

STAFF REPORT

TO: Mayor and Councillors
FROM: Murray Staite
DATE: 14 January 2009
SUBJECT: **Tourism Rate**

Purpose

To consider a proposal to include a tourism rate in the draft 2009 – 2019 LTCCP.

Background

Tasman District Council (Council), in conjunction with Nelson City Council, is a 50% shareholder in Tourism Nelson Tasman Ltd (TNTL). Currently Council's contribution to Tourism Nelson Tasman Ltd (2008/2009) of \$390,000 is funded fully by the general rate. It has been suggested that Council consider imposing a tourism rate to fund all or part of its share of Tourism Nelson Tasman Ltd.

Discussion

The rationale behind charging a tourism rate is that those that are direct beneficiaries of tourism should pay for the provision of the service, rather than be paid by those that only indirectly benefit.

Council staff in considering the work undertaken by TNTL, consider that there is a public good component that directly benefits all residents of the district. This public good component should be funded from general rate and has been assessed at \$309,000. Conversely, any funding in addition to the \$309,000 has a direct benefit to those involved in tourism and should be funded by way of a separate tourism rate. This is called the private good.

Targeted rates to fund tourism are relatively common on the local government scene with Marlborough, Hurunui and Waitaki springing to mind.

Part of the success of the proposed rate will be obtaining industry support and using an approved or defensible list or database of benefiting ratepayers. To facilitate this, a database from Apndata that is updated on a yearly basis will be purchased. Apndata is part of UBD and Wisers Maps and UBD have been in business for over 90 years. In addition the database would be added to and updated to reflect all known information from both Council and TNTL. Only those properties contained within this database will be subject to the tourism rate.

The work on updating the database will be completed by mid-February 2009.

TNTL will work to ensure that there is adequate acceptance of the proposed rate by the industry as a whole.

Rating Impact

Only with the completion of this work will the effect of the rate on each business be known. At that stage a separate report will be provided to Council for further consideration. What is clear is that the general rate will reduce by \$81,000.

Fit to Policy

Council's rating policy (LTCCP 2006 – 2016) states that where practical identifiable beneficiaries of Council activities pay for the costs by targeted rate. The introduction of a targeted rate for the private portion of TNTL funding is consistent with that policy and with the views expressed in the recent rates enquiry.

Options

Option 1 – Status quo

Under this option the operations of TNTL would continue to be funded by way of the general rate with any yearly funding increase being assessed alongside all other Council requests.

Option 2 – Targeted rate

Fund the private good portion of the company's operations from a targeted rate which puts any future funding increases in the hands of those that directly benefit.

Consultation

It is the statutory role of Council to include all proposed rates for a financial year in its draft funding impact statement.

Significance

The introduction of the proposed rate is not considered significant in terms of Council's Significance Policy.

Recommendation

That Council agrees in principle to the imposition of a tourism rate in the draft 2009-2019 Long Term Council Community Plan subject to a separate report on cost.

Murray Staite

[http://tdctoday:82/Shared Documents/Meetings/Council/Full Council/Reports/2009/Reports for Council meeting 29 January 2009/RCN090129 Tourism Rate \(inclusion in draft plan\).doc](http://tdctoday:82/Shared Documents/Meetings/Council/Full Council/Reports/2009/Reports for Council meeting 29 January 2009/RCN090129 Tourism Rate (inclusion in draft plan).doc)

Corporate Services Manager