

Terms of Reference for Working Group on Governance Options for Accommodation Provider Targeted Rate 18 August 2017

Background

The Auckland region accommodation provider targeted rate (Targeted Rate) was publicly consulted on as part of the Annual Budget 2017/18. The governing body approved the Targeted Rate on 1 June 2017 and it became effective from 1 July 2017. The Targeted Rate was set at 50 per cent of Auckland Tourism, Events and Economic Development's (ATEED's) budgeted expenditure for visitor attraction and major events, or \$13.45 million. The full governing body resolutions on the Targeted Rate are appended for reference. See **Appendix A**.

Purpose

Officers are required to report back on a proposal for the introduction of future alternative governance arrangements for ATEED, including consideration of how commercial accommodation providers can have greater input appropriate to their level of funding.

A working group has been established to provide advice on governance options (Working Group). The Finance and Performance Committee will make the final decision on the ultimate governance arrangement.

Role

The role of the Working Group is to advise on:

- future governance options for making decisions on expenditure of the Targeted Rate;
- implications of any governance options for commercial accommodation providers, wider Auckland tourism and economic development;
- more detailed design of any preferred governance options;
- working and engaging with the wider accommodation provider sector on governance options;
- any implementation issues; and
- other related issues, as necessary, until implementation of the final governance arrangement.

The Working Group is advisory only. It will not make decisions on expenditure of the Targeted Rate. It may, however, provide interim advice to the council on expenditure of the Targeted Rate until the final governance arrangement is implemented.

Membership

The Working Group membership includes:

- CCO Governance and External Partnerships Team, Auckland Council (Alastair Cameron, Manager; Tania Winslade, Principal Advisor; Ella Kay, Senior Advisor)

- Communication and Engagement team, Auckland Council
- Financial Policy team, Auckland Council
- ATEED
- 4-6 commercial accommodation provider representatives

Meetings

The Working Group will meet several times between now and December 2017. In particular members will likely need to be available for two workshops in September 2017 (two hours each).

Minutes of meetings will be kept by the CCO Governance & External Partnerships team.

Timelines

For relevant timelines see **Appendix B**.

Resourcing

The Working Group is supported by council staff.

Appendix A

MOVED by Mayor P Goff, seconded by Cr R Clow:

Final Annual Budget 2017/2018 – Mayoral Proposal

That the Governing Body:

- c) as part of the final Annual Budget 2017/18, agree to a targeted rate on commercial accommodation providers to fund a proportion of the visitor attraction and major events expenditure of Auckland Tourism, Events and Economic Development (ATEED) as follows:
- i) the amount of the targeted rate is set at 50 per cent of Auckland Tourism, Events and Economic Development's budgeted expenditure on visitor attraction and major events, being \$13.45 million
 - ii) in consideration of the distribution of benefits and affordability for commercial accommodation providers, they be categorised by type into three tiers:
 - Tier 1 comprising hotels and serviced apartments
 - Tier 2 comprising motels, lodges and motel-like accommodation in campgrounds
 - Tier 3 comprising other accommodation providers such as backpackers, campgrounds and hostels
 - iii) in further consideration of the distribution of benefits for commercial accommodation providers, they be categorised by location into three zones:
 - Zone A comprising the local board areas of Albert-Eden, Devonport-Takapuna, Mangere-Otahuhu, Maungakiekie-Tamaki, Orakei, Waitemata
 - Zone B comprising the local board areas of Henderson-Massey, Hibiscus and Bays, Howick, Kaipataki, Manurewa, Otara-Papatoetoe, Puketapapa, Upper Harbour, Waiheke, Whau
 - Zone C comprising the local board areas of Franklin, Great Barrier, Papakura, Rodney and Waitakere Ranges
 - iv) the targeted rate is applied on a differential basis based on the type and location as set out in the following table:

Differential ratios		Provider type		
		Hotels and serviced apartments	Motels and Lodges (including motel-like accommodation at campgrounds)	Other (Backpackers, campgrounds, hostels)
Location	Zone A	1.0	0.6	0.0
	Zone B	0.5	0.3	0.0
	Zone C	0.0	0.0	0.0

Note: The change from the original proposal is set out in paragraph 21.

- v) the council will consider applications for remission under its existing rate remission scheme (Remission of rates for miscellaneous purposes), for example where the owner/ratepayer are separate from the accommodation operator and the nature of the relationship between the parties means the targeted rate is unable to be passed on to the accommodation operator

- vi) staff report back on the development of a more targeted remission scheme as part of the Long-term Plan 2018-2028
- vii) staff report back on a proposal for 2018/19 for the inclusion of informal accommodation providers currently being rated as residential properties
- viii) staff report back on a proposal for the introduction of alternative governance arrangements of Auckland Tourism, Events and Economic Development, including greater participation for commercial accommodation providers appropriate to their level of funding of Auckland Tourism, Events and Economic Development's activities
- ix) the council's Revenue and Financing Policy be amended to provide for targeted rates to be used to fund visitor and external relations, destination and marketing and major events in the Economic Growth and Visitor Economic activity
- x) the \$13.45 million of general ratepayer funding no longer required to fund Auckland Tourism, Events and Economic Development be used to fund transport infrastructure projects, specifically mass transit to the airport and other airport access improvement projects
- xi) note that Auckland Tourism, Events and Economic Development's future role and activities will be considered as part of the Long-term Plan 2018-2028
- xii) note that the Mayor is open to discussing with the industry any proposals it wishes to put forward for an industry-led and funded regional tourism organisation as a partial or complete alternative to using a targeted rate to fund Auckland Tourism, Events and Economic Development's tourism promotion activities.

In particular, the associated report included the following:

"94. Staff consider that the degree of industry involvement in decision-making should be reflective of the expertise they can bring to decision-making and the proportion of funding they provide. Governance arrangements are in place to manage current expenditure, and commitments have already been made for the 2017/2018 year. It is recommended that staff work with commercial accommodation providers on the appropriate structure for future governance of this expenditure and the timeframe and process for its implementation if the proposal is adopted. This advice will be based on the decisions taken on the final form of the rate. A report back should be scheduled for the end of September 2017."

Appendix B

Proposed Timeline

August 2017	Working Group established
Sep 2017	Working Group considers potential governance options (two workshops)
Oct 2017	Progress report to Finance & Performance Committee
Oct-Nov 2017	Wider consultation on governance options with Targeted Rate payers
12 Dec 2017	Report to Finance & Performance Committee seeking decision on preferred governance option
July 2018	Implementation by 2018/19 year