

STAFF REPORT

TO: Mayor and Councillors

FROM: Accounting Manager

REFERENCE: E903

DATE: 4 March 2010

SUBJECT: **JOINT VENTURE TOURISM FUNDING OPPORTUNITY
- RCN10-03-03**

PURPOSE

To put before Council a request from Tourism Nelson Tasman Limited for additional funding for destination marketing for the Tasman Region.

BACKGROUND

The Government in 2009/2010 introduced an initiative which made \$5 million available to Regional Tourism Organisations (RTOs) for joint venture marketing in partnership with Tourism New Zealand, to encourage more visitations from the Australian market.

It is expected that the scheme will continue in 2010/2011 and on this basis Tourism Nelson Tasman Limited (TNTL) has applied to both Nelson City and Tasman District Councils for an additional \$100,000 from each Council to be included in its 2010/2011 funding allocation.

The funding will be provided to Tourism New Zealand which will administer it based on the local investment which the RTOs can contribute. Funding is on a dollar for dollar basis. It is envisaged that local funding will be obtained from both local government and local industry.

In order for any tangible benefits to accrue to the Region there has to be money spent. The information from Tourism New Zealand makes the point that regional investments of less than \$250,000 are not considered to be an effective use of the funds, thus if the Nelson Tasman Region is to be represented it needs to be involved to a meaningful extent. This will provide TNTL with a total additional funding to market the Region of \$500,000, including the Governments dollar for dollar subsidy. TNTL believes that it requires a minimum of \$200,000 from the two Councils with the balance of \$50,000 raised from the local tourism industry. It is the intention of TNTL to approach the industry once it has secured funding from the two Councils.

DISCUSSION

The current level of funding provided to TNTL does not enable it to have a discretionary fund to the level required to access this joint venture funding opportunity.

It was recommended to the Joint Shareholders Committee that Nelson City and Tasman District Councils be approached for additional funding for Tourism Nelson Tasman Limited subject to:

- the campaign being focused on increasing visitor numbers during the region's shoulder and off peak seasons
- being accepted by the Joint Venture fund and that each Council's contribution is matched dollar for dollar
- and that full evaluation occurs with a written report being supplied to Joint Shareholder on the completion of the campaign.

At its meeting on 18 February 2010 Council agreed to increase the Tourism Targeted Rate to \$125.79 (GST excl), and to extend coverage to Holiday Homes available to be used for rental or hireage, and those properties which had multiple sites on the one property.

Council also agreed that any additional funds raised by the extended coverage would be passed onto Tourism Nelson Tasman Limited to be used for destination marketing. As the number of additional ratepayers cannot accurately be quantified, the following table illustrated the likely impact these decisions had:

% uptake of additional ratepayers	Ratepayers	Rate	Total Funds	Increase over 2009/2010 year
4.85	700	122.00	\$85,400	(\$7,300)
25.05	800	122.00	\$97,600	\$4,900
45.25	900	122.00	\$109,800	\$17,100
65.45	1,000	122.00	\$122,000	\$29,300
85.66	1,100	122.00	\$134,200	\$41,500
100.00	1,171	122.00	\$142,862	\$50,162

Note: all amounts are GST excl

At the upper limit of additional ratepayers, the supplementary funding available to Tourism Nelson Tasman Limited would be around \$50,000.

To attain the additional \$100,000 requested the rate would need to increase to \$170 at the 100% level of additional ratepayers as per the following table:

% uptake of additional ratepayers	Ratepayers	Rate	Total Funds	Increase over 2009/2010 year
4.85	700	170.00	\$119,000	\$26,300
25.05	800	170.00	\$136,000	\$43,300
45.25	900	170.00	\$153,000	\$60,300
65.45	1,000	170.00	\$170,000	\$77,300
85.66	1,100	170.00	\$187,000	\$94,300
100.00	1,171	170.00	\$199,070	\$106,370

Note: all amounts are GST excl

In order to provide an additional \$100,000 a mid point of 65% uptake on the targeted rate has been chosen. This would have the effect of raising the rate to around \$193.00 (GST excl), as per the following table:

% uptake of additional ratepayers	Ratepayers	Rate	Total Funds	Increase over 2009/2010 year
4.85	700	193.00	\$135,100	\$42,400
25.05	800	193.00	\$154,400	\$61,700
45.25	900	193.00	\$173,700	\$81,000
65.45	1,000	193.00	\$193,000	\$100,300
85.66	1,100	193.00	\$212,300	\$119,600
100.00	1,171	193.00	\$226,003	\$133,303

Note: all amounts are GST excl

OPTIONS

1. Retain the current position in the 2010/2011 Draft Annual Plan, which would see the Tourism Targeted Rate increase only by inflation, with a possible increase of funding of up to \$50,000.
2. Increase the Tourism Targeted Rate to \$193.00 (GST excl) which will fund the additional \$100,000 Tourism Nelson Tasman Limited requires to be spent on destination marketing to qualify for the Government subsidy. Should the number of ratepayers be greater than the 1,000 estimated, any surplus rate funds could be held in a separate reserve account to offset future years tourism rate.

SIGNIFICANCE

This decision is not significant in regards to Council's policy on significance.

RECOMMENDATION

- 1. THAT Tasman District Council receives this report;**
- 2. THAT Tasman District Council considers the option of funding an additional \$100,000 to Tourism Nelson Tasman Limited to enable Tourism Nelson Tasman Limited to participate in the Government's Joint Venture Funding Opportunity, and raise the Tourism Targeted Rate to \$193.00 (GST excl).**

Russell Holden
Accounting Manager