

Report No:	RCN12-01-02
File No:	
Date:	17 January 2012
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Full Council  
**Meeting Date:** 26 January 2012  
**Report Author:** Russell Holden  
**Subject:** **Tourism Activity Targeted Rate**

### EXECUTIVE SUMMARY

The Tourism spend by Council is split between the public good component, being the i-Site costs, and the Tourism Targeted Rate for the cost of Destination Marketing, of Tasman Nelson Tourism Ltd.

There is widespread dissatisfaction of the current methodology employed by Council in identifying those properties which fall within the definitions of the Tourism Targeted Rate, and a review of this process has been undertaken. Members of the public have termed the rate unfair, the completion of the statutory declaration onerous, and commented that the rate is inequitable as not all applicable properties are being identified and thereby are not rated. From a staffing administrative perspective the rate consumes a considerable amount of time, resources, and effort.

### RECOMMENDATION

**That the Tasman District Council:**

- a) funds all tourism activities by a single rate of \$20 (+ GST) per rateable property and that this be included in the Draft Long Term Plan 2012 – 2022 for public consultation;**
- b) makes the wording in the Draft Long Term Plan clear that should the proposal in a) above not proceed following public consultation, the Council will revert back to the existing funding mix of General Rate and the Tourism Targeted Rate for inclusion in the final Long Term Plan 2012 - 2022.**

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## 1. Purpose

- 1.1 To review the methodology and allocation of the funding of Tourism activities across both the General and Targeted Rates currently in place.

## 2. Background

- 2.1 The Tourism Targeted Rate was established in 2009 to fund Council's share of the destination marketing component of the operating costs of Tourism Nelson Tasman Ltd (TNLT) and was separate to the general rated public good component of TNLT's operations. For the 2011/2012 year the funding split was \$314,000 for the public good component and \$98,000 for destination marketing.
- 2.2 For the 2011/2012 year the targeted rate was \$100.00, exclusive of GST.
- 2.3 In determining the categories to identify the relevant properties applicable to the targeted rate a number of sources are used:
- a) Council's rating information database;
  - b) Various registers, and regulations collating details of different business activities.
  - c) An annual Statutory Declaration from each individually identified holiday home owner, attesting that the property was not available for short term rental, and
  - d) Those properties and attractions identified within the Tourism Nelson Tasman Ltd's database.
- 2.4 Council have asked staff to review the current funding mix of general and targeted rate, with a view to moving to a fixed rate of around \$20.00 per rateable property. This rate would fund both the public good component of the payment to TNLT, and provide a contestable fund for destination marketing type expenditure with a District benefit.

### **3. Present Situation/Matters to be Considered**

- 3.1 The identification of properties that fall within the current rate's definition is an extensive exercise, a position Council shares with other local authorities where similar rates apply. Staff have continued to refine the process to best ensure the rate is fairly applied, but clear anomalies remain.
- 3.2 The establishment of the fixed rate of \$20/ratepayer removes the argument of unfair treatment, puts all tourism activity rating in one place, and provides some level of funding towards District events. Should there be years when these funds are not utilised, they would be retained in a closed account for future use.
- 3.3 Should Council resolve to consult on this option in the Draft Long Term Plan, then not proceed following the public consultation, the option of reverting back to the current mix of funding for Tourism Nelson Tasman Ltd would need to be clearly disclosed in the Draft Long Term Plan 2012 – 2022.

### **4. Financial/Budgetary Considerations**

- 4.1 In the 2011/2012 year the level of the funding for Tasman Nelson Tasman Ltd was split between the Tourism Targeted Rate of \$98,000, and the public good component within the General Rate of \$314,000.

### **5. Options**

- 5.1 Maintain the status quo for both the General and Targeted rates.
- 5.2 Establish a flat rate of \$20/ratepayer to cover the General Rate component of the tourism activity, and other tourism activities, which are deemed contestable, including the funding of destination marketing.

### **6. Pros and Cons of Options**

- 6.1 There are inherent flaws in the current methodology employed in identifying those properties for which the Tourism Targeted Rate applies.
- 6.2 There is widespread public opposition to the Targeted Rate, as the rate is seen as unfair given that not all ratepayers in similar situations are being treated equally. There is also substantial administrative overhead in managing the rate as it currently stands.
- 6.3 However there is also a level of acceptance of the Targeted Rate in some quarters.

- 6.4 Under the proposed new rate, all ratepayers would be treated similarly. The notion that all ratepayers derive a benefit from tourism activities within the District is addressed. Funding of all tourism activities is held in one place. The amount proposed to be paid by each ratepayer for tourism activities is quite small.
- 6.5 A fund for significant events with a District benefit would be established.
- 6.6 Moving to a contestable option for the destination marketing component of the funds paid to TNTL would be best phased in over time, giving all parties time to adjust to the new formula, a period of three years is recommended. This will enable sufficient time for adjustments to be made to TNTL's Strategic Plan, Long Term budgets, and Statement of Intent.

## **7. Recommendation / Conclusion**

- 7.1 That the funding for all tourism activities be administered by a single rate of \$20 (+ GST) per rateable property.
- 7.2 That any excess over and above the funds passed onto Tourism Tasman Nelson Ltd be applied to an Events Fund to further support significant events and activities which would have a District benefit, as required. Where such funds are not required in any one year they be held in a closed account for future purposes.
- 7.3 That the reclassification of the Destination Marketing payments for TNTL to contestable, be made after three years, thereby providing time to TNTL to adjustment its Strategic Plan, Long Term budgets, and Statement of Intent.

## **8. Draft Resolution**

**That the Tasman District Council:**

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- b) makes the wording in the Draft Long Term Plan clear that should the proposal in a) above not proceed following public consultation, the Council will revert back to the existing funding mix of General Rate and the Tourism Targeted Rate for inclusion in the final Long Term Plan 2012 - 2022.**