

# STAFF REPORT

**TO:** Mayor and Councillors  
**FROM:** Accounting Manager  
**DATE:** 15 February 2011  
**SUBJECT:** **Tourism Rate 2011-2012 – RCN11-02-01**

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## PURPOSE

To consider the level of the Tourism Targeted Rate for the Draft Annual Plan 2011/2012.

## BACKGROUND

Council introduced the Tourism Targeted Rate in the 2009-2019 Ten Year Plan.

The rate was set to fund Council's share of the destination marketing component of the operating costs of Tourism Nelson Tasman Ltd (TNTL), as separate to the public good component of TNTL's operations. The inaugural targeted rate was \$122.00 (plus GST) per rateable property.

As part of the Annual Plan 2010/2011 submission process Council agreed to:

- 1) expand the criteria of properties the rate would apply to, namely separately used or inhabited parts of a property, and holiday home rental accommodation, and
- 2) provide an additional \$31,000 enabling TNTL to partake in a joint marketing initiative with the Government on a dollar-for-dollar subsidy.

The rate for the 2010/2011 year was \$125.78 (plus GST).

## DISCUSSION

In determining the categories to identify the relevant properties three main sources are used:

- a) Council's rating information database
- b) witnessed written documentation from each individually identified holiday home owner, attesting that the property was not available for short term rental, and
- c) those properties and attractions identified within the TNTL database.

The identification of properties that fall within this rate is problematic, a position Council shares with other authorities where similar rates apply. Staff continue to refine the process to ensure the rate is fairly administrated.

The proposed methodology to be applied this year is similar to the 2010/2011 year, with the exception that a Statutory Declaration will be requested from each identified holiday home owner where they do not offer their property for short-term rental. This will require the holiday homeowner to sign a declaration, have it witnessed by an authorised person as set out in the Oaths and Declarations Act 1957, and return it to Council.

The public good component, as funded by the general rate, remains the same as the 2010/2011 year, at \$314,253.

TNTL have not indicated that there are any additional destination marketing initiatives, as in 2010/2011, for the 2011/2012 Draft Annual Plan. Therefore the level currently budgeted for the destination marketing component is \$98,087, being the base funding plus inflation.

This is a reduction on the current year, and based on current levels of ratepayers, would see the rate per property drop by about 21% from \$125.78, (+ GST), to less than \$100.00 (+ GST). Once all property owners have been identified the rate will be more definitively calculated.

## **Options**

### **Option 1**

Reduce the Tourism Targeted Rate to \$100 (+ GST). This option is in line with the minutes of the Full Council meeting of 9 June 2010, which stated that *'next year, should there be no request for an extra increase from Tourism Nelson Tasman Ltd, the rate could be reduced'*.

### **Option 2**

Maintain the rate at its current position of \$125.78 (+GST), thereby providing more funds toward destination marketing. When the rate was increased in the 2010/2011 year it was explained that the increase was to enable TNTL to take part in a joint initiative with central Government. There is no such initiative provided for in 2011/2012.

### **Option 3**

Maintain the rate at its current position of \$125.78 (+GST), with any excess raised above \$98,087, as budgeted, being off-set against the general rate funded "public good" component of the funds paid to Tasman Nelson Tourism Ltd. The result would be to not alter the total paid to TNTL, but rather the make up of those funds. Not only would this be inconsistent with the original purpose of the rate, but the targeted rates can only be used for the activities for which they are set, there is no avenue to transfer funds between rates. This option would see the public good component of TNTL funding being partially paid by a targeted rate.

## **Significance**

This report is not considered significant in accordance with Council's significance policy.

## **Recommendation**

**That the Tasman District Council agree that:**

- a) the Tourism Targeted Rate be set at \$100 (plus GST) in the Draft Annual Plan 2011/2012; and**
- b) a Statutory Declaration be requested from each identified holiday home owner, attesting that the property will not be available for short term rental.**

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