

STAFF REPORT

TO: Mayor and Councillors
FROM: Russell Holden
REFERENCE: **RCN10-02-07**
SUBJECT: **Tourism Rate**

Purpose

To amend the definition and property types, subject to the Tourism Targeted Rate.

Background

Council introduced the Tourism Targeted Rate of \$122.00 (excl GST) 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). The rate criteria currently used to determine those properties to charge are detailed on Appendix A.

In determining the classification of the properties, substantial reliance was previously placed on the information provided through APNdata (the company trade name of a customer database provider) which is part of the UBD and Wisers Maps group. The data was then expanded with additional information known to Council and TNTL at that time to determine the number of rateable properties subject to the rate.

Discussion

Whilst the use of the information from APNdata was of great assistance in compiling Council's own information base, it is reliant on being able to track those activities from set websites and other advertising media. With the rapid nature of website innovation and movement of electronic information, sole reliance on such mediums is not ideal. A more substantive collection methodology is required to ensure accuracy of property identification.

This report recommends that the basis of charging the rate be modified to;

- 1) That Council's rating information database be the primary source of property identification, and it be further supported by information held by Council for Food & Hygiene Regulations, having a plan issued by the New Zealand Food Safety Authority, the issuing of an On or Off licence as required by the Sale of Liquor Act, being recorded in the Passenger Transport Register, and
- 2) Include separately used or inhabited parts of a rating unit, and

- 3) Include holiday homes which are available to be rented to visitors, and that the following categories within Council's rating information database be used to assist in the determination of properties to be subject to the rate; Quotable Value Property Category Codes, Quotable Value Improvement Nature Codes, and Quotable Value Property Use Codes within Council's Rate Information Database. Further to these criteria, a perusal of the various forms of advertising for property and activity types carried out to confirm categorisation, as required. Definitions of the Quotable Value codes are detailed in appendix B.

Status Quo

Should Council decide not to expand the rating base as detailed in this report, the Tourism Targeted rate for the 2010/2011 year, after allowing for inflation and movement of properties no longer carrying out a tourism activity, would be \$141.40 (excl GST) (2009/2010 \$122.00 (excl GST)).

Separately used or inhabited parts of a Rating Unit

There are some properties that host multiple sites. Under the current definitions these properties can only be levied one rate. The proposed inclusion of the definition of separately used or inhabited parts of a rating unit will capture those sites operating a number of outlets on one property, and remove the current inequity. Latest data shows that the expansion of this definition would add approximately a further 65 retail outlets to the rate. If this recommendation was accepted this would decrease the proposed rate of \$141.40 (excl GST) to \$129.00 (excl GST).

Holiday Home Accommodation

This section of the market place has been identified by the industry as receiving a benefit through marketing the Region as a holiday destination, yet is not subject to the targeted rate. There are arguments in the community for both the inclusion and exclusion of such properties to be subject to the rate. The recommendation is to include holiday homes which are available for letting to visitors to be included in the 2010/2011 Draft Annual Plan, and invite feedback from the community.

The process for collection of this segment of the rate would be broken into two components; 1) identify all likely properties, and 2) write to all of these properties, advising the ratepayers that the rate will be levied against the property, unless a Statutory Declaration is completed attesting that the property is not available for fee paying visitors, where individual stays are less than 90 days. To accomplish 1) above the proposed identification criteria for those properties offering fee paying holiday accommodation be redefined as;

All rateable properties within the Tasman District with a Quotable Value Improvement Nature Code of ACCOM, CABIN, BACH, MOTEL, HOTEL, LODGE, or BPK ACCOM, and a combination of the following definitions Quotable Value

Property Category Codes; LI, RD, RF, RH, RR, CT or CA, or Quotable Value Property Use Codes 9,90,91,92,93,94,95,96, or 97.

In determining what is a holiday period the term of 90 days has used as a bench mark, being anything less than 90 days is a holiday and subject to the rate, but any single letting of greater than 90 days be considered long term, and not a holiday. This bench mark is consistent with a similar rate being levied elsewhere.

The definitions section of the Funding Impact Statement in the Draft Annual Plan would be expanded to include the definition of Holiday Accommodation, being “The use of land or buildings for short-term, fee paying, living accommodation where the length of stay of any guest is less than 90 days.

A review of the rating database indicates that up to 430 additional ratepayers may become liable for the rate on the adoption of this criteria. If only half of these properties were in fact liable for the rate, the charge to all ratepayers would fall to \$110.00 (GST excl).

OPTIONS

- 1) Retain the current criteria and methodology. Whilst this option may seem the most straightforward it is problematic in clearly identifying the various properties, and is not a robust criteria for gathering all targeted properties. There will always be a question over the reliability of some web sites, and it is difficult to monitor the establishment of new advertising sites.
- 2) Adopt the process to rate separately used or inhabited parts of a rating unit. This increases the number of properties captured by the rate and is relatively straightforward to administer.
- 3) Adopt the holiday home accommodation criteria. This increases the number of properties captured by the rate, but is more difficult to administer.
- 4) Adopt both the separately used and inhabited parts of a rating unit and the holiday home accommodation. This captures the maximum number of ratepayers benefiting from destination marketing tourism.

Recommendation

That Council adopt Option 4 which amends categorisation proposals for the property types as follows:

All rateable properties within the Tasman District that hold a health licence as required by the Food Hygiene Regulations 1974, or plan issued by the New Zealand Food Safety Authority except sports clubs and/or charitable organisations.

All rateable properties within the Tasman District that hold either an On or Off licence as required by the Sale of Liquor Act 1989, except sports clubs and or charitable organisations.

All rateable properties within the Tasman District that have a Quotable Values property code of CS or IS, and that sell petroleum products.

All rateable properties within the Tasman District that hold a resource consent for a tourism related activity that has been given effect to, or those properties identified as providing a tourism activity within the NTNL database.

All rateable properties within the Tasman District that are used for passenger transport services, as identified in the Passenger Transport Register.

All separately used or inhabited parts of properties which have a Quotable Value Property Use Code of 5,51,52,53,54,55,71,81,82, or 83, and have a Quotable Value Property Category Code of CR, CL, CT, or CS, and provide goods to the public.

All rateable properties within the Tasman District with a combination of the following definitions Quotable Value Property Category Codes; LI, RD, RF, RH, RR, CT or CA, Quotable Value Improvement Nature Codes; ACCOM, CABIN, BACH, MOTEL, HOTEL, LODGE, or BPK ACCOM, and Quotable Value Property Use Codes 9,90,91,92,93,94,95,96,or 97, and are used for holiday accommodation purposes.

Russell Holden
Accounting Manager

APPENDIX A:

Current criteria Council uses for identification of rateable properties for the Tourism Targeted Rate:

All rateable properties within the Tasman District that hold a health licence as required by the Food Hygiene Regulations 1974, except sports clubs and/or charitable organisations.

All rateable properties within the Tasman District that hold either an On or Off licence as required by the Sale of Liquor Act 1989, except sports clubs and/or charitable organisations.

All rateable properties within the Tasman District that are used for accommodation purposes.

All rateable properties within the Tasman District that are used for the sale of petroleum products.

All rateable properties within the Tasman District that hold a resource consent for a tourism related activity.

All rateable properties within the Tasman District that are used for passenger transport services.

All retail or other businesses that are primarily or predominantly targeted at the visitor market.

APPENDIX B:

Quotable Value Property Category Codes

Code	Description	
LI	Lifestyle	Improved
RD	Residential	Dwelling
RH	Residential	Home & Income
RR	Residential	Rental (Purpose Built)
RC	Residential	Rental (Converted Dwelling)
RF	Residential	Own you own flats
CT	Commercial	Tourist Type Attraction
CA	Commercial	Accommodation
CR	Commercial	Retail Use
CL	Commercial	Liquor Outlets
CS	Commercial	Service Station
IS	Industrial	Service Industrial

Quotable Value Property Use Codes

Code	Description
5	Recreational
9	Residential
50	Multi-use within Recreational
51	Entertainment
52	Active Indoor
53	Active Outdoor
54	Passive Indoor
55	Passive Outdoor
71	Food, Drink and Tobacco
81	Retail
82	Services
83	Wholesale
90	Multi-use within Residential
91	Single Unit (other than Bach)
92	Multi-unit
93	Public Communal – Unlicensed
94	Public Communal – Licensed
95	Special Accommodation
96	Communal Residence dependant on other use
97	Bach
99	Vacant

Quotable Value Improvement Nature Codes

Code	Description
ACCOM	Accommodation
CABIN	Cabin
BACH	Bach
MOTEL	Motel
HOTEL	Hotel
LODGE	Lodge
BPK ACCOM	Backpacker Accommodation