

STAFF REPORT

TO: Mayor and Councillors
FROM: Corporate Services Manager
DATE: 31 May 2009
SUBJECT: Targeted Tourism Rate

Purpose

This report is prepared to enable Councillors to consider whether to part-fund the operations grant to Tourism Nelson Tasman Ltd (TNTL) via a targeted rate or fully funded via general rate.

Background

Tasman District Council (TDC) and Nelson City Council (NCC) are owners of TNTL and contribute equal funding on an annual basis. In the 2008/2009 year TDC contributed a grant of \$390,000 (plus GST) funded solely by the general rate. TNTL has previously identified the need to reduce reliance for funding on TDC's general rate and have asked Council to part-fund the \$390,000 (plus GST) by targeted rate. In addition TNTL has asked Council to contribute via a targeted rate an additional \$100,000 making a total contribution of \$490,000 and a targeted rate of \$181,000.

Discussion

Council, as part of its consultation on the Draft Ten Year Plan 2009/2019, consulted widely with the community including writing individually to all affected ratepayers. TNTL, in conjunction with Council staff, undertook five additional meetings around the district to ensure that those tourism operators that were likely to be affected by the proposed rate were fully aware of the proposal.

As a result 257 submissions were received with many submitters speaking at the meetings set aside for that purpose. Many of these submitters were concerned about the two-tier structure which they saw as unfair and the additional \$100,000 funding requested by TNTL.

Options

Option 1

Remain with the funding mechanisms contained within the 2008/2009 annual plan and continue to fund the company from the general rate. However any additional funding above \$309,000 (plus GST) would require the general rate to

be increased above what is currently included in the Draft Ten Year Plan 2009/2019.

Option 2

Adopt a targeted rate for \$92,700 (plus GST) to allow total funding of \$401,700 (plus GST) to be paid to TNTL for the 2009/2010 year. This option would mean that funding to TNTL for the 2009/2010 year was increased only by an inflationary allowance of 3%.

If this option was chosen Council would need to consider whether a one- or two-tier structure was more appropriate. There was considerable concern expressed via the submission process over a two-tier structure and with no information readily available to allow Council to increase the number of tiers, a one-tier option is the recommended option.

This would make a targeted rate of \$121.97 plus GST or \$137.21 (including GST)

Option 3

Adopt a targeted rate for \$181,000 (plus GST) to allow for funding of \$490,000 (plus GST) to be paid to TNTL for the 2009/2010 year, subject to Nelson City Council providing equal funding. Many submitters expressed concern over this proposed increased level of funding to TNTL and were concerned particularly in how such an increase would impact on low income businesses.

If this option was chosen Council would need to consider whether a one- or two-tier structure was more appropriate. There was considerable concern expressed via the submission process over a two-tier structure and with no information readily available to allow Council to increase the number of tiers, a one-tier option is the recommended option.

This would make a targeted rate of \$238.16 (plus GST) or \$267.93 (including GST).

Fit to Policy

Council's rating policy (Tasman District Council Long Term Council Community Plan 2006–2016) states that where practical identifiable beneficiaries of Council activities pay for the costs by targeted rate. The proposed tourism rate is consistent with that policy and with the views expressed in the recent rates enquiry.

Significance

This decision is not considered significant in respect to Council's significance policy.

Recommendation

That Council introduces a targeted rate of \$92,700 (plus GST) making a total grant of \$401,700 (plus GST) to fund tourism operations at Tourism Nelson Tasman Ltd.

That the rate be set on a uniform basis of \$137.21 (including GST) per rating unit subject to meeting the following criteria in the rating area as shown on the attached map:

Council will rate all ratable properties that fall within at least one of the following categories:

All ratable properties within the Tasman District that hold a Health License as required by the Food Hygiene Regulations 1974, except sports clubs;

All ratable properties within the Tasman District that hold either an on or off license as required by the Sale of Liquor Act 1989, except sports clubs;

All ratable properties within the Tasman District that are used for accommodation purposes;

All ratable properties within the Tasman District that are used for the sale of petroleum products;

All ratable properties within the Tasman District that hold a resource consent for a tourism-related activity;

All ratable properties within the Tasman District that are used for passenger transport services;

All retail or other businesses within the Tasman District that are primarily or predominantly targeted at the visitor market.

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