

Report No:	RCN12-05-08
File No:	E903
Date:	16 May 2012
<i>Decision Required</i>	

REPORT SUMMARY

Report to: Full Council
Meeting Date: 24 May 2012
Report Author: Russell Holden
Subject: **Tourism Activity Targeted Rate**

EXECUTIVE SUMMARY

The Tourism spend by Tasman District Council currently to Tourism Nelson Tasman Ltd (TNTL) is split between the public good component, funded by general rates (being the i-Site costs), and the Tourism Targeted Rate for the cost of Destination Marketing.

Council proposed altering the rating mechanism of tourism funding to TNTL in the Draft Long Term Plan 2012-2022 and sought community feedback on this proposed change.

RECOMMENDATION

THAT the Tasman District Council received report RCN12-05-08 Tourism Activity Targeted Rate; and

THAT Tasman District Council funds the payments to Nelson Tasman Tourism Ltd by a uniform targeted rate set on all the District's rateable properties as consulted on in the Draft Long Term Plan 2012-2022, and concurrently carries out a strategic review of Council's ongoing involvement in, and funding of, Tourism activities prior to the next review of the Long Term Plan in 2015.

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1. PURPOSE

- 1.1 To set the rating methodology for funding the payments to Tourism Nelson Tasman Ltd (TNTL), for Council's Long Term Plan 2012-2022.

2. BACKGROUND

- 2.1 Council asked staff to review the current funding mix of general and targeted rate, with a view to moving to a fixed rate of \$23.55 (GST incl) per rateable property. This rate is to fund both the public good and destination marketing components of the payment to TNTL. This proposal was included in the Draft Long Term Plan 2012-2022 for consultation.
- 2.2 Around 35 submissions were received which directly focused on the proposed uniform targeted rate. Whilst most of the submissions were opposed to the targeted rate, their opposition was largely on funding of tourism activities per se. Many commented that the industry should support itself, and not call on ratepayer funds.
- 2.3 A small number of submitters requested a return to the previous funding mechanism.
- 2.4 There were also a significant number of submitters who agreed with the proposal that all ratepayers should contribute to the activity.

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 continued to refine the process to best ensure the rate is fairly applied, but clear anomalies remained.
- 3.2 The establishment of the fixed rate of \$23.55 per ratepayer removes the argument of unfair treatment of ratepayers, and puts all tourism activity rating in one place.

4. FINANCIAL/BUDGETARY CONSIDERATIONS

- 4.1 The total budgeted for funding both the public good component and contestable parts of tourism funding is \$422,236 for year one of the Long Term Plan.

5. OPTIONS

Option 1

- 5.1 Proceed with the uniform charge to all Tasman District Council properties as consulted on in the Draft Long Term Plan.

This option would improve efficiency and transparency, and reflect Council's previously held view that all ratepayers in the District benefit in some way from tourism activity and dollar spend.

Option 2

- 5.2 Revert to the current rating mechanism whereby only those properties identified as operating in a prescribed tourism activity pay a targeted rate.

This option has proven to be inequitable in that many deemed operators are not being identified, leaving a higher rate to be levied against those who are. This has resulted in widespread criticism of the rate.

The rate is also administratively cumbersome and inefficient.

Option 3

- 5.3 Proceed with the uniform charge to all Tasman District Council properties as consulted on in the Draft Long Term Plan, and concurrently conduct a strategic review of Council's involvement in, and funding of, tourism activities of the District, prior to the next review of the Long Term Plan in 2015.

This option would satisfy the majority of submitters to the topic.

6. DRAFT RESOLUTION

THAT the Tasman District Council received report RCN12-05-08 Tourism Activity Targeted Rate; and

THAT Tasman District Council funds the payments to Nelson Tasman Tourism Ltd by a uniform targeted rate set on all the District's rateable properties as consulted on in the Draft Long Term Plan 2012-2022, and concurrently carries out a strategic review of Council's ongoing involvement in, and funding of, Tourism activities prior to the next review of the Long Term Plan in 2015.