

Annual Report 2020-2021



Annual Report from the Chair & Chief Executive

Kia ora tātou,

1 April 2020 to 31 March 2021 was our first—and hopefully last—full financial year operating with international borders closed to all visitors.

The financial year began with New Zealand in Alert Level 4 lockdown as COVID-19 swept the globe. Understanding how our members were responding to the ongoing situation was vital, and our outreach programme and sentiment surveys directed our workstreams as full crisis mode became business as usual.

Our COVID-19 work involved constant contact with key government agencies, providing a two-way communications channel with industry, and responding to huge media interest, both in New Zealand and internationally, highlighting tourism issues. We worked hard to support our members and participated in many groups focusing on revival and recovery. These included the Tourism Futures Taskforce, the MBIE-convened COVID-19 Tourism Action Group which was set up at TIA's request, and the NZ Tourism Communicators Network, the latter launched by TIA to share key messages. Chris Roberts was on two occasions asked to provide briefings on the industry to Parliament's Epidemic Response Committee.

Lobbying and advocacy

In May 2020, we advocated strongly for domestic air travel to be permitted at Alert Level 2 and were pleased when it was restarted, allowing the safe reconnection of families and communities and a resumption of domestic tourism. Responding to member queries and producing the Level 2 and 3 guidelines for tourism activities and accommodation were also key areas of focus.

In July 2020, we published the priority actions to revive and revitalise the tourism industry, and in October 2020 produced and shared a 100-day tourism industry plan for the incoming Government. In November 2020 the newly appointed Tourism Minister Stuart Nash accepted our invitation to speak at Tourism Summit Aotearoa in Wellington, his first significant address to the industry.

Early in 2021, an extension of visitor visas was a great relief to those international visitors who remained in Aotearoa. This extension had been a focus of TIA's lobbying. The Department of Conservation extended the freeze on concession fees, again an area which had been a focus of lobbying for TIA.

Sustainability in action

A refreshed version of the New Zealand Tourism Sustainability Commitment He Kupu Taurangi Kia Toitū Ai Te Tāpoitanga was revealed in August. The TSC was updated to align with changes in national and international sustainability frameworks and Government policies, to strengthen the Commitments, and to ensure it is really effective in supporting every tourism business in making real changes by identifying key objectives and actions.

TIA has proudly received Toitū Envirocare carbonreduce certification and is encouraging other organisations and businesses to achieve carbon zero tourism. TIA has welcomed the valuable

contributions of the Parliamentary Commissioner for the Environment and the Climate Change Commission.

TIA staff and Board continued working towards our Tikanga Commitment. We participated in a Professional Development session on Te Tiriti o Waitangi, adding context to our te reo lessons. To support the promotion of te reo Māori, we gave our key industry newsletter a new te reo name after many years as T-Mail: Te Aka Tāpoi (The Tourism Vine).

Actively and positively engaging with the communities in which we operate is the basis of TSC Commitment 8 – Community Engagement. To that end, in October, the TIA team went to bake for the staff and families staying at Ronald McDonald House, and in November some of the Wellington team volunteered at the Strawberry Festival in support of the Mary Potter Hospice. We also had teams gift wrapping for the Mary Potter Hospice throughout December.

In 2020 we chose to become a Living Wage employer, recognising the value both for employers and workers in rewarding employees and contractors on a fair and equitable basis.

Leadership platforms

Although we were disappointed by the necessary cancellation of TRENZ 2020, working with Marsh we were able to pursue our claim under the Event Cancellation Insurance policy. The swift ECI payment allowed TIA to refund all attendees and sponsors without putting TRENZ in financial hardship.

In November 2020 we were able to hold a fantastic sold-out Tourism Summit Aotearoa with a celebration of the year's Tourism Champions in place of the full New Zealand Tourism Awards. The Sir Jack Newman Award was deservedly awarded to Professor David Simmons. We congratulate our events team for seamlessly delivering these events under the heavy pressures of changing Alert Levels.

Tourism scholarships were granted by the Tourism Industry New Zealand Trust to two tertiary students at the Summit to help them complete their tourism-related tertiary study and prepare them for fantastic careers in tourism.

The New Zealand Hotel Conference and Awards 2020 were cancelled by TIA and co-host Horwath HTL. We were well along with planning a fantastic programme for the 2020 conference, but with so much uncertainty it was just not appropriate to go ahead with the event.

Discussing Tourism was transformed from regional seminars to a regular webinar series, connecting our industry with vital information. It was great to see attendance at the live webinars regularly reaching into the hundreds, with many more watching the recordings in our new online member zone, MyTIA.

Finally, and importantly, we were extremely grateful for the \$2 million we received from the Regional Tourism Events Fund. This government funding was fundamental in allowing us to continue working towards TRENZ 2021.

Small business support

Like the wider tourism industry, many small operators were severely impacted by the closure of New Zealand's borders. TIA's Small Business Reference Group was created to help us meet the needs of small and micro tourism businesses.

In October, TIA offered adventure sector members facing hardship interest-free loans to cover up to 50% of their safety audit fees. TIA was proud to support this vital sector of our industry through these challenging times, particularly small businesses who were struggling to cover their audit costs.

Membership tiers

For 2021, we introduced a new simplified membership tier structure. Based on business turnover according to most recent financial statements, the new membership tiers mean member fees more closely reflect the current state of each business.

Taking our 25% loyalty rebate into account, most members pay less to belong to TIA in 2021. But to support the transition to the new membership structure, we guaranteed that members would pay no more than their 2020 membership fee. To assist new tourism businesses, we also introduced a membership tier for small business start-ups, with a \$300 annual fee.

We are very encouraged that so many operators continue to value TIA membership and have made the decision even in these tough times to continue their membership. This shows recognition of the importance of acting as part of the wider industry for our collective strength.

Financial position

As detailed in the financial statements, TIA was able to secure several one-off income items that cushioned the organisation from the effects of reduced membership fees and diminished event income as a result of COVID. Operating expenses were significantly reduced, largely due to lower staff levels and less travel. As a result, TIA achieved a net surplus of \$228,033 for the year ended 31 March 2021. That was pleasing, but the outlook remains very challenging. The Board has approved an operating deficit for 2021-22 of \$618,000. TIA has built up good reserves in recent years, which are now being well used. It is expected that TIA will return to an operating surplus in 2023-24.

Thank you

The Board would like to recognise and thank the entire TIA team for their commitment to supporting our members and the wider industry throughout the most difficult of circumstances. The Board also acknowledges the invaluable support of our members, the wider industry, TIA's Strategic Partners – Westpac, Marsh, ServiceIQ and Tourism Industry New Zealand Trust, along with our many event sponsors.

Thank you to everyone that TIA works with, most particularly all the members who continue to support the work we do on your behalf. We will continue working through this challenging time together and look forward to emerging stronger than ever.

A handwritten signature in blue ink, appearing to read 'C. Roberts'.

Chris Roberts
Chief Executive

A handwritten signature in blue ink, appearing to read 'Gráinne Troute'.

Gráinne Troute
Chair

TIA Board of Directors as of 31 March 2021

Gráinne Troute was appointed **Independent Chair** of TIA in May 2020, for a two-year term.

Adventure and Outdoor Sector

Trent Yeo, Executive Director, Ziptrek Ecotours

Air Transport Sector

Colin Keel, Chief Executive, Queenstown Airport

Attractions, Conferences and Events Sector

Michael Ahearne, Chief Executive, SkyCity Entertainment Group

Culture and Heritage Sector

Phillipa Tocker, Executive Director, Museums Aotearoa

General Industry Sector Representatives

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

Jacqui Wilkinson, Founder, Adventure Capital

Hotel and Lodges Sector

Gillian Millar, Senior Vice President – Operations, New Zealand, Fiji and French Polynesia, Accor

Land Transport Sector

James Dalglish, director, Go Rentals

Holiday Parks, Motels and Other Accommodation Sector

Fergus Brown (Deputy Chair), Chief Executive, Holiday Parks New Zealand

Regional Tourism Sector

David Perks, General Manager Regional Development, Destination & Attraction, WellingtonNZ

Tourism Services and Services to Tourism Sector

Anna Black, Executive Director, General Travel NZ and President, Tourism Export Council NZ

Water Transport and Cruise Sector

Debbie Summers, Executive Director, ID New Zealand and Chair, New Zealand Cruise Association

Tourism New Zealand Representative

René de Monchy, Chief Executive, Tourism New Zealand

Co-opted Director

Reuben Levermore, Head of Tourism and Regional Affairs, Air New Zealand

Co-opted Māori representative

Hemi Sundgren, Te Āti Awa, Ngāti Toa, Ngāti Raukawa and Pou Ārahi – Māori at Tourism New Zealand.

Board changes in 2020/21

The year of industry turbulence and membership changes led to several unscheduled board changes.

July 2020

Quinton Hall left as General Industry Sector representative when he finished his employment as Chief Executive, Ngāi Tahu Tourism.

August 2020

Kauahi Ngapora, General Manager, Whale Watch Kaikoura left as Māori representative.

AGM September 2020

Gillian Millar, Senior Vice President Operations - New Zealand, Fiji and French Polynesia, Accor, was reelected as Hotels and Lodges Sector representative.

Grant Webster, Chief Executive, Tourism Holdings Ltd, was elected as a General Industry Sector representative, replacing Richard Lauder who left Wayfare Group, early March 2020.

Jacqui Wilkinson, Founder, Adventure Capital, was elected as a General Industry Sector representative, replacing Quinton Hall.

James Dalglish, Director, GO Rentals, was elected as Land Transport sector representative, replacing Grant Webster.

November 2020

Graeme Stephens left as Attractions, Conferences and Events Sector representative when he finished employment as Chief Executive of Sky Entertainment Group.

Michael Ahearne, Chief Executive, SkyCity Entertainment Group, was appointed as Attractions, Conferences and Events Sector representative up to the 2021 AGM, replacing Graeme Stephens.

January 2021

Stephen England Hall, Chief Executive, Tourism New Zealand left as Tourism New Zealand representative as he left their employment.

René de Monchy, (Interim) Chief Executive, Tourism New Zealand, was appointed to replace Stephen England-Hall.

Hemi Sundgren, Te Āti Awa, Ngāti Toa, Ngāti Raukawa, and Pou Ārahi – Māori at Tourism New Zealand, was appointed as Māori representative.

TIA welcomes those who have joined the Board in this period. Thank you to those directors who have stepped down and to all continuing directors for their valuable contributions.

TIA Strategic Partners



- Marsh
- Service IQ
- Tourism Industry New Zealand Trust
- Westpac

Financial Performance and Position – Tourism Industry Aotearoa

While the operations of TIA have been significantly impacted by the COVID-19 pandemic, the financial surplus has increased year-on-year. A number of significant one-off income items (explained below) have cushioned the organisation from the effects of reduced membership fee and event income. Operating expenses are also lower than last year due to lower staff levels and reduced travel. The association's capital base has benefited from the improved performance of its equity portfolio resulting in a positive impact on the operating surplus.

Overall, the TIA operating result for the year ended 31 March 2021 shows a net surplus of \$228,033 (compared with \$67,809 the previous year). The membership of TIA at year-end comprised 857 full members, 375 affiliate members and 212 secondary schools.

Income

The 2020/21 membership income was impacted by the COVID-19 pandemic with membership income reducing to \$1,038,043 (compared to \$1,755,976 the previous year). A member loyalty rebate of \$250,000 has been provided in the 2020-21 financial year to assist members with renewing their 2021-22 memberships. The commission, sponsorship, project funding, events income and other income was \$805,026 (compared to \$1,140,782 the previous year). The association has received COVID-19 wage subsidies of \$137,078 and grants of \$248,850 from Hospitality Training Trust and \$100,000 from NZ Māori Tourism.

A management fee of \$768,000 was charged by TIA to the Tourism Industry New Zealand Trust (TINZT) to deliver a range of services to the Trust including the TRENZ Hui in May 2021, the establishment of TRENZ Connect and planning for TRENZ events in 2022. An administration fee of \$15,000 was charged by TIA to TINZT for all other governance and administration costs.

Interest and dividends received during the year was \$29,491 compared to \$54,311 the previous year.

Unrealised gains on equity investments of \$202,496 were recognised in 2020-21 bringing the total value of the capital reserves invested by the association to \$876,681 as at 31 March 2021 (compared to \$615,548 as at 31 March 2020).

Total income was \$2,858,656, a significant reduction on the prior year income of \$3,755,469.

Expenses

Total expenses for the year were \$2,630,623 (compared with \$3,687,660 in 2019/20).

The reduction in operating costs is primarily driven by lower levels of activity due to the COVID-19 pandemic. In particular, a freeze was put in place on staff recruitment resulting

in five vacant positions as at 31 March 2021, reduced travel expenses, event costs and membership and communications costs.

The association has tax losses available to carry forward this year of \$335,973 (compared to tax expense of \$79,638 in 2019/20) on non-membership income.

Financial Position

The total accumulated funds of TIA as at 31 March 2021 are \$2.371 million, an increase of \$228,033 or 11% on the previous year, with \$2,463,104 million of cash at bank and short-term deposits plus \$876,465 equity related investments.

During the 2020-21 year, TIA received proceeds from the Trust for services relating to TRENZ 2020. As part of the annual washup under the Trust management services agreement a portion of the fees are to be repaid to the Trust. The value of the repayment is \$660,000 (inc GST) and is shown as part of the Accounts Payable as at 31 March 2021.

2021-22 Outlook

The Board has approved an operating deficit for 2021-22 (before the impact of unrealised gains or losses on investments) of \$618,000. Membership income is budgeted to remain at 20-21 levels. Staffing levels and membership activity are planned to increase to pre-COVID levels. The Tourism Sustainability Commitment activity is moving to activation mode and is being funded from TIA reserves and project income until further grant funding can be sourced.

It is expected that TIA will return to an operating surplus in 2023-24. There are \$2.4m reserves on hand ensuring TIA remains financially sustainable to lead and support the industry.

**TOURISM INDUSTRY AOTEAROA
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2021**

	2021	2020
	\$	\$
INCOME		
Membership Income		
Membership Fees	1,038,043	1,755,976
	1,038,043	1,755,976
Other Income		
Secretariat & Management Fees	783,600	804,400
Interest Received	29,491	54,311
Commission, Sponsorship, Event & Other Income	805,026	1,140,782
Unrealised gain on investments	202,496	-
	1,820,613	1,999,493
Total Income	2,858,656	3,755,469
EXPENDITURE		
AGM & Meeting Expenses	45,503	18,050
Business Development Expenses	4,389	6,600
Conferences & Subscriptions	18,940	29,717
Depreciation & Amortisation	41,010	23,959
Employment Expenses	1,942,368	2,316,096
Information Technology Expenses	169,297	165,157
Legal & Accounting Expenses	62,532	84,020
Membership Events	85,382	520,986
Office Expenses	60,865	85,937
Property & Occupancy Expenses	122,142	140,781
Projects & Research	18,665	57,366
Other Expenses	59,530	154,381
Unrealised loss on investments	-	84,610
Taxation Expense	-	-
Total Expenses	2,630,623	3,687,660
NET SURPLUS/(DEFICIT) FOR THE YEAR	228,033	67,809

**TOURISM INDUSTRY AOTEAROA
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	2021	2020
	\$	\$
ACCUMULATED FUNDS		
Balance at beginning of year	2,142,975	2,075,166
Net Surplus for year	228,033	67,809
TOTAL ACCUMULATED FUNDS	2,371,008	2,142,975
Represented by:		
CURRENT ASSETS		
Cash & Bank	1,513,104	1,246,308
Short Term Deposits	950,000	250,000
Accounts Receivable	487,438	413,771
Prepayments and other Current Assets	40,046	127,101
Taxation Receivable	534	31,818
	2,991,122	2,068,998
INVESTMENTS		
Craigs Investment Partners	876,465	615,548
	876,465	615,548
CURRENT LIABILITIES		
Income in Advance	454,412	389,694
Accounts Payable	703,263	69,571
Employee Entitlements	99,418	80,355
Other Accrued Liabilities	287,866	66,168
GST Payable	45,578	32,597
FBT Payable	1,698	1,700
	1,592,235	640,085
NET WORKING CAPITAL	2,275,352	2,044,461
NON CURRENT ASSETS		
Fixed Assets	21,263	98,514
Intangible Assets	74,393	-
	95,656	98,514
TOTAL NET ASSETS	2,371,008	2,142,975

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