

Attachment A: Options table for remission of APTR

Option	Key Issues	Cost to council	Minimise the effects of change	Administrative simplicity
No remissions offered	Council is unable to recognise where motels are used to provide emergency accommodation No support provided to small investors in serviced apartments who may not be able to manage the increased costs	Cost saving of \$1.8 million compared to 2017/2018 remissions of the APTR under the miscellaneous remission scheme.	Motel operators will have additional costs. Some small investors in serviced apartments may suffer financial hardship with contracts they are unable to exit	Reduces administration
Proposed: • Remissions for Emergency accommodation	Recognises that using motels as emergency housing is a residential use that should not attract the APTR.	Cost of emergency housing remission: less than \$50,000.	Reduces costs for motel operators	Lower administration compared to other options as fewer remissions offered
• Remissions for Small investors in serviced apartments, phased out over 10 years	Provides assistance to small investors who own one or two serviced apartments who may suffer financial hardship with contracts they are unable to exit.	Estimated cost serviced apartments in 2018/2019: \$1.2 million. This is less than the \$1.8 million in APTR remitted in 2017/2018 (as at February 2018) due to: <ul style="list-style-type: none"> • exclusion of forward bookings • contracts for serviced apartments expiring or able to be exited • exclusion of owners of more than two apartments 	Reduces change for small investors over ten years	
Remissions for Small investors in serviced apartments until contracts expire	Small investors may be locked into contracts for their serviced apartments for longer than 10 years (some up until 2047). Providing a remission for the duration of the contract means that all ratepayers will pay more to support individuals' private investments. Small investors, like large investors, have freely entered into contracts and should bear the cost of their investment choices.	Cost of remission increases \$10 million (uninflated) over the life of the remission scheme compared to phased scheme.	Eliminates change for small investors	Extends period over which scheme needs to be administered compared to proposed

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Remissions for Large investors	<p>Some very large hotels can have the operator as a separate entity from the ratepayer. Depending on the nature of the contract, these ratepayers may also be unable to pass on the cost to the hotel operator, and remission could be considered on this basis.</p> <p>Unlike small investors, large investors tend to have better access to advice, and a greater ability to negotiate the terms of any contract they enter into. The larger the investment being made, the greater the requirement for due diligence to be undertaken. Large investors should therefore bear a greater responsibility for managing the risks of changes to taxes or legislative environment for any contracts they enter into.</p>	<p>Additional \$65,000 in 2018/2019 if extended to owners of up to 4 serviced apartments. Unknown how many larger hotels have separate ratepayer/operator – significant risk to APTR funding if included.</p>	<p>Eliminates change for all investors who are unable to pass on the cost of the APTR to the accommodation operator.</p>	<p>Increased administration in reviewing leases and determining relationship between operator and ratepayer</p>
Remissions for Forward Bookings	<p>Some hotels have entered into contracts that block book rooms for businesses such as airlines, with prices fixed for between one and three years.</p> <p>Offering remission to hotels for forward contracts is inequitable to other accommodation providers because all accommodation providers take bookings in advance.</p> <p>Some contracts already allow cost of rate to be passed on. All contracts viewed by council can be exited in the short term. Business should be able to manage the risk of the contracts they enter into.</p>	<p>Estimated \$700,000 for 2018/2019, though this figure could rise significantly if more hotels apply.</p> <p>Most contracts are for 1 to 3 years, so cost of remission would decline quickly over time</p>	<p>Council has provided remissions under its miscellaneous scheme for 2017/2018. This covers a significant proportion of existing contracts.</p>	<p>Significant administrative burden in reviewing contracts for both council and applicants. (Reflected in the limited number of applications received.)</p>