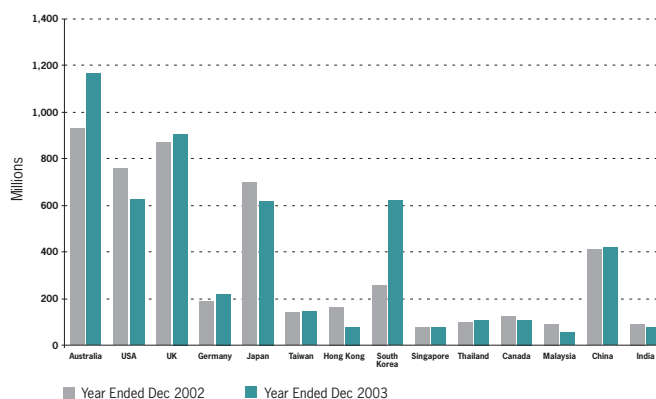
Trade Training

Trade training and trade show activity continued to be a major focus, with 19,800 trade trained by Tourism New Zealand over the year. Overseas trade events included Kiwi Links UK and Netherlands, DERTour travel agent training (over 400 agents from Germany were trained), ongoing Kiwi Expert Agent (KEA) famil training for Australian agents, the 'Seasons of Discovery' famil group from North America, and Kiwi Links in India, North America and Germany/Switzerland. A successful TRENZ was also held in Christchurch with over 420 international buyers attending.

TOTAL FOREIGN EXCHANGE EARNINGS
DEC 1998-DEC 2003



TOTAL EXPENDITURE
DEC 2002-DEC 2003



Tourism New Zealand also produced a number of trade training resources, including a video on self drive in New Zealand, and a video on accommodation in New Zealand.

A new trade training website traveltrade.newzealand.com went live in December 2003. The site is accessible through newzealand.com, and contains information for international travel sellers, including destination information, FAQs, product updates, information on Explore New Zealand and specialist programmes, plus news stories and information on trade shows Tourism New Zealand is involved in. One of the primary functions of the trade site is to host training modules which have an automatic marking system.

Stakeholder Communications

Communication with key stakeholders was a continued focus during the year. Subscriptions to the *Regional Rap* and *Tourism News* publications continued to increase, while ongoing content updates on our corporate website, tourisminfo.govt.nz, kept this site fresh and useful to our stakeholders. Ten regional seminars were held throughout New Zealand during the period, with the aim of educating the tourism industry on tourism, Tourism New Zealand activity, and how they can get more actively involved. Tourism New Zealand facilitated meetings with the Regional Tourism Organisations and Maori Regional Tourism Organisations, and held a round of Executive updates throughout the country.

A media conference was held with the Foreign Correspondents Association in Sydney in July 2003 to update foreign correspondents from around the world on New Zealand's tourism industry and Tourism New Zealand's activity. Feedback from attendees and the organisers of the conference was very positive.

Tourism New Zealand's involvement in the 2003 Tourism Conference focused on attracting the Interactive Traveller®. As a key supporter of the conference and tourism awards, Tourism New Zealand added a special Qualmark 'Tourism Mark of Quality' Award, and produced a special edition of *Tourism News* with stories on the 2003 Tourism Award winners.

Tourism Development

Within New Zealand, Tourism New Zealand was active in coordinating with government and other agencies to look at tourism issues that affect New Zealanders.

Tourism New Zealand also continued its support and involvement with the Qualmark™ mark of quality. Qualmark™ licensees continue to increase, with the announcement at the Tourism Conference in Queenstown of the 1,000th licence holder.

Tourism New Zealand was also involved with a number of Ministerial Roadshows assisting the Hon Dover Samuels, Associate Minister of Tourism.

The number of i-SITE Visitor Information Centres that are part of the Visitor

Information Network (VIN Inc) continued to increase over the year, extending the comprehensiveness of this vital service. The level of expertise and effort put into education of i-SITE Centre staff was recognised by the inaugural ATTTO Workplace Training Excellence award being awarded to VIN Inc in September 2003.

Internally, a new website for Visitor Information Network members, the VIN Extranet, was established, consolidating reference material and relevant information in one central position for i-SITE Centre members.

Market Support Offshore

The International Call Centre continues to operate for consumer and trade calls from the UK, Ireland, Germanic Europe and Australia.

Consumer and trade enquiries continued to be strong throughout the year, with overseas offices responding to over 160,000 consumer enquiries during the year.

“It was estimated that 44 million people (via media) viewed the New Zealand garden at the Chelsea Flower Show.”

Defying global trends, visitors to New Zealand in the last year continued to spend more, and travel from most key markets recovered substantially by June 2004.



Around the World
in 03/04^{*}
^{**}



AUSTRALIA

Arrivals: +19% to 782,126
Expenditure: NZ\$1.169 billion

Consumer confidence, which is strongly linked with outbound travel, has remained high throughout the first half of 2004. Despite a revival of interest in travel to Asia post Bali bombing and SARS, New Zealand has maintained a high market share due to increased capacity and competitive airfares across the Tasman.

UNITED KINGDOM

Arrivals: +11% to 277,924
Expenditure: NZ\$906 million

Growth in the number of travellers from the UK has continued and New Zealand remains in the top tier of preferred international destinations for UK travellers.

The New Zealand garden at Chelsea and related publicity occurred late in the financial year which would preclude its effect on visitor numbers in the period; however the profile generated by the event is expected to flow into the second half of 2004.

The UK economy remains strong with the GDP growth forecast revised upwards to 3.4 percent on an annual basis, which is the strongest for the last three years.

UNITED STATES

Arrivals: +2% to 212,854
Expenditure: NZ\$628 million

The US economy is growing, albeit not quite as strongly as some had hoped. The US consumer's short-term outlook does remain upbeat and consumer confidence remains reasonably strong. Tourism growth to New Zealand was modest in 2003/2004, in line with slow long-haul outbound travel from the US overall and a reduction in cruise line activity in New Zealand. Research shows that New Zealand is ranked ninth in preference of destinations to travel to on holiday.

JAPAN

Arrivals: -2% to 160,844
Expenditure: NZ\$620 million

The Japan economy has grown strongly over the last three quarters – GDP is now forecast to grow at around 3.5 percent during 2004. Outbound travel from Japan reached its lowest ebb in 2003, falling by 3.2 million.

However, growth is forecast to reach the 20 percent level in 2004. New Zealand's tourism rebound has been relatively strong since the major downturn following SARS last year.

SOUTH KOREA

Arrivals: +6% to 118,229
Expenditure: NZ\$619 million

This market was less affected by SARS than other Asian markets. Although the greatest outbound growth from Korea has been to short-haul markets, New Zealand has performed reasonably well in this market, helped by good growth in the first half of 2004.

Increased airline activity has added 30 percent more seat capacity in the last year between Korea and New Zealand with positive impacts on summer season growth.

CHINA

Arrivals: +5% to 74,329
Expenditure: NZ\$423 million

There was a downturn in travel from China following SARS – but a positive rebound in the first half of 2004 has seen this market come through the period slightly up on last year. A significant middle class is emerging, with 2 percent of the population having income exceeding US\$25,000 a year.

^{*} Arrivals are for year-ended June 2004
^{**} Expenditure is for year-ended Dec 2003



TOP LEFT: Hong Kong information point on New Zealand in MTR Railway station.

MIDDLE: Play Safe brochure produced by Tourism New Zealand, ACC and Lonely Planet provides safety tips for visitors.

ABOVE: 100% Pure-branded coffee cups were popular with San Francisco residents in June 2004. Over 100,000 cups of coffee got the New Zealand touch.

BOTTOM LEFT: New York branded telephone kiosks. Potential audience 5.1 million.

The number of agents permitted to process New Zealand visas under the Approved Destination Status programme increased dramatically recently. All these factors should lead to strong growth in travel from China over the next year.

GERMANY

Arrivals: +7% to 54,714

Expenditure: NZ\$229 million

There has been steady growth in travel from this market to New Zealand, despite persistent problems plaguing the German economy. The largest amount of outbound travel seems to have been to shorter-haul destinations, but New Zealand has still done well. In the past year the New Zealand arrival growth rate has outperformed long-haul competitors such as the USA, Canada, South Africa and Australia.

SINGAPORE

Arrivals: +7% to 34,058

Expenditure: NZ\$77 million

The outbound market is currently strong but mostly to short-haul destinations as a result of Low Cost Carrier introductions. SARS took a heavy toll on travel from this market but, overall, travel to New Zealand ended the year on a positive note.

HONG KONG

Arrivals: +4% to 27,779

Expenditure: NZ\$80 million

The Hong Kong economy has exhibited a broad-based upturn. Outbound travel has increased accordingly, up by 16 percent in the first quarter of 2004. The travel industry is optimistic that the total outbound figure will reach a record high in 2004.

TAIWAN

Arrivals: -9% to 26,689

Expenditure: NZ\$149 million

Outbound travel from Taiwan declined by 19 percent in 2003 due to SARS, but economic performance is forecast to improve in 2004. The outbound market is forecast to rebound by up to 30 percent if there is no further major disruption.

THAILAND

Arrivals: +8% to 21,071

Expenditure: NZ\$74 million

After a decline in the number of Thais travelling in 2003 due to SARS, the first three months in 2004 have shown positive overall outbound travel growth of 13 percent. New Zealand currently attracts 6 percent of the total long-haul market. With a promising

economic outlook the outbound market is expected to continue growing in 2004.

INDIA

Arrivals: +7% to 15,834

Expenditure: NZ\$74 million

Easier access to the visa application process, more open skies and New Zealand's profile in Hollywood and Bollywood has given New Zealand a high profile in India. Indian travellers' spending capacity has also been increasing and the economy is expected to grow by 8 percent in the next year.

MALAYSIA

Arrivals: +26.9% to 25,801

Expenditure: NZ\$59.2 million

With 26 percent arrivals growth to New Zealand, Malaysia has been New Zealand's best inbound performer from Asia. With the addition of direct airline capacity to New Zealand by Malaysia Airlines further strong growth is expected.

Tourism New Zealand works to ensure that the right information about New Zealand is in the right place, at the right time.



TOP RIGHT: Tourism New Zealand distributed 80,000 brochures in London, including information on the garden, and New Zealand during the Chelsea Flower Show.

MIDDLE: Indian travel agents hosted by Tourism New Zealand experience New Zealand in April 2004.

BOTTOM: Kiwi Link US travel trade training event, held in Los Angeles: 56 New Zealand companies trained 170 US agents.

OPPOSITE PAGE: Hong Kong MTR station 4-week promotion. Potential audience 2.3 million.

Tourism New Zealand is New Zealand's national tourism organisation. The international marketing organisation for New Zealand, we work to motivate New Zealand's target market – the Interactive Traveller® – to come to New Zealand, to do more while they are here and to come back again.

Over 100 Tourism New Zealand staff in 11 offices around the world work through the global 100% Pure New Zealand marketing campaign to inspire this group of people to visit our country.

The campaign works to convey the unique experience that visitors can have in New Zealand that they could not have anywhere else.

Tourism New Zealand's marketing tools to enable them to do this are outlined in this publication, and include: the internet site newzealand.com; relationships and hosting of international media advertising offshore; training the travel trade offshore on what New Zealand has to offer; communicating our activity and knowledge to our

stakeholders; research; aligning product development with what New Zealand's target market requires; events; visitor information services and answering enquiries in our key markets through our overseas offices.

Tourism New Zealand already has an advantage. We know that the New Zealand experience is appealing to Interactive Travellers®, and, with this group making up a large part of the travelling population globally today.

There is a sizeable group of people that we know are likely to be satisfied with their experiences in New Zealand.



Guide to the Main Functions of Tourism New Zealand

The New Zealand Tourism Board, trading as Tourism New Zealand, is a Crown Entity established under the New Zealand Tourism Board Act 1991. Tourism New Zealand's statutory functions under the Act are to:

- develop, implement and promote strategies for tourism, and
- advise the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.

Tourism New Zealand operates under the Output Class O1: Marketing of New Zealand as a Visitor Destination. The activities undertaken by Tourism New Zealand in the year ended 30 June 2004 fall into the following outputs:

- **Marketing Communications** – the delivery of the global campaign and consumer collateral in offshore markets.
- **Marketing Research** – the provision of high quality marketing research and

intelligence that will be used to inform the organisation's marketing strategy.

- **Internet** – the development and maintenance of a well-structured (consumer-defined) site that enhances decision making, by providing strong motivational content coupled with simple navigation and holiday planning capability.
- **Events** – the delivery of support and presence at selected high profile events to establish awareness and interest in New Zealand as a tourist destination.
- **Public Relations** – targeting quality international media to produce motivating, accurate and inspirational coverage of New Zealand as a quality tourist destination.
- **Product Marketing** – working with the industry to develop and enhance products and services to meet identified consumer need.
- **Trade Training and Facilitation** – the provision of training to the trade who promote and sell New Zealand within

their markets and the facilitation of trade and consumer travel shows.

- **Stakeholder Communications** – communication with the tourism industry and key stakeholders to promote a broader understanding of tourism development and associated issues.
- **Tourism Development** – the provision of strategic support and advice for Tourism New Zealand's subsidiary commitments, policy and planning functions and Maori cultural strategy.
- **Market Support – Offshore** – the provision of management and marketing support for international marketing and output delivery.
- **New Zealand – Market Support** – the provision of services to support the delivery of outputs internationally, including management, overseas support, information technology, finance, human resources and training.

Board of Directors



PETER STUBBS
DEPUTY CHAIRMAN

Peter Stubbs is a partner, Head of the Commercial Department and board member of national law firm Simpson Grierson. He specialises in law relating to marketing, sponsorship and events marketing and management.

He is also Chairman of the Hamilton City Council's Event Fund Allocation Sub-committee.



PAUL BINGHAM
DIRECTOR

Paul Bingham is Managing Director of Black Cat Group (winner of the 2003 New Zealand Tourism Supreme Award).

He is also a board member of the Tourism Research Council of New Zealand, the Christchurch and Canterbury Marketing Board, and the Banks Peninsula Tourism and Economic Development Board.



MATTHEW BOYD
DIRECTOR

Matthew Boyd is an experienced senior executive and strategist within the travel and finance industries. He has extensive knowledge of the worldwide tourism markets having been Regional Director International for Air New Zealand.

He has a consulting business focusing on tourism, travel and aviation.



KATHY GUY
DIRECTOR

Kathy Guy has over 20 years' experience within the tourism industry, joining the Bayview International Group of Hotels and Resorts in 1990.

She has been Chairperson of Tourism Lake Taupo and was instrumental in the setting up of The Ruapehu Marketing Group.

Kathy is currently General Manager of The Grand Chateau.



KEITH JOHNSTON
DIRECTOR

Keith Johnston has had over 40 years in the New Zealand tourist industry commencing with the New Zealand Government Tourist Bureau and later forming his own company ID Tours.

He is chairman of ID Tours New Zealand, a Director of Southern World Vacations in Australia and a Director of Auckland-based Fullers Group Ltd.

Keith was a founding member of the Inbound Tour Operators Council of New Zealand and is a past chairman.



SUSAN JOHNSTONE
DIRECTOR

A director of the chartered accountancy firm Shand Thomson, Susie is based in Balclutha.

Winner of the Platinum New Zealand Young Accountant of the Year in 1996, she has held governance roles on the boards of Telford Rural Polytechnic, the New Zealand Hockey Federation and the Institute of Chartered Accountants. She is also currently a director of the New Zealand Blood Service and a member of the council of Otago Polytechnic.



SEAN MURRAY
DIRECTOR

Sean Murray is Group General Manager Commercial for Tourism Holdings Limited.

His career in the tourism sector has a strong focus on Strategic Marketing and Planning, Public Policy and General Management including industry positions in San Francisco, London and Melbourne.



MIKE TAMAKI
DIRECTOR

Mike Tamaki is a Managing Director of Tamaki Maori Village in Rotorua, (winner of the 1998 New Zealand Tourism Supreme Award).

He sits on the Rotorua Tourism Advisory Board, as well as the International Marketing Group and Economic Development Board for Rotorua. In 1998 he was named Ernst and Young International Entrepreneur of the Year.

The promotion of New Zealand as a visitor destination in international markets includes consumer advertising, promotion through media and events, training for international travel sellers and communication.

Statement of Service Performance



Overview

This Statement of Service Performance covers the period from 1 July 2003 through to 30 June 2004.

Service performance is measured against the provisions of Tourism New Zealand's Statement of Intent for 2003/2004 as approved by the Minister of Tourism in terms of Section 41 of the Public Finance Act 1989. It should be noted that this statement addresses agreed outputs produced by Tourism New Zealand.

Tourism New Zealand's resource allocation decisions were based on the extent to which each proposed activity would contribute towards its objectives and the delivery of the outputs contained within the 2003/2004 Statement of Intent.

Tourism New Zealand also has a Purchase Agreement for 2003/2004 as approved by the Minister of Tourism in terms of Section 8 of the New Zealand Tourism Board Act 1991. The Purchase Agreement also complies with the 1992 Cabinet requirement for Purchase Agreements.

The purpose of the Purchase Agreement is to provide the basis for Tourism New Zealand's activities for the year in the performance of its functions and the means by which the Minister of Tourism purchases services from Tourism New Zealand.

The Purchase Agreement for 2003/2004 contains performance measures additional to those outlined in the Statement of Intent. Tourism New Zealand's performance against these measures is also incorporated into the Statement of Service Performance set out in the following pages.

Results of each activity were monitored by Tourism New Zealand to ensure consistency, satisfactory rates of return, and delivery of the required outputs, and to identify any adjustment required to the activity, plan or agreed outputs. While Tourism New Zealand regularly uses information on visitor arrivals and visitor expenditure as tools for monitoring the performance of individual markets, it does not regard this information by itself as an adequate indicator of its performance.

Approved Outputs and Summary of Performance

Under the terms of its approved Statement of Intent for 2003/2004, Tourism New Zealand is contracted to supply outputs in one class.

Output Class 01 – Marketing of New Zealand as a visitor destination

This output class involves the promotion of New Zealand in international markets as a visitor destination. This includes consumer advertising, promotion through media and events, training for international travel sellers and communication.

The following tables provide details of Tourism New Zealand's achievement against the performance measures agreed for 2003/2004.

PERFORMANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2004

MARKETING COMMUNICATIONS

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

The size of target audience, percentage reach and average frequency of viewing brand advertising in each of the key markets will be specified in Table 1.

RESULT

As shown in Table 1

STATUS

Refer to Table 1

COMMENTS

Reach and frequency of advertising in key markets is shown in Table 1.

100 additional images added to the New Zealand image library by 30 June 2004.

RESULT

204

STATUS

Achieved

COMMENTS

Images have been added to the online image library in categories such as: Accommodation, Food and Wine, Maori Culture, Events (Wearable Arts, Ellerslie Flower Show, Chelsea Flower Show), Film (*The Lord of the Rings*, *The Last Samurai*), Scenic views, Activities (golf and ski), and Attractions.

Provide a style guide by 30 March 2004 that supports the campaign and brand for brochure layouts which will be available on the website and sent to the offshore posts and IMP.

RESULT

STATUS

Achieved

COMMENTS

The style guide was produced and distributed ahead of target, and is available on the brand management website e-see.com.

Reserves were transferred to cover: Lonely Planet leaflet \$200,000

RESULT

STATUS

Achieved

COMMENTS

A safety tips guide, *Play Safe in New Zealand*, was developed in partnership with Lonely Planet Publications and the Accident Compensation Corporation.

Consumer Motivator \$35,000

RESULT

STATUS

Achieved

COMMENTS

The Motivator brochure was reprinted and distributed with these funds covering the last shipments of the brochure, as well as an additional print run for the Japan market.

Discovery Channel vignette \$30,000

RESULT

STATUS

Achieved

COMMENTS

A specialised wine and food vignette featuring Sam Neill was produced to accompany the co-produced *Vintage New Zealand* programme by Lonely Planet and the Discovery Channel.

Campaign general production costs \$40,000

RESULT

STATUS

Achieved

COMMENTS

The 100% Pure Campaign is supported by a wide range of materials. These funds were used to produce collateral for distribution at travel shows and promotional events.

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Complete revised campaign plans for Australian, USA and UK markets, by 1 November 2003.

RESULT**STATUS**

Achieved

COMMENTS

Workshops were held in all three markets resulting in updated campaign plans for this year.

Reprint global motivational brochure and distribute to relevant markets by 30 June 2004.

RESULT**STATUS**

Achieved

COMMENTS

The Global Motivator brochure was reprinted in all 15 versions (12 languages) and distributed to offshore offices.

MARKETING RESEARCH

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Continue to build research on the Interactive Traveller® in four key markets (Australia, UK, USA and Japan).

RESULT

4

STATUS

Achieved

COMMENTS

Roy Morgan Research was commissioned in Australia, USA and UK for the financial year.

A one-off report on Interactive Travellers® in the USA was also commissioned from Menlo Travel styles and was delivered in June 2004.

In addition, a foundation study was commissioned from AC Neilsen to identify the incidence rate of Interactive Travellers® in Japan, Korea, China, Taiwan, Singapore, Hong Kong and India. In-depth Interactive Traveller® profiles were completed in Japan, Korea and Singapore and were released in June 2004.

A comparison between 2002-03 and 2003-04 of the percentage of Interactive Travellers® who recall and correctly associate the 100% Pure tagline with New Zealand as specified in Table 2a and Table 2b.

RESULT

As shown in Tables 2a and 2b

STATUS

Achieved

COMMENTS

See Tables 2a and 2b.

Develop a strategy and implementation plan for Harmoni by 31 Oct 2003. Then undertake a training programme to enable New Zealand staff to access and understand the Harmoni research and database by 30 June 2004.

RESULT**STATUS**

Achieved

COMMENTS

The Harmoni strategy identifies experts and users, and provides broad access to research at Tourism New Zealand users' desktops. Harmoni training was completed in all Tourism New Zealand offices in New Zealand.

A comparison between 2002-03 and 2003-04 of the percentage of long-haul Interactive Travellers® indicating a preference for travel to New Zealand as specified in Table 3.

RESULT

As shown in Table 3

STATUS

Achieved

COMMENTS

See Table 3.

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

A comparison between 2002-03 and 2003-04 of the percentage of Interactive Travellers® indicating an intention to travel to New Zealand as specified in Table 4.

RESULT

STATUS

Achieved

COMMENTS

See Table 4.

Campaign evaluation research report completed by 30 June 2004.

RESULT

STATUS

Achieved

COMMENTS

Roy Morgan Research was commissioned to undertake the campaign evaluation project, which has been renamed Campaign Development Research. The change in name reflects the change in focus of this research to be forward looking, rather than a retrospective analysis of the campaign. The report was completed in June 2004.

INTERNET

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Average number of unique users of the newzealand.com homepage is 127,000 per month.

RESULT

182,910¹

STATUS

Achieved

COMMENTS

Unique users to newzealand.com have continued to increase, with average monthly usage up 50% on the previous year.

Activity contributing to growth over the year includes online media schedules in the UK, USA and Australia, activity with Discovery Channel and National Geographic and promotional activity surrounding *The Return of the King* movie.

Increase the percentage of newzealand.com users from 43% to 50% who rate the usefulness of the website as very good.

RESULT

47%

STATUS

Not achieved

COMMENTS

While the target of 50% was not met, the site still continues to rate well with 95% of users rating the usefulness of information as good or very good.

Average number of page impressions² on the newzealand.com site is 1,960,000 per month.

RESULT

2,509,215¹

STATUS

Achieved

COMMENTS

The number of pages viewed on *newzealand.com* has continued to increase, with the average number of page impressions up 31% on the previous year.



¹ Due to technical issues, the reported averages are estimates only.

² A page impression is defined as: when a complete web page is viewed in a browser by a user.

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

**Promotion and content support
for The Return of the King by
30 November 2003.**

RESULT**STATUS**

Achieved

COMMENTS

Content on newzealand.com to leverage off the exposure created by *The Return of the King* included:

- travel.newzealand.com homepage updates, and a short flash movie cinematic piece that takes users on a brief journey through the three films and acts as a 'teaser' into *The Return of The King* module
- *The Return of The King* module highlighting eight different Middle Earth locations from the three The Lord of the Rings films and the corresponding real-life locations in New Zealand. Each page has a short The Lord of the Rings content snippet, with the main focus to provide visitors with product information and driving routes for each region
- the newzealand.com homepage was themed for *The Return of the King* premiere. The header image, slideshow and feature components were replaced with *Rings*-specific content.

EVENTS

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

**At least 10 events used to leverage
off the brand campaign.**

RESULT

12

STATUS

Achieved

COMMENTS

Events supported by Tourism New Zealand during the year included:

World of WearableArt™ Awards (WOW), Christchurch Arts Festival, Auckland Festival – AKO3, NZSO in Osaka, Southern Traverse, Ellerslie Flower Show, *The Return of the King* World Premiere Gala Dinner, World Triathlon Championships, Coast to Coast, Ironman New Zealand, Chelsea Flower Show in London and Rally New Zealand.

**At least four events used to leverage
off the brand campaign that are
consistent with the experiences
sought by the Interactive Traveller®.**

RESULT

5

STATUS

Achieved

COMMENTS

Research suggests that food and wine trails, museum and gallery visits, and arts and crafts trails are 'must do' activities in New Zealand for Interactive Travellers®. They are also more likely to interact with culture, by going to an art gallery, theatre, exhibition or museum.

Tourism New Zealand was actively involved with the following events which are consistent with those experiences sought by Interactive Travellers®: World of WearableArt™ Awards, Ellerslie Flower Show, *The Return of the King* Premiere Gala Dinner, Chelsea Flower Show, London (UK) and Rally New Zealand 2004.



Report on reach and average frequency of communications in targeted markets where active leveraging of events occurs (activities to be developed and reported on an event by event basis quarterly).

RESULT

12

STATUS

Achieved

COMMENTS

The following is a summary of activity provided by Tourism New Zealand in support of targeted events, as well as the results (where available):

1 WORLD OF WEARABLEART™ AWARDS (WOW)

Hosting:

- Hosted leading travel trade from the USA, UK, Singapore and India to the event. Developed a 24-hour VIP itinerary for industry guests featuring local tourism products.
- Media were hosted to a day of art and cultural tourism product in the region.
- Hosted a pre-show media cocktail function at the WOW complex featuring local cuisine and attended by local tourism operators, and a post-show cocktail function for 90 guests.
- Featured on the front page of media.newzealand.com in the lead-up to the event to encourage additional media coverage.

Branding:

- Aligned 100% Pure New Zealand campaign with an iconic art and cultural event, featuring branding on all WOW collateral.
- Venues were themed using Tourism New Zealand campaign images and corporate branding.

Media:

- Thirteen international journalists were brought to New Zealand for the event and a pre- or post-tour of New Zealand.
- Media assisted through the International Media Programme (IMP) to the event include:
 - German film crew SWR (reaches 14 million people)
 - two North American freelance writers writing for three publications each targeting the Interactive Traveller®
 - *The Globe and Mail*, Canada (324,000)
 - *Flatiron* magazine, New York (50,000 copies quarterly)
 - *Wireless Flash News*, USA (potential global audience of 55 million)
 - the editor of Air New Zealand in-flight magazine for Japan (60,000 every four months)
 - *Marie Claire*, Asia (40,000 monthly)
 - *Melbourne* magazine, Australia (25,000).



2003 Montana World of WearableArt™ Awards. Peacock by Vorachi Tongon, Thailand. Commended Avant Garde section, World of WearableArt™ Ltd.

2 CHRISTCHURCH ARTS FESTIVAL

Tourism New Zealand was a 'bronze level' sponsor of the festival, with naming rights to the play *The Book of Fame*.

Hosting:

- Hosted 48 industry representatives to a pre-show cocktail function and post-show dinner.
- Three Australian Festival directors from Perth International Arts Festival, 10 Days on the Island and Arts Projects Australia were hosted to the event.

Branding:

- The theatre and hosting venues were branded with ferns and 100% Pure New Zealand.

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

**Media:**

- Rex Turnbull from *Lino* magazine Australia (20,000 distribution in Australia, Japan, Hong Kong and Taiwan) was hosted through the International Media Programme to the event and on a tour of the Christchurch region.

3 AUCKLAND FESTIVAL – AKO3

Tourism New Zealand was a 'bronze' level sponsor, with naming rights to *The Book of Fame*.

Hosting:

- Hosted a group of senior industry leaders to the opening night of the play *The Book of Fame*
- Local tourism trade were hosted throughout the two-week festival at selected events.

Branding:

- Arts festival feature developed on newzealand.com promoting the 2003 Festival
- Corporate branding and ferns at hosting venues.

Media:

- James Culham, *The Globe and Mail*, Canada, was hosted for the World of WearableArts and AKO3 through the International Media Programme. Itinerary developed to experience these events and other aspects of the country.

4 NEW ZEALAND SYMPHONY ORCHESTRA, ASIA MUSIC FESTIVAL – OSAKA, JAPAN

The NZSO was invited to open the Asia Music Festival in Osaka and Tourism New Zealand used the event as a consumer promotion. The concert was attended by over 1,200 patrons in the Osaka Symphony Hall.

Hosting:

- 60 travel trade guests attended a function hosted by Tourism New Zealand and Trade and Enterprise New Zealand prior to the concert.

Branding:

- Motivator brochures packaged with 100% Pure New Zealand branding and a personal letter from the Prime Minister were distributed to all patrons.
- A further 150 packs were distributed at a string quartet concert at Izumi City Kobuso Art Gallery.
- Branding featured on the conductor's rostrum and on signage in the public areas of the hall.

5 SOUTHERN TRAVERSE

The Southern Traverse was used to raise the awareness of New Zealand's outdoors and multi-sports and to profile the Otago region to international travel trade and media.

Hosting:

- The IMP programme hosted Ed Wilkinson-Latham, a journalist from *Outpost Canada* and photographers Marina Dempster and Matt Darby of Australia.

Branding:

- 100% Pure New Zealand branding was placed on the course, finishing chutes, race transition points, programmes, race and media material.
- Online story features appeared in the multi-sport section of newzealand.com and the media website.
- Qualmark branding and signage were used to promote awareness of their adventure tourism quality system.

6 ELLERSLIE FLOWER SHOW

Hosting:

- 50 tourism sector partners and operators were hosted to Ellerslie.
- A function was hosted for 30 artists and sculptors associated with the garden art and Waiheke Community Art Trust sculpture garden.

Branding:

- 100% Pure New Zealand branding in show collateral, including the programme and entry signage.
- The garden art and sculpture section of the show was branded and aligned with our campaign.

Media:

- Media were hosted to the show from Australia (*Weekend Australian*) and Japan (*Katei Gaho*).
- A gardening release was posted on the media website.
- Attendance by the BBC gardening presenter was postponed at short notice, but information about Ellerslie and New Zealand was supplied to the BBC gardening crew who visited New Zealand a week after the show.



7 THE RETURN OF THE KING WORLD FILM PREMIERE GALA DINNER

Hosting:

- In conjunction with Trade and Enterprise, Positively Wellington Tourism and the Wellington City Council, a gala dinner function was organised at Te Papa showcasing contemporary New Zealand art, culture, music, wine and food to visiting media and government guests.
- Hosted by the Prime Minister with over 400 guests.

8 WORLD TRIATHLON CHAMPIONSHIPS

- 1,774 competitors from 50 countries and over 15,000 supporters attended the event in Queenstown.
- The event was used to raise awareness of New Zealand's outdoor landscapes, mountainous alpine regions, lakes and rivers; profile New Zealand multi-sports, event-hosting abilities, local exhilarating adventure and sporting opportunities, and the Southern Lakes region to international visitors and media.

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

**Branding:**

- 100% Pure New Zealand branding was used in event collateral, extensively on the course, in finish shoots and in the main street of Arrowtown, through which the competitors passed 10 times.
- Brand New Zealand flags were distributed to supporters.
- An online feature was developed for the event with links to the official event website.
- Qualmark signage and branding rights were negotiated to promote awareness of their adventure tourism quality system. Qualmark also exhibited in the expo over the four days of registration.

Media:

- The BBC purchased the international broadcast rights and appointed Television New Zealand (TVNZ) as host broadcaster.
- Live broadcast of the event was scheduled in New Zealand and Australia, with delayed coverage elsewhere.
- TVNZ was assisted with briefings, equipment in order to secure additional footage of tourism activities in Queenstown, and 'B' roll footage.
- An international commentator was hosted to the event (former world Champ Greg Welch)
- Two print media were hosted through IMP from Inside Sport Australia and the UK Press Association.
- Additional media packs and background information were supplied to the event media centre and used by the 60 media attending the event (15 internationals).
- A welcome function for all media was held, co-hosted with Air New Zealand, and featuring Central Otago wine and food.

9 COAST TO COAST

Used to raise awareness of New Zealand's outdoors and multi-sports and profile Canterbury and the West Coast tourism products.

Media:

- International TV distribution of Coast to Coast coverage through IEC.
- Fox Sports, Australia (3.1 million).
- Starhub Cable Vision, Singapore (450,000).
- Solar, Philippines (1.7 million).
- Doordashan Sport, India (83 million).
- Dubai Sports Channel, Middle East (17 million).
- Trans World Sport (three-minute feature – worldwide 30-minute weekly highlights shown in 60 countries and on eight airlines).
- SNTV (seven-minute news feed, 80 countries worldwide).
- Reuters (70 countries worldwide, seven-minute news feed).
- Air New Zealand (26-minute highlight show on all flights).
- BB Cable TV, Japan.

10 IRONMAN NEW ZEALAND

To raise awareness of New Zealand's outdoors and multi-sports and profile the Central North Island region and tourism product to international media, competitors and spectators; and also to promote New Zealand scenery and filming locations used in *The Lord of the Rings* trilogy.

Branding:

- 100% Pure New Zealand branding was placed on the course and in the finishing chutes and event programme and communication material.

Media:

- Assisted international broadcaster ESPN with locations and New Zealand themes to be incorporated into the coverage.
- A special script was developed for the event commentator which linked Ironman to *Rings* filming locations and New Zealand scenery.
- Provided ESPN with New Zealand stock footage including the television commercial to be incorporated into the event broadcast.
- Ironman was featured within a multi-sport feature linked from newzealand.com and travel.newzealand.com.
- The commentator and editor of ironmanlive.com were briefed prior to the event.



11 CHELSEA FLOWER SHOW LONDON, UK

The Chelsea Flower Show took place on 25-28 May 2004. A full report has been commissioned from McNamara Mackintosh which will be available 30 August 2004.

Results to date:

- The garden won a gold medal (one of only four awarded).
- The show attracted 158,000 visitors to public days, and 5,000 to the opening gala and media day, plus corporate guests.
- 80% of show visitors viewed the New Zealand garden.
- 80,000 pieces of branded informative collateral were distributed including Tourism New Zealand *Motivator* brochures and destination information.
- 25-30 minutes of coverage on BBC prime time.
- UK/Europe consumer reach was over 45 million.
- 7,210 online competition entries.
- Coverage in *The Telegraph* – 10 Best Gardens at the show.
- 2,817 online requests for Air New Zealand information.
- 758 online requests for tailor-made packages.
- 75 media attended the New Zealand media function.
- 100 guests to the New Zealand VIP evening.

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

12 RALLY NEW ZEALAND

Hosting:

- Tourism New Zealand exposed the event to key decision makers and event organisers including the Inter Agency Events Group to ensure longevity of the event.

Branding:

- 100% Pure branding was applied to all on-course signage and on Rally cars.
- An online feature was developed on newzealand.com with links from the Rally New Zealand website.
- A two-page advertorial was placed within the Official Rally Programme.

Media:

- Supplied 'B' roll to TV production teams and briefed team/directors from ISC and Channel 4 UK.
- Media kits were supplied to media, and press packs and promotional material to the Rally media centre.

Report on the effectiveness of one offshore event in enhancing the campaign by 30 June 2004.

RESULT

1

STATUS

Achieved

COMMENTS**CHELSEA FLOWER SHOW LONDON, UK**

- Tourism New Zealand managed and coordinated the presence of a New Zealand garden named '100% Pure New Zealand Ora – Garden of Well-Being'.
- The design of the outdoor show garden was based on a central North Island thermal landscape and incorporated many aspects of Maori culture.

Key Objectives:

- Utilise an internationally recognised event in a key market as a medium to communicate Tourism New Zealand's global marketing campaign.
- Obtain media coverage of the garden and New Zealand as a destination.
- Obtain consumer reach through targeted advertising and tactical activity.

Promotional/Campaign Activity:

- An integrated marketing plan was developed and implemented to communicate campaign messages and leverage off the Chelsea Flower Show.
- This included online activity, PR, tactical advertising, events, targeted media programmes and product marketing.
- Tourism New Zealand and supporting sponsors had a promotional retail stand targeted at show visitors.
- A special Chelsea landing page was developed on newzealand.com. This module contained:
 - a simple interactive piece which described key elements of the garden
 - information on garden-oriented tourism product
 - a competition, run in conjunction with Air New Zealand, which was promoted at the show via the collateral pieces.



- A garden information piece (brochure) was developed and distributed to visitors (25,000). The piece was branded and included information on elements contained within the garden and competition details.
- 10,000 generic New Zealand brochures were distributed from the retail stand titled 'The British Gardener's Guide to New Zealand', featuring New Zealand landscape, flora, Maori culture, lifestyle and regions.
- An advertising campaign named 'The Fernion Jack' was developed to leverage involvement at the show, and featured on:
 - billboards at Sloane Square tube station
 - posters and ticket gantries
 - double-decker buses
 - targeted show collateral
 - targeted print publications, eg. Chelsea Show Catalogue, *The Gardener* (Royal Horticultural Society members' magazine), and lifestyle publications.
- An exclusive New Zealand function was held at Chelsea for 80 VIP guests including celebrities and media.
- Liaison with BBC film crew while in New Zealand for pre-show filming of the garden's origins for features in the lead-up and duration of the show. These features included Maori culture, the design team and the New Zealand garden.
- There was liaison with TVNZ for a special documentary by Maggie Barry on the garden.
- Dawn ceremony was held to open the garden.
- Celebrities, including the Queen, visited the garden.
- Live cooking demonstrations were held using plants and herbs contained within the garden with renowned London-based Kiwi chef Peter Gordon.
- Media kits were distributed to the media centre.
- Live interviews and television broadcasts were conducted from the garden.



Undertake an event campaign in Australia which promotes New Zealand as a food and wine destination, by 30 June 2004.

RESULT

STATUS

Delayed

COMMENTS

This event was carried forward (with ministerial approval) to the 2004-05 financial year.

PUBLIC RELATIONS – INTERNATIONAL MEDIA

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Size of circulation/audience reached each quarter through articles published and items broadcast.



RESULT

Print circulation of 37,340,770 and broadcast audience of 761,572,000

STATUS

Achieved

COMMENTS

A total audience/circulation of 798,912,770 was reached during the year. Print media highlights include: *InStyle* magazine (UK) (circulation 175,245), *Economic Times of India* (circ. 400,000), *Australian Financial Review* (circ. 101,538), *The Straits Times* of Singapore (circ. 387,000), *Hong Kong Economic Times* (circ. 75,342), *Toronto Star*, Canada (circ. 461,226), *Katei Gaho*, Japan (circ. 266,000).

Broadcast highlights include: Australia's two leading travel TV shows, *Getaway* and *Great Outdoors* (both with an audience of 1 million); *Don't Forget Your Passport*, TV of Canada (potential audience 65 million); Star TV's *Travel Asia and Beyond* (potential audience of 220 million); and *Great Outdoors Australia* (audience 1.5 million).

75% of media hosted each quarter represent publications/productions that are strongly aligned to the Interactive Traveller®.

RESULT

92%

STATUS

Achieved

COMMENTS

The International Media Programme was very successful in attracting media whose publications/productions are aligned to the Interactive Traveller®.

50% of media results reported to Tourism New Zealand at year-end are targeted at the Interactive Traveller®.

RESULT

75%

STATUS

Achieved

COMMENTS

Of 418 media results for the year, a total of 314 related strongly to the Interactive Traveller®.

Produce two video news releases for use by international media by 30 June 2004.



RESULT

STATUS

Achieved

COMMENTS

A Video News Release (VNR) was produced and released to international media outlining how New Zealand-made films are raising awareness of this country as a tourism destination.

A second VNR featured the growing trend towards wine and food tourism, including an increasing interest by visitors to participate in food collection and preparation, and indigenous food and wine. This VNR was timed to give to international media attending the Pinot Noir 2004 event.

A third VNR on Hayley Westenra was also completed in response to the growing popularity of the singer in our key markets.

PRODUCT MARKETING

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Number of individuals and organisations engaged with quarterly through the regional/sector-based industry.

RESULT

37

STATUS

Achieved

COMMENTS

Presentations and consultation with 37 organisations occurred during the year, including Air New Zealand, marketing networks (including Ski, Golf, Cruise, and Backpacker), New Zealand Conventions Association, National Maori Tourism Network, tourism operators in various regions, sector groups (including Farm and Home Host, Bus and Coach, Hotel Associations and Wine Exporters), Qantas Vacations USA, USA product planners, Japan travel industry and Asian PR and advertising agencies.

Six general tourism product updates completed and distributed in July, September and November 2003, and February, April and June 2004.

RESULT

6

STATUS

Achieved

COMMENTS

Six general tourism product updates have been completed and distributed. All product updates are available on the traveltrade.newzealand.com website.

Three themed tourism product updates developed and distributed in August 2003 and April and June 2004.

RESULT

3

STATUS

Achieved

COMMENTS

Three themed updates have been completed and distributed on: Autumn Experiences, Cultural Tourism Experiences, and Walking and Trekking Experiences.

75% of tourism workshop participants surveyed rate the content of the workshop attended as good or better.

RESULT

100%

STATUS

Achieved

COMMENTS

Workshop participants rated the content as highly relevant and useful and the presentation style appropriate.

75% of recipients of the product update surveyed rate it as relevant and useful.

RESULT

STATUS

Not Achieved

COMMENTS

This survey was not undertaken due to changes to the product update format and the move to an online product update survey collection process.

Satisfaction index piloted by 30 January 2004.

RESULT

STATUS

Achieved

COMMENTS

The satisfaction index is completed. The pilot work was completed with AC Nielsen in November 2003 utilising product satisfaction data from previous studies. This enabled test piloting of the index methodology and eliminated the need for further pilot fieldwork.

TRADE TRAINING & FACILITATION

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Provide a quarterly report on the actual number of international travel sellers and product planners engaged with through trade training seminars and conferences, roadshows, online training modules and familiarisation visits.

RESULT

19,833

STATUS

Achieved

COMMENTS

Trade training and trade show activity was strong throughout the year, with a total of 19,833 trade trained by Tourism New Zealand. Key trade relations of the year include: Kiwi Link UK and Netherlands, India, North America, and Germany/Switzerland, training of over 400 agents from Germany's DERTour company, the KEA familiarisation programme which hosted groups of agents from Australia throughout the year, and another successful TRENZ with over 420 international buyers.

The traveltrade.newzealand.com website also went live in December 2003.

Produce a training video on the self-drive experience by September 2003, and one on Accommodation by December 2003.

RESULT

STATUS

Achieved

COMMENTS

The self-drive video was used as part of the Frontliner training in Asia with excellent feedback, and has been translated into Korean and Chinese. The accommodation video has been translated into Thai and Mandarin.

Training conference held to train at least 20 offshore Tourism New Zealand staff on the online training modules and training requirements in relation to the Interactive Traveller® by December 2003.

RESULT

18

STATUS

Not achieved

COMMENTS

The Trade Training Conference was held in November 2003. The target of hosting 20 Tourism New Zealand staff was not achieved, as it was not possible to find a date to allow maximum offshore participation, and some Asian offices were represented via a staff member with pan-Asia responsibility for trade training.

75% of surveyed travel sellers and product planners trained by Tourism New Zealand rate the training as good or better.

RESULT

99.25%

STATUS

Achieved

COMMENTS

Training by Tourism New Zealand was rated very positively throughout the year, with excellent feedback received from respondents of the surveys which were undertaken at a number of training events.

75% of surveyed New Zealand trade on Tourism New Zealand-led travel show initiatives rate Tourism New Zealand as good or better as a leader for that activity.

RESULT

100%

STATUS

Achieved

COMMENTS

Feedback received from participating New Zealand operators at travel show initiatives was extremely positive. Key events led by Tourism New Zealand include: Japan Mission, Kiwi Link UK and Netherlands, Kiwi Link India, ongoing seminar training in India, Japan and London, Kiwi Link North America and Kiwi Link Germany.

STAKEHOLDER COMMUNICATIONS

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Number of stakeholders informed through: <i>tourisminfo.govt.nz</i> (6,000 user sessions monthly)	RESULT 16,000	STATUS Achieved
	COMMENTS Average monthly user sessions increased to over 16,000 per month with the highest usage recorded in May 2004 of 18,333 sessions. The most accessed sections of the website include News (20% of all user sessions), Research & Data (16%) and About Us (15%).	
Tourism News (6,000 recipients bimonthly)	RESULT 7,173	STATUS Achieved
	COMMENTS Seven issues of the bimonthly publication <i>Tourism News</i> were distributed during the year, including a special edition to celebrate the Tourism Award 2003 winners.	
Regional Rap (1,400 recipients bimonthly)	RESULT 1,854	STATUS Achieved
	COMMENTS Seven issues of <i>Regional Rap</i> were produced throughout the year, including a special edition for TRENZ.	
Corporate Profile (5,000 recipients annually)	RESULT 8,290	STATUS Achieved
	COMMENTS The Tourism New Zealand Corporate Profile was mailed out to the <i>Tourism News</i> database on release. Additional copies were distributed at seminars, functions and meetings.	
Number of engagements to inform and consult industry stakeholders through: 10 regional seminars	RESULT 10	STATUS Achieved
	COMMENTS Ten seminars were held in Rotorua, Tauranga, Hawke's Bay, Manawatu, Nelson, Wairarapa, Taupo, Upper Hutt, Dargaville and Paihia to a combined audience of 488 industry members.	
Five executive updates	RESULT 5	STATUS Achieved
	COMMENTS Executive updates were held in Auckland, Rotorua, Wellington, Christchurch and Queenstown throughout the month of June 2004.	
Four meetings with Regional Tourism Organisations (RTOs) and Maori Regional Tourism Organisations (MRTOs).	RESULT 25	STATUS Achieved
	COMMENTS Twenty-five meetings were held over the period, including: RTONZ, Leadership Forum, Sydney RTO Forum, RTO/IMP Meetings, RTO Media Workshop with TIA, National Maori Tourism Network, and a number of hui with MRTOs. Numerous presentations were made during the year to other tourism organisations.	

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>75% of regional seminar participants surveyed rate the content of the seminar attended as very good or excellent.</i>	RESULT 91%	STATUS Achieved
	COMMENTS Evaluations reflect that participants found these seminars very useful, practical and an excellent way of keeping informed and involved in the activities of Tourism New Zealand.	

<i>Undertake an audit of written, electronic and oral structured communication by 30 December 2003. Implement the findings or recommendations of the audit of key tourism publications (i.e. <i>Tourism News</i>, <i>Regional Rap</i> and <i>tourisminfo.govt.nz</i>) by 30 June 2004.</i>	RESULT	STATUS Achieved
	COMMENTS A total of 958 responses were received from within New Zealand and offshore providing a good sample size. Overall, 74% of stakeholders rated Tourism New Zealand's performance as very good or above. Recommendations of the audit findings have been implemented through regional seminars, <i>Tourism News</i> , <i>Regional Rap</i> and on <i>tourisminfo.govt.nz</i> .	

TOURISM DEVELOPMENT

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>Facilitate two workshops with Tourism New Zealand's Operations and Regional Managers on Tourism New Zealand's Maori strategy.</i>	RESULT 6	STATUS Achieved
	COMMENTS Workshops on Tourism New Zealand's Maori strategy were held with the Australia, Japan, Asia, North America and UK regions, and with the Auckland office.	
<i>Facilitate at least six workshops with MRTOs and their RTOs on Tourism New Zealand's Maori strategy.</i>	RESULT 6	STATUS Achieved
	COMMENTS Six meetings were held during the year with Maori Regional Tourism Organisations (MRTOs).	
<i>Undertake an internal audit of Tourism New Zealand's cultural capability by 30 June 2004.</i>	RESULT	STATUS Achieved
	COMMENTS The Maori Development/Capability review report was completed.	
<i>VIN membership standards incorporate Qualmark quality tourism standards by 30 June 2004.</i>	RESULT	STATUS Achieved
	COMMENTS Qualmark quality tourism standards are now incorporated into VIN membership standards.	
<i>Ensure the implementation of VIN Inc strategy through the execution of activities to budget (\$500,000).</i>	RESULT \$500,000	STATUS Achieved
	COMMENTS Activity in support of the VIN Inc strategy has been implemented to budget.	

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>Ensure the implementation of the Qualmark strategy through the execution of activities to budget (\$410,000).</i>	<p>RESULT</p> <p>\$411,000</p> <p>COMMENTS</p> <p>Implementation of Qualmark strategy through execution of activities has been implemented to budget.</p>	<p>STATUS</p> <p>Achieved</p>
<i>Reserves were transferred to cover: VIN Internet Strategy implementation (\$79,500).³</i>	<p>RESULT</p> <p></p> <p>COMMENTS</p> <p>The VIN Internet Strategy identified that the key priority for VIN Inc was the development of a members' extranet. This project was completed in September 2003.</p>	<p>STATUS</p> <p>Achieved</p>
<i>Ensure implementation of VIN Inc strategy through execution of activities to budget (\$240,000).³</i>	<p>RESULT</p> <p></p> <p>COMMENTS</p> <p>The VIN Board made the decision to delay significant marketing activity until the New Zealand Tourism Strategy-funded i-SITE signage project was completed. Consequently activity was moved from the 2002-2003 plan and completed during 2003-2004.</p>	<p>STATUS</p> <p>Achieved</p>
<i>Complete two VIN customer surveys identifying key opportunities by 30 June 2004.</i>	<p>RESULT</p> <p></p> <p>COMMENTS</p> <p>Two VIN customer surveys were completed during the year. This research provided VIN Inc with evidence of the impact an i-SITE Visitor Centre has on the local community and surrounding region. The research findings will be used as case studies for other Visitor Centres to present to their local government, local operators and other stakeholder groups, and will enable them to validate and communicate the importance and benefit of i-SITE Visitor Centres on the local community and surrounding region.</p>	<p>STATUS</p> <p>Achieved</p>
<i>Develop systems of greater alignment between VIN and Qualmark.</i>	<p>RESULT</p> <p></p> <p>COMMENTS</p> <p>Qualmark promotional material has been developed and delivered to all i-SITE Visitor Centres.</p>	<p>STATUS</p> <p>Achieved</p>
<i>Provide a status report on brand licensing/registration and protection in key markets.</i>	<p>RESULT</p> <p></p> <p>COMMENTS</p> <p>Brand New Zealand fern mark registration and protection continued in key markets. The process of renewal is ongoing.</p>	<p>STATUS</p> <p>Achieved</p>

³ Performance measures carried forward from 2002-2003 financial year.

MARKET SUPPORT – OFFSHORE

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

Five regional highlights reports provided each quarter.

RESULT

STATUS

Achieved

COMMENTS

Highlights of activity from Tourism New Zealand's five regional offices were provided throughout the year.

*Consumer enquiries responded to by:
Overseas posts
(between 80,000 and 100,000)*

RESULT

167,724

STATUS

Achieved

COMMENTS

Consumer enquiries to the Tourism New Zealand international offices were particularly strong in the fourth quarter, resulting in year-end figures being over 65% more than targeted. Enquiries were predominantly driven out of the Australian market, with a notable increase from the UK most likely driven by the high profile New Zealand gained during the Chelsea Flower Show promotion.

*Call Centre
(between 40,000 and 60,000)*

RESULT

22,690

STATUS

Not achieved

COMMENTS

The majority of consumer calls received by the International Call Centre were from Australia, comprising 46.8% of the total number of calls. These enquiries were driven as a response to global advertising campaign placements in key targeted metro areas. Call numbers from North America, Canada and UK/Europe are tracking below last year's levels. This is largely attributed to the increasing use of the newzealand.com site to source 'Destination New Zealand' information.

*Trade enquiries responded to by:
Overseas posts
(between 35,000 and 45,000)*

RESULT

27,358

STATUS

Not achieved

COMMENTS

The development and introduction of the Tourism New Zealand traveltrade.newzealand.com website had an impact on the number of travel agent enquiries to Tourism New Zealand. Travel agents are now able to access general New Zealand information online, removing the need to contact Tourism New Zealand directly.

*Call Centre
(to be reported quarterly)*

RESULT

655

STATUS

Achieved

COMMENTS

Similar to the note reported above, the number of travel agent phone calls received by Tourism New Zealand has reduced significantly following the introduction of the travel trade website giving self-sufficiency in finding 'Destination New Zealand' information.

75% of customers surveyed found the service provided by the international call centre positive.

RESULT

79.2%

STATUS

Achieved

COMMENTS

Tourism New Zealand is committed to ensuring that quality information is provided to all callers to the International Call Centre. In an effort to monitor the call centre's performance, random 'call backs' are carried out with a sample of individuals who call the call centre each month as a quality-control measure.

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>75% of the in-market travel distribution sector surveyed rate the market support function of Tourism New Zealand as 'Good' or 'Better'.</i>	RESULT	STATUS
	89.8%	Achieved
	COMMENTS Tourism New Zealand contacted 20 outbound travel partners from each market region (Asia, Australia, Japan, North America and UK/Europe) to complete a satisfaction survey. 79.6% of the total respondents rated Tourism New Zealand's overall performance as 'Very Good' or 'Excellent'.	
<i>Provide a progress report to the Minister of Tourism on the Air Services Strategy by 30 June 2004.</i>	RESULT	STATUS
		Achieved
	COMMENTS A full progress report was presented to the Tourism New Zealand Board in December 2003 highlighting that 26 out of 46 identified goals were fully or partially achieved. Further to this, an update was presented verbally to the Minister of Tourism on 1 July 2004.	

NEW ZEALAND – MARKET SUPPORT

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>Provide appropriate and relevant financial information as part of the Purchase Agreement quarterly reporting.</i>	RESULT	STATUS
		Achieved
	COMMENTS Complete financial information was provided quarterly.	
<i>Maintain an external audit grading of 'Very Good'.</i>	RESULT	STATUS
		Achieved
	COMMENTS Grading has been maintained.	
<i>Implement projects associated with the Human Resources Strategy by 30 June 2004.</i>	RESULT	STATUS
		Achieved
	COMMENTS Projects associated with the HR Strategy have been implemented.	
<i>Prepare SAP hardware for the upgrade of SAP software in 2004/2005 by 30 June 2004.</i>	RESULT	STATUS
		Achieved
	COMMENTS The SAP upgrade took place in March 2004.	

OTHER INITIATIVES

CHINA TRAVEL TRADE TRAINING AND CERTIFICATION PROJECT

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>The number of New Zealand expert agents certified within 12 months of the commencement of this initiative (target: 50).</i>	RESULT COMMENTS The funding for this initiative was received on 1 December 2003. Therefore the 12-month commencement period for this initiative began on 1 December 2003, and the 12-month target of 50 agents will be reported on in December 2004.	STATUS On track
<i>The number of training events held within 12 months of the commencement of this initiative (target: 10).</i>	RESULT 3 COMMENTS As above.	STATUS On track
<i>75% of those agents trained who found the training very good or excellent.</i>	RESULT 98.5% COMMENTS Agents who participated in the training during April 2004 were surveyed, with excellent feedback received.	STATUS Achieved
<i>An increase in the average length of stay of Chinese holidaymakers from four days (2003) to six days by end of Year 3. Target: A 10% increase in the average length of stay within 12 months of the commencement of this initiative.</i>	RESULT COMMENTS There are no results to report on to date. Training began in April 2004. Therefore it is too early to begin any effective measurement in this category.	STATUS On track

USA TOURISM MARKET STRATEGY

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>The provision of baseline information on visitor number data and spend from the US market by 30 September 2003.</i>	RESULT COMMENTS Information on visitor arrival data and indicative spend data was provided, however caution was advised as baseline data is based on Quarter One IVS data 2003/2004 and it is anticipated that due to small sample sizes fluctuation will occur as further quarters are added.	STATUS Achieved
<i>Analyse visitor number data and visitor spend information from the international visitor survey to track the effectiveness of the campaign.</i>	RESULT COMMENTS Analysis of IVS data for the First and Second Quarters 2003/2004 (July-December 2003) was provided; however caution was advised as data is based on two quarters of data and it is anticipated that, due to small sample sizes, fluctuation will occur as further quarters are added. Full fiscal year actual data will be available when Quarter Four IVS data is available in October 2004.	STATUS Achieved

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>Undertake a campaign evaluation research programme twice yearly in order to assess the intention to visit New Zealand on a holiday or non-business trip among potential US long-haul travellers. First half campaign evaluation due 31 March 2004; second half due 30 September 2004.</i>	RESULT	STATUS
		Achieved
	COMMENTS Roy Morgan Holiday Tracking Survey (HTS) fieldwork was completed in March 2004. This forms stage one of the campaign evaluation process. The second stage, Campaign Evaluation Research (now called Campaign Development Research), was delivered to Tourism New Zealand in June 2004.	

CULTURAL TOURISM

PERFORMANCE MEASURES: QUANTITY, QUALITY, TIMELINESS

<i>Bring key product decision makers from offshore wholesalers and retailers to New Zealand for a cultural familiarisation which showcases New Zealand's cultural product. One cultural famil by 30 October and two famils by 30 December 2003.</i>	RESULT	STATUS
	3 cultural famils	Achieved
	COMMENTS Feedback suggests that the familiarisations were well received and relevant to key product decision makers. Famils included regions that received funding for cultural tourism: Nelson, Wellington, Taranaki, Hawke's Bay and Northland and were held during October and November 2003.	
<i>Disseminate cultural tourism research findings at a minimum of 5 regional workshops by 30 June 2004.</i>	RESULT	STATUS
	6	Achieved
	COMMENTS Workshops were held in Nelson, Wellington, Taranaki, Hawke's Bay, Northland and Dunedin.	
<i>In consultation with the Cultural Tourism Working Group, undertake a consumer cultural event based around an international offshore event by 30 June 2004.</i>	RESULT	STATUS
		Achieved
	COMMENTS Tourism New Zealand was involved with sponsorship of the Asia Society Art Exhibition – <i>Paradise Now, Contemporary Art from the South Pacific</i> . In addition, the <i>Rough Guide to Maori New Zealand</i> was developed and distributed in the UK through the <i>Daily Telegraph</i> in time for the Chelsea Garden presence in the UK. The guide was developed to satisfy Interactive Traveller® demand for cultural experiences and their high usage of guidebooks.	
<i>Disseminate cultural tourism research findings and produce summaries of practical findings for operators and distribute at Roadshows, Updates and through mailing lists by 30 June 2004.</i>	RESULT	STATUS
		Achieved
	COMMENTS Summaries of findings have been developed for distribution through cultural tourism agencies' websites. Full copies of research are available through the Tourism New Zealand library. Presentations were developed for individual sectors (eg. NZHTP, DOC) and Tourism New Zealand presented at the five regions which received extra cultural development funding.	

TABLE 1 – CONSUMER BRAND CAMPAIGN, REACH & FREQUENCY BY KEY MARKET

Country	Media	Potential Audience	July-June Target		July-June Actual	
			Reach	Frequency	Reach	Frequency
Australia ⁴	Print ⁵	1,051,000	82.4%	6.3	82.0%	6.9
	Local TV	5,099,200	86.0%	11.2	86.8%	12.0
	Cinema				1,542,620 Attendance	
UK ⁶	Print ⁷	2,731,000	53.0%	4.8	54.0%	4.9
	Local TV	20,253,000	83.0%	5.4	79.0%	5.8
USA ⁸	Print ⁹	16,716,000	48.0%	3.2	52.0%	3.6

4 Australia: Outdoor activity (billboards and metrolites) ran in Sydney and Melbourne, not included in R&F figures above.

5 Australia Print Target Audience: Interactive Travellers® (NSW, VIC, QLD); TV Target Audience: People 18-49 (Syd, Melb, Bris) Note: Interactive Traveller® definition changed during 2003 causing greater fluctuation of results than normal.

6 UK: Outdoor activity (London Underground) ran in Kensington, not included in R&F.

7 UK Print Target Audience: AB Adults 25-34 or 50-64 + Long Haul Holiday last 12 Months; TV Target Audience: ABC1 Adult (London, Meridian, Satellite).

8 USA: Outdoor activity (posters, phone kiosks and kiosks) ran in New York, San Francisco and Los Angeles, not included in R&F.

9 USA Print Target Audience: People 45+, HHI \$75K, 1+ Foreign Trip in the last 3 years.

MARKETING RESEARCH TABLES

TABLE 2A – A COMPARISON BETWEEN 2002/2003 AND 2003/2004 OF THE PERCENTAGE OF INTERACTIVE TRAVELLERS® WHO RECALL THE 100% PURE TAGLINE

Countries	1st Half Year ¹⁰		2nd Half Year	
	2002/03	2003/04	2002/03	2003/04
Australia	27.6%	32.6%	31.1%	34.2%
UK ¹¹	NA	-	NA	28.6%
USA ¹¹	NA	-	NA	23.8%

TABLE 2B – A COMPARISON BETWEEN 2002/2003 AND 2003/2004 OF THE PERCENTAGE OF INTERACTIVE TRAVELLERS® WHO CORRECTLY ASSOCIATE THE 100% PURE TAGLINE WITH NEW ZEALAND

Countries	1st Half Year		2nd Half Year	
	2002/03	2003/04	2002/03	2003/04
Australia	21.2%	26.7%	24.7%	27.3%
UK ¹¹	NA	-	NA	19.6%
USA ¹¹	NA	-	NA	2.8%

TABLE 3 – A COMPARISON BETWEEN 2002/03 AND 2003/04 OF THE PERCENTAGE OF INTERACTIVE TRAVELLERS® INDICATING A PREFERENCE FOR TRAVEL TO NEW ZEALAND

Countries	1st Half Year		2nd Half Year	
	2002/03	2003/04	2002/03	2003/04
Australia	22.5%	25.8%	24.0%	26.2%
UK ¹¹	NA	-	32.0%	27.1%
USA ¹¹	NA	-	10.6%	12.8%

TABLE 4 – A COMPARISON BETWEEN 2002/2003 AND 2003/2004 OF THE PERCENTAGE OF INTERACTIVE TRAVELLERS® INDICATING AN INTENTION TO TRAVEL TO NEW ZEALAND

Countries	1st Half Year		2nd Half Year	
	2002/03	2003/04	2002/03	2003/04
Australia	15.0%	14.8%	15.4%	15.7%
UK ¹¹	NA	-	7.7%	6.5%
USA ¹¹	NA	-	4.1%	3.9%

10 First half year compares results for Year End September 2002 with Y/E September 2003. Second half year compares latest data available for the period Y/E March 2003 with Y/E March 2004.

11 Targets for the UK and USA markets have not been set as this data has not been collected previously. Actual percentages have been reported for these two markets where data is available. In addition, it should be noted that the sample size for Interactive Travellers® from these two markets may be small.

MANAGEMENT STATEMENTS

EMPLOYMENT POLICIES

Tourism New Zealand is committed to being a good employer and providing equal employment opportunities in its operations.

The equal opportunities programme continued during 2003/2004.

In its recruitment and employment of staff during the period under review, Tourism New Zealand has observed its obligations to:

- a) provide good and safe working conditions
- b) impartially select suitably qualified people for appointment
- c) recognise the aims, aspirations, and employment requirements of Maori
- d) provide opportunities for the enhancement of the abilities of individual employees
- e) recognise the aims, aspirations, and cultural differences of all employees
- f) recognise the employment requirements of women
- g) recognise the employment requirements of people with disabilities.



IMPACT OF TOURISM NEW ZEALAND OUTPUTS ON VISITOR ARRIVALS AND EXPENDITURE

Visitor arrivals and expenditure are dependent upon many variables including the marketing activities of competing destinations, independent private sector spend and resource commitments overseas, available air capacity, exchange rates and the general economic conditions in countries of origin, as well as the efforts of any National Tourism Office.

Whilst the range and nature of these variables mean that it is not possible to establish the degree to which the activities undertaken by Tourism New Zealand impact directly on visitor arrivals and expenditure, the outputs delivered during the year by Tourism New Zealand will have impacted through:

- increasing the profile of New Zealand as a destination
- providing potential visitors with reasons and motivations to travel to New Zealand
- assisting the industry to more effectively convert interest into actual travel
- assisting the industry to better target its activities through developing their understanding of the needs and motivations of international visitors
- contributing to the enhancement of the quality, delivery, distribution, promotion, depth and competitiveness of New Zealand tourism product.

Although it is not possible to isolate the direct impact of Tourism New Zealand's activity from the other variables present, Tourism New Zealand's outputs undoubtedly made a significant contribution to the attainment of the 2.25 million visitor arrivals in the year to 30 June 2004. This represented an overall increase of 10 percent on the previous year's arrival figures.

Visitor expenditure during the year ending 31 December 2003 also showed good growth with an increase of 3.9 percent on the previous year's expenditure to \$6.4 billion.

The Financial Statements cover the period from 1 July 2003 to 30 June 2004. The statements comply with generally accepted accounting practice in New Zealand and the requirements of the Public Finance Act 1989.

Financial Statements



LEFT: Full page advertisement in *The Los Angeles Times* the day after the Oscars, 1 March 2004. Circulation: 1 million.

ABOVE: *Rough Guide to Maori New Zealand* was distributed to 250,000 people in the UK in May 2004.

Management Statement

We acknowledge responsibility for the preparation of these financial statements and for the judgements used in them. Internal control procedures are considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion these financial statements fairly reflect the financial position, cash flows and operations of the New Zealand Tourism Board Group for the year ended 30 June 2004.

Wally Stone
Chairman

George Hickton
Chief Executive

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2004

REPORTING ENTITY

The financial statements are for the reporting entity the New Zealand Tourism Board trading as Tourism New Zealand (the Parent) and its subsidiaries (the Group). Tourism New Zealand was established under the New Zealand Tourism Board Act 1991. The financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989.

MEASUREMENT BASE

The financial statements have been prepared on the basis of historical cost except for certain items for which specific accounting policies are identified.

ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied.

(i) Revenue recognition

Grants received from the Crown are recognised in the Statement of Financial Performance as revenue on their receipt. Other revenue is recognised when invoiced.

(ii) Leases

Tourism New Zealand leases office premises, office equipment and motor vehicles. As the majority of risks and benefits of ownership are retained by the lessor, these leases are classified as operating leases. Payments made under operating leases are recognised in the Statement of Financial Performance.

(iii) Goods and services tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables which include GST.

(iv) 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 income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method. Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

(v) Receivables

Receivables are stated at their estimated realisable value after providing for doubtful debts. Bad debts are written off during the year in which they are identified.

(vi) Property, plant and equipment

All items of property, plant and equipment are recorded at cost and depreciated as outlined below.

Depreciation of property, plant and equipment is calculated on a straight-line basis to allocate the cost of an asset over its estimated useful life. The estimated useful lives of property, plant and equipment are:

Office equipment	5 years
Motor vehicles	4 – 5 years
Furniture and fittings	5 – 8 years
Computer equipment	3 years
Leasehold improvements	Term of the lease

When an item of property, plant, and equipment is disposed of, the gain or loss is recognised in the Statement of Financial Performance.

(vii) Foreign currencies

Where transactions have been hedged by forward exchange contracts, the forward rates specified in those contracts are used to convert the transactions into New Zealand currency. Otherwise, transactions in foreign currencies are converted at the exchange rate at the date of the transaction.

Foreign currency receivables, payables, accommodation bonds and cash balances at balance date are translated at exchange rates current at balance date. Exchange gains and losses are brought to account in determining the surplus or deficit for the year.

(viii) 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. Tourism New Zealand does not use financial instruments for speculative purposes.

Financial instruments in the Statement of Financial Position include cash and bank balances, receivables and trade payables. These instruments are generally carried at their estimated fair value. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Full disclosure of financial instruments to which Tourism New Zealand is a party is provided in note 23.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2004

(ix) Promotional Activity

Promotional and advertising costs are expensed when the service is provided.

(x) Joint Venture Marketing

Obligations under joint venture contracts are expensed when incurred. Tourism New Zealand derives no financial benefit as a result of these joint venture activities and therefore no investment is recognised.

(xi) Segment Information

Tourism New Zealand's primary function is to market New Zealand as a tourism destination. To achieve this, Tourism New Zealand maintains offices in a number of overseas countries. However, all Tourism New Zealand's activities are coordinated from New Zealand.

(xii) Employee Entitlements

Provision is made in respect of Tourism New Zealand's liability for annual leave. Annual leave entitlements are calculated on an actual entitlement basis.

(xiii) Commitments

Commitments disclosed include those operating and capital commitments arising from non-cancellable contractual obligations. Commitments relating to employment contracts are not included.

(xiv) Basis of Consolidation – Purchase Method

Subsidiaries are entities in which Tourism New Zealand has the capacity to determine the financing and operating policies and from which it has an entitlement to significant ownership benefits.

The consolidated financial statements include Tourism New Zealand and its subsidiaries, which are accounted for using the purchase method. The effects of all significant inter-company transactions between entities that have been consolidated are eliminated on consolidation. In the Parent's financial statements investments in subsidiaries are recognised at cost.

(xv) Associate Companies

Associates are investees (but not subsidiaries) in which Tourism New Zealand has the capacity to affect substantially, but not unilaterally determine, the operating and/or financial policy decisions. Associates have been reflected in the consolidated financial statements on an equity accounting basis which recognises Tourism New Zealand's share of retained surpluses in the Consolidated Statement of Financial Performance and its share of post acquisition increases or decreases in net assets in the Consolidated Statement of Financial Position. In the Parent's financial statements investments in associates are recognised at cost.

(xvi) Intangible Assets

Intangible assets, such as domain names, are recorded at cost at acquisition date. 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.

(xvii) Changes in Accounting Policies

There have been no changes of accounting policies during the year. All policies have been applied on a consistent basis.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

GROUP					PARENT		
	Notes	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's
Revenue							
Government grants	1	60,230	54,052	60,201	60,230	54,052	60,201
Interest		421	500	668	419	500	664
Other revenue	2	1,823	1,792	2,785	310	200	1,339
Total Revenue		62,474	56,344	63,654	60,959	54,752	62,204
Expenditure							
Personnel expenses	3	10,662	11,342	11,341	9,789	10,020	10,555
Other expenses	4	6,674	8,509	9,399	6,052	7,941	8,676
Marketing expenses	5	47,353	36,045	44,100	47,498	36,127	44,277
Depreciation	6	763	733	707	714	664	655
Total Expenditure	7	65,452	56,629	65,547	64,053	54,752	64,163
Net Operating Surplus (Deficit) before Taxation		(2,978)	(285)	(1,893)	(3,094)	0	(1,959)
Income tax expense	17	0	0	0	0	0	0
Net deficit after tax arising from first time consolidation of subsidiaries	8	0	0	254	0	0	0
Minority interests in profits/ (losses) of subsidiaries	8	56	(140)	0	0	0	0
Share of associate companies' losses	9	4	0	5	0	0	0
Net Surplus (Deficit) for the year		(3,038)	(145)	(2,152)	(3,094)	0	(1,959)

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

GROUP					PARENT		
	Notes	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's
Equity at beginning of the year		6,829	4,448	8,981	7,022	4,740	8,981
Movement in minority interest	8	56	268	0	0	0	0
Net operating surplus (deficit)		(3,038)	(145)	(2,152)	(3,094)	0	(1,959)
Equity at end of the year		3,847	4,571	6,829	3,928	4,740	7,022

The notes and accounting policies on pages 43 to 54 and 38 to 39 form part of and are to be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION

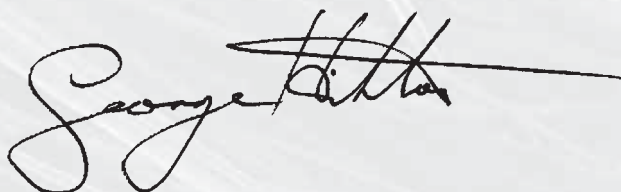
AS AT 30 JUNE 2004

GROUP					PARENT		
	Notes	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's
Current Assets							
Cash	10	4,215	5,535	7,672	4,062	5,535	7,625
Receivables	11	696	700	1,392	655	700	1,299
Prepayments & other current assets		690	350	466	684	350	466
		5,601	6,585	9,530	5,401	6,585	9,390
Non-Current Assets							
Property, plant & equipment	12	1,822	2,075	2,256	1,725	2,000	2,123
Investment in associate	9	17	0	21	0	0	0
Accommodation bonds	13	298	320	315	298	320	315
		2,137	2,395	2,592	2,023	2,320	2,438
Total Assets		7,738	8,980	12,122	7,424	8,905	11,828
Current Liabilities							
Payables & accruals		2,549	3,334	4,086	2,401	3,295	3,818
Provisions	14	626	400	626	626	400	626
Employee entitlements		414	420	402	371	370	362
Payments received in advance		167	120	44	98	100	0
		3,756	4,274	5,158	3,496	4,165	4,806
Non-Current Liabilities							
Advances from shareholders	8	135	135	135	0	0	0
Total Liabilities		3,891	4,409	5,293	3,496	4,165	4,806
Equity							
Shareholders' equity		1,805	1,805	1,805	1,805	1,805	1,805
Retained earnings		1,986	3,034	5,024	2,123	2,935	5,217
Minority interests	8	56	(268)	0	0	0	0
		3,847	4,571	6,829	3,928	4,740	7,022
Total Liabilities and Equity		7,738	8,980	12,122	7,424	8,905	11,828

For and on behalf of the Board of Directors, which authorised the issue of the financial statements on 5 October 2004.



Wally Stone, Chairman
5 October 2004



George Hickton, Chief Executive
5 October 2004

The notes and accounting policies on pages 43 to 54 and 38 to 39 form part of and are to be read in conjunction with these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2004

GROUP				PARENT		
Notes	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's	2004 Actual \$000's	2004 Budget \$000's	2003 Actual \$000's
Cash Flows from Operating Activities						
Cash was provided from:						
Government grants	60,230	54,052	60,621	60,230	54,052	60,621
Interest received	420	500	684	419	500	680
Other revenue	1,573	1,550	1,630	9	0	264
Goods and services tax received	566	330	12	550	300	0
	62,789	56,432	62,947	61,208	54,852	61,565
Cash was disbursed to:						
Payments to suppliers & employees	66,073	55,687	63,960	64,615	54,067	62,672
Goods & services tax paid	0	5	724	0	0	724
	66,073	55,692	64,684	64,615	54,067	63,396
Net Cash Inflow (outflow) from Operating Activities	15	740	(1,737)	(3,407)	785	(1,831)
Cash Flows from Investing Activities						
Cash was provided from:						
Sale of property, plant and equipment	15	0	7	15	0	7
Repayment of accommodation bonds	23	50	0	23	50	0
	38	50	7	38	50	7
Cash was applied to:						
Purchase of property, plant & equipment	355	275	1,264	338	250	1,120
Payments for accommodation bonds	11	50	32	11	50	32
	366	325	1,296	349	300	1,152
Net Cash Outflow from Investing Activities	(328)	(275)	(1,289)	(311)	(250)	(1,145)
Net Increase (decrease) in Cash Held	(3,612)	465	(3,026)	(3,718)	535	(2,976)
Effects of exchange rate on foreign currency balances	155	0	(68)	155	0	(68)
Opening cash brought forward	7,672	5,070	10,766	7,625	5,000	10,669
Cash at end of year	10	5,535	7,672	4,062	5,535	7,625

The notes and accounting policies on pages 43 to 54 and 38 to 39 form part of and are to be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	GROUP		PARENT	
Note 1				
Government grants				
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
The Crown Appropriation for Tourism New Zealand for 2003/2004 was \$54.382m. During the year, additional funding was provided by the Crown for specific projects:				
Crown Appropriation	54,382	54,382	54,382	54,382
China Market Development	525	0	525	0
USA Campaign	5,000	0	5,000	0
Cultural Tourism	375	220	375	220
The Lord of the Rings	400	0	400	0
Offshore Office Security	20	0	20	0
The Last Samurai	200	0	200	0
New Office in India	280	300	280	300
Qualmark New Zealand Ltd	300	400	300	400
Visitor Information Network	90	230	90	230
Whalerider Promotion New York	0	10	0	10
America's Cup Challenge	0	5,625	0	5,625
America's Cup 2003 and The Lord of the Rings	0	860	0	860
	61,572	62,027	61,572	62,027
Less GST	1,342	1,826	1,342	1,826
Net Grant	60,230	60,201	60,230	60,201
Note 2				
Other revenue				
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Write-back of consumption tax provision (a)	0	900	0	900
Write-back of creditors	98	178	98	178
Other Revenue	1,725	1,707	212	261
	1,823	2,785	310	1,339
(a) Between 2001 and 2003 a provision was made by the Parent to cover potential Consumption Tax Liabilities with various Tax Authorities. Independent advice concluded that no tax liability existed and accordingly the amount of the provision no longer required was written back to revenue in 2003.				
Note 3				
Personnel expenses				
	2004	2003	2004	2003
Number of permanent and fixed term staff	129	130	113	115
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Personnel costs for New Zealand & offshore staff were:				
New Zealand personnel expenses – Tourism New Zealand	4,582	4,705	4,582	4,705
New Zealand personnel expenses – subsidiaries	873	786	0	0
Offshore personnel expenses	5,207	5,850	5,207	5,850
	10,662	11,341	9,789	10,555

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

GROUP			PARENT	
Note 4				
Other expenses	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Other expenses include:				
Auditor's remuneration:				
Auditing financial statements	58	59	49	50
Other services	0	38	0	38
Total Auditor's Remuneration	58	97	49	88
Lease expense	2,018	2,566	1,912	2,471
Net Loss/(Gain) on foreign currency cash balances	(155)	68	(155)	68
Net Loss/(Gain) on foreign currency accommodation bonds	5	46	5	46
Directors' remuneration for Parent (See also note 25)	151	135	151	135
Loss on sale of property, plant and equipment	9	49	6	28
Note 5				
Marketing expenses of parent			2004 \$000's	2003 \$000's
Direct spend on marketing activities comprises:				
Marketing Communications:				
Australia			4,304	2,018
North America			8,410	4,582
UK & Europe			4,865	5,171
Japan			3,025	1,350
Asia			1,408	1,560
Other markets			26	69
New Zealand (a)			8,499	6,962
Total Consumer Advertising			30,537	21,712
Internet			2,746	1,862
Information Servicing			1,008	1,116
Events			701	5,929
Public Relations – International Media			3,700	3,939
Marketing Research			1,855	1,075
Trade Training & Facilitation			3,514	3,567
Stakeholder Communications			723	790
Product Marketing			914	534
Tourism Development			1,800	3,753
Total Direct Spend by Parent on Marketing Activities			47,498	44,277

(a) New Zealand Marketing Communications represents the cost of servicing the 100% Pure New Zealand Campaign which cannot accurately be allocated to markets.

For definitions of Marketing Activities see the Guide on page 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	GROUP		PARENT	
Note 6				
Depreciation				
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Depreciation by asset class:				
Furniture and fittings	81	79	74	73
Leasehold improvements	192	146	174	137
Office equipment	78	37	78	37
Motor vehicles	20	12	15	7
Computer equipment	392	433	373	401
Total Depreciation	763	707	714	655

Note 7

Total expenditure of parent

	2004 \$000's	2003 \$000's
Total expenditure by geographic region:		
Australia	5,782	4,047
North America	10,650	7,238
UK & Europe	8,598	9,940
Japan	5,478	4,307
Asia	5,895	6,079
Other markets	219	231
New Zealand (a)	27,431	32,321
Total Expenditure of Parent	64,053	64,163

- (a) New Zealand expenditure includes costs which cannot accurately be allocated to markets including the cost of servicing the 100% Pure New Zealand Campaign, the International Media Programme and the newzealand.com website.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	GROUP		PARENT	
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Note 8

Subsidiary companies

	Interest Held		Interest Held	
	2004	2003	2004	2003
Qualmark New Zealand Limited	60%	51%	60%	51%
Visitor Information Network Incorporated	0%	0%	0%	0%

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

Tourism New Zealand increased its shareholding in Qualmark New Zealand Limited from 51% to 60% effective 1 February 2004 and has control of Visitor Information Network Incorporated (VIN) effective 21 August 2002. No consideration has been paid or exchanged for these changes in ownership.

At balance date Qualmark New Zealand Limited held an advance from the New Zealand Automobile Association for \$135,000 (2003: \$135,000). The advance is for no fixed term, is unsecured and interest free.

Qualmark New Zealand Limited is New Zealand Tourism's official quality agency. It is a government-private sector partnership between Tourism New Zealand and New Zealand Automobile Association. 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 by way of assessment, promoting and working with Qualmark™ licensees and working closely with other organisations and sectors within the tourism industry.

Tourism New Zealand and the Visitor Information Network Incorporated (VIN Inc) 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 FRS-37 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 9

Associate companies

	Interest Held		Interest Held	
	2004	2003	2004	2003
The New Zealand Way Limited	50%	33%	50%	33%

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. The interest held increased from 33% to 50% effective from 1 July 2003. This Company is the operating entity of a joint venture between Tourism New Zealand and New Zealand Trade and Enterprise. All contributions have been treated as marketing expenditure in accordance with accounting policy (x).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	GROUP		PARENT	
Note 10				
Cash				
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Cash holdings by currency:				
New Zealand Dollar	1,865	4,564	1,712	4,517
United States Dollar	307	880	307	880
British Pound	123	128	123	128
Australian Dollar	40	201	40	201
European Euro	206	346	206	346
Japanese Yen	133	192	133	192
Hong Kong Dollar	141	303	141	303
Singapore Dollar	247	186	247	186
Taiwan Dollar	38	23	38	23
Canadian Dollar	213	274	213	274
Indian Rupee	510	339	510	339
Thai Baht	392	236	392	236
	4,215	7,672	4,062	7,625
Cash holdings by bank:				
HSBC Bank	2,429	2,990	2,408	2,951
National Bank of New Zealand	599	2,548	599	2,547
Bank of New Zealand	1,098	1,815	966	1,807
Deutsche Bank	68	129	68	130
Tokyo Mitsubishi	21	174	21	174
CIBC (Canadian Imperial Bank of Commerce)	0	16	0	16
	4,215	7,672	4,062	7,625
Note 11				
Receivables				
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Receivables	711	1,434	670	1,341
Less: Provision for doubtful debts	(15)	(42)	(15)	(42)
	696	1,392	655	1,299
The provision for doubtful debts was reduced by \$27,000 during 2004 to reflect the current view of bad debt exposure.				
Receivables for the Group include GST/VAT refunds comprising 72% (79% in 2003) of total receivables as follows:				
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
GST refund due from NZ Inland Revenue Department	388	938	388	938
GST refund due from Australian Taxation Office	31	71	31	71
VAT refund due from UK Customs	94	118	94	118
	513	1,127	513	1,127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

		GROUP		PARENT	
Note 12					
Owned property, plant and equipment		2004	2003	2004	2003
		\$000's	\$000's	\$000's	\$000's
Furniture and fittings					
At cost		794	844	753	801
Accumulated depreciation		(426)	(400)	(400)	(380)
Net carrying amount of furniture and fittings		368	444	353	421
Leasehold improvements					
At cost		1,326	1,297	1,253	1,225
Accumulated depreciation		(662)	(469)	(636)	(462)
Net carrying amount of leasehold improvements		664	828	617	763
Office equipment					
At cost		710	569	710	569
Accumulated depreciation		(413)	(337)	(413)	(337)
Net carrying amount of office equipment		297	232	297	232
Motor vehicles					
At cost		88	104	64	80
Accumulated depreciation		(45)	(54)	(22)	(36)
Net carrying amount of motor vehicles		43	50	42	44
Computer equipment					
At cost		2,193	2,235	2,132	2,182
Accumulated depreciation		(1,743)	(1,533)	(1,716)	(1,519)
Net carrying amount of computer equipment		450	702	416	663
Total Owned Property, Plant and Equipment		1,822	2,256	1,725	2,123

Note 13

Accommodation bonds

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

	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
UK & Europe	55	54	55	54
Japan	146	144	146	144
Asia	97	117	97	117
	298	315	298	315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	GROUP	PARENT
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Note 14 Provisions

Consumption Tax Provision – Tourism New Zealand has potential consumption tax liabilities with various Tax Authorities. Specific information is not provided in these notes as it could prejudice Tourism New Zealand's position with those parties.

The movement in provision is as follows:

	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Balance at beginning of the year	626	1,106	626	1,106
Paid during the period	0	(206)	0	(206)
Write-back of Provision	0	(900)	0	(900)
Provided during the year	0	626	0	626
Balance at end of the year	626	626	626	626

Note 15 Reconciliation of surplus (deficit) with cash flow from operating activities

	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Net Operating Surplus (Deficit)	(2,978)	(1,893)	(3,094)	(1,959)
Add/(Deduct) Non-Cash Items				
Depreciation	763	707	714	655
Net Loss/(Gain) on foreign currency cash balances	(155)	68	(155)	68
	608	775	559	723
Add/(Deduct) Movements in Working Capital				
(Increase)/decrease in receivables	696	(701)	644	(701)
(Increase)/decrease in prepayments	(224)	(187)	(218)	(189)
Increase/(decrease) in payables & accruals	(1,537)	837	(1,417)	766
Increase/(decrease) in provisions	0	(480)	0	(480)
Increase/(decrease) in employee entitlements	12	(15)	9	(21)
Increase/(decrease) in payments received in advance	123	(168)	98	(44)
	(930)	(714)	(884)	(669)
Add/(Deduct) Investing Activity Items				
Net Loss/(Gain) on disposal of property plant and equipment	11	49	7	28
Net Loss/(Gain) on foreign currency accommodation bonds	5	46	5	46
	16	95	12	74
Net Cash Inflow (Outflow) from Operating Activities	(3,284)	(1,737)	(3,407)	(1,831)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	GROUP	PARENT
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Note 16

Contingent liabilities and contingent assets

There are no known contingencies for the Group or Parent as at 30 June 2004 (2003: Nil).

Note 17

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 unrecognised that can be used to offset future assessable income of \$333,586 (2003: \$177,187).

Note 18

Management of risk

Tourism New Zealand is in the process of developing a risk management framework and a full risk assessment. 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 Directors' and Officers' Liability, Employers' Liability and Professional Indemnity cover for the Board members and employees. Insured values are reviewed annually and adjusted to reflect changes in business operations.

Note 19

Capital commitments

	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Total capital expenditure contracted for at balance date but not provided for in the financial statements	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	GROUP		PARENT	
Note 20				
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.				
Operating Commitments payable after balance date on:				
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Non-Cancellable Accommodation Leases:				
Up to One Year	1,577	1,822	1,517	1,761
One to Two Years	1,041	1,238	981	1,178
Two to Five Years	1,495	2,134	1,450	2,028
Over Five Years	723	1,060	723	1,060
	4,836	6,254	4,671	6,027
Non-Cancellable Motor Vehicle & Equipment Leases				
Up to One Year	198	155	156	126
One to Two Years	64	44	46	27
Two to Five Years	78	12	72	12
Over Five Years	0	0	0	0
	340	211	274	165
Non-Cancellable Contracts for Goods & Services				
Up to One Year	244	151	240	145
One to Two Years	4	4	4	0
Two to Five Years	7	0	7	0
Over Five Years	0	0	0	0
	255	155	251	145
Total Commitments	5,431	6,620	5,196	6,337

Note 21

Onerous contracts

Following a move to new premises in 2001, Tourism New Zealand was bound by a non-cancellable operating lease for office space that expired in May 2004. The space had been sub-let at market rentals that were lower than the rental costs under the lease. The net obligation under the lease agreement was provided for in 2003. Despite the rental differentials, the net rental cost to Tourism New Zealand on an annual basis was lower than before the move. The Frankfurt Office closed on 1 July 2003 but was bound by a non-cancellable operating lease until June 2004. The net obligation under the lease, together with a make good clause, had been provided for in 2003.

	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Provision for Onerous Contracts	0	332	0	332

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

GROUP	PARENT
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Note 22

Related party information

Tourism New Zealand is a wholly owned entity of the Crown. The major portion of funding for Tourism New Zealand is received through Vote: Tourism. Other than this all transactions entered into with Government Departments, State Owned Enterprises and other Crown Entities are at normal commercial rates.

Tourism New Zealand has expensed contributions to Qualmark New Zealand Limited of \$784,222 (2003: \$2,071,475), VIN Inc of \$410,000 (2003: \$205,000) and The New Zealand Way Limited Nil (2003: \$59,591).

No related party debts have been written off or forgiven during the year.

Note 23

Financial instruments

(i) Currency risk

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 foreign exchange contracts maturing at various dates over the next 12 months. The fair value of the contracts is based on their agreed New Zealand Dollar settlement value.

Off-balance sheet exposure

	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Foreign currency forward exchange contracts:				
Australian Dollar	5,500	4,750	5,500	4,750
United States Dollar	8,500	8,500	8,500	8,500
Singapore Dollar	1,500	0	1,500	0
European Euro	1,200	1,500	1,200	1,500
Hong Kong Dollar	860	860	860	860
British Pound	5,500	5,600	5,500	5,600
Japanese Yen	4,000	4,000	4,000	4,000
	27,060	25,210	27,060	25,210
Stop Loss Orders still to mature:				
United States Dollar	0	4,400	0	4,400
Singapore Dollar	0	1,500	0	1,500
	0	5,900	0	5,900

(ii) Interest rate risk

Tourism New Zealand has no interest rate risk.

(iii) Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits and receivables. The Group's cash equivalents and short-term deposits are placed with major trading banks. Receivables are presented net of the allowance for estimated doubtful receivables. Credit risk with respect to receivables is limited due to the generally high credit quality of customers and the Group's credit policy. Accordingly the Group has no significant concentration of credit risk.

With respect to foreign exchange instruments, the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

		PARENT
(iv) Fair values		
The carrying amount of cash, receivables and payables reflects their fair values.		
The fair value of the foreign currency purchases under forward exchange contracts at balance date was \$26.84 million (2003: \$24.42m). Information on the fair value of all other financial instruments recognised in the financial statements is included in the relevant notes to the financial statements.		
Note 24		
Remuneration of employees		
During 2003/2004 24 employees received remuneration and benefits which exceeded \$100,000 per annum. Remuneration includes salary, cash allowances, bonuses and incentive payments, non-monetary benefits, accommodation allowances and any fringe benefit tax paid as an element of the remuneration package. Remuneration excludes accommodation paid directly to landlords for New Zealand staff posted offshore.		
A number of Tourism New Zealand employees are based offshore and are paid in local currency at appropriate remuneration levels within the respective countries. This remuneration has been translated at the exchange rates of forward exchange contracts used to hedge this expenditure.		
\$	2004	2003
100,000 – 109,999	3	6
110,000 – 119,999	3	2
120,000 – 129,999	2	3
130,000 – 139,999	3	1
140,000 – 149,999	3	1
150,000 – 159,999	0	4
160,000 – 169,999	1	0
170,000 – 179,999	1	2
180,000 – 189,999	1	3
190,000 – 199,999	2	3
200,000 – 209,999	3	1
210,000 – 219,999	1	1
260,000 – 269,999	0	1
340,000 – 349,999	0	1
350,000 – 359,999	1	0
	24	29
Average remuneration of above employees	\$159,814	\$160,489

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	PARENT	
Note 25		
Remuneration of directors of parent		
Board members earned the following fees during the year:		
	2004 \$000's	2003 \$000's
W Stone (Chairman)	29	29
M Boyd	15	15
K Johnston	15	15
P Stubbs	15	15
M Tamaki	15	15
S Murray	16	1
K Guy	15	1
S Johnstone	8	0
P Bingham	8	0
L Henry	8	15
L Tennet	7	15
B Monopoli	0	14
	151	135

FIVE-YEAR FINANCIAL SUMMARY FOR PARENT

Statement of Financial Position

	2000 Actual \$000's	2001 Actual \$000's	2002 Actual \$000's	2003 Actual \$000's	2004 Actual \$000's
Current Assets					
Cash	11,219	9,966	10,669	7,625	4,062
Receivables	1,661	1,048	598	1,299	655
Prepayments & other current assets	259	426	277	466	684
	13,139	11,440	11,544	9,390	5,401
Non-Current Assets					
Property, plant & equipment	1,212	1,063	1,693	2,123	1,725
Accommodation bonds	399	385	329	315	298
	1,611	1,448	2,022	2,438	2,023
Total Assets	14,750	12,888	13,566	11,828	7,424
Current Liabilities					
Payables & accruals	7,154	4,817	3,052	3,818	2,401
Provisions	0	3,075	1,106	626	626
Employee entitlements	298	356	383	362	371
Payments received in advance	448	115	44	0	98
	7,900	8,363	4,585	4,806	3,496
Equity					
Shareholders' equity	1,805	1,805	1,805	1,805	1,805
Retained earnings	5,045	2,720	7,176	5,217	2,123
	6,850	4,525	8,981	7,022	3,928
Total Liabilities & Equity	14,750	12,888	13,566	11,828	7,424
Statement of Financial Performance					
	2000 Actual \$000's	2001 Actual \$000's	2002 Actual \$000's	2003 Actual \$000's	2004 Actual \$000's
Revenue					
Government grants	63,768	52,660	58,510	60,201	60,230
Interest	601	762	577	664	419
Other revenue	189	108	2,423	1,339	310
	64,558	53,530	61,510	62,204	60,959
Expenditure					
Personnel expenses	9,678	10,405	10,383	10,555	9,789
Marketing & other expenses	55,926	0	0	0	0
Other expenses	0	9,366	8,040	8,676	6,052
Marketing expenses	0	35,501	38,197	44,277	47,498
Depreciation	505	583	434	655	714
	66,109	55,855	57,054	64,163	64,053
Net Operating Surplus (Deficit)	(1,551)	(2,325)	4,456	(1,959)	(3,094)

REPORT OF THE AUDITOR-GENERAL



TO THE READERS OF THE FINANCIAL STATEMENTS OF THE NEW ZEALAND TOURISM BOARD AND GROUP FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of New Zealand Tourism Board and group (the "Board"). The Auditor-General has appointed me, Marcus P. Henry, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Board, on his behalf, for the year ended 30 June 2004.

Unqualified Opinion

In our opinion the financial statements of the Board on pages 13 to 35 and 38 to 54:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Board's financial position as at 30 June 2004;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 5 October 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board of Directors (the "Directors") and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Directors and the Auditor

The Directors are responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Board as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Directors' responsibilities arise from the Public Finance Act 1989 and the New Zealand Tourism Board Act 1991.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from Section 15 of the Public Audit Act 2001 and Section 43(1) of the Public Finance Act 1989.

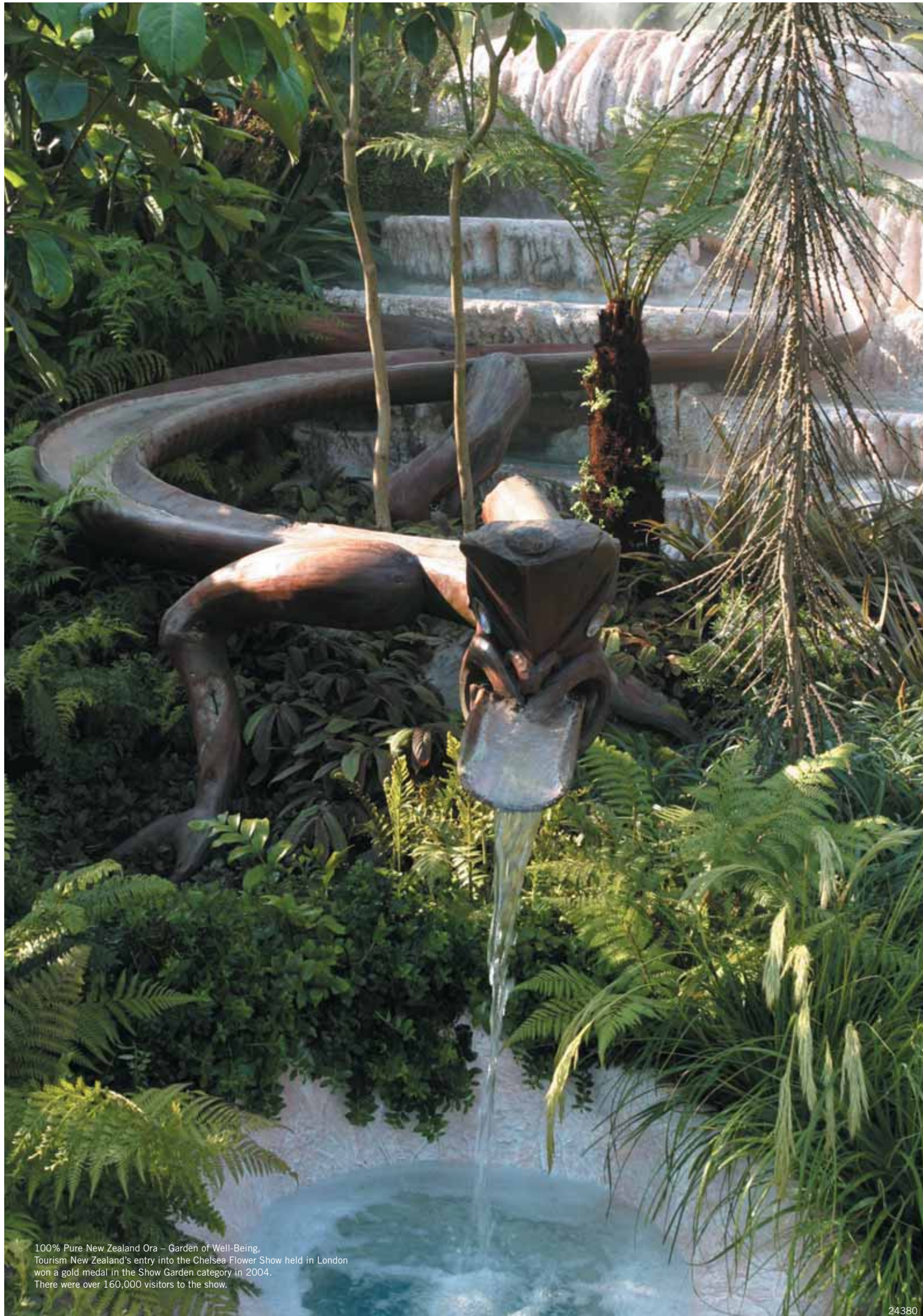
Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Our firm carries out other assignments for the Board and group in the area of taxation advice.

A handwritten signature in black ink, appearing to read 'Marcus P. Henry', with a large, stylized flourish at the end.

Marcus P. Henry
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand



100% Pure New Zealand Ora – Garden of Well-Being,
Tourism New Zealand's entry into the Chelsea Flower Show held in London
won a gold medal in the Show Garden category in 2004.
There were over 160,000 visitors to the show.



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