

28 March 2022

By email only: akhaveyoursay@aucklandcouncil.govt.nz

Annual Budget 2022/23 and Accommodation Provider Targeted Rate

We write in relation to the Annual Budget 2022/23 and, in particular to the Accommodation Providers Targeted Rate (**APTR**) and spending on Auckland destination marketing and events.

At present, the APTR remains suspended following the Court of Appeal's ruling ([C P Group v Auckland Council \[2021\] NZCA 587](#)) that the rate is invalid.

Since the consultation process for last year's 10-year Budget, Hotel Council Aotearoa (**HCA**) has made consistent and repeated offers to Auckland Council – direct to Council executives, the Mayor, and via media – to discuss in good faith alternative tourism industry funding models and to explain the hotel sector's deep opposition to the APTR. It is a complicated and nuanced issue. However, we have been informed by the Mayor's office that any such discussions cannot progress while Council's appeal to the Supreme Court is active.

In our opinion, refusal to engage is an unnecessary and short-sighted approach to an important issue for Auckland and New Zealand. HCA is not party to the APTR litigation. There is no good reason why an industry representative body and local authority should not be able to agree a reasonable protocol for discussing long-term funding options while respecting the boundaries of ongoing litigation.

Meanwhile, HCA understands that Mayor Goff has, during the course of COVID and while international tourist arrivals to Auckland are effectively nil, lobbied central government for implementation of a bed tax, presumably as a replacement for the APTR if Auckland Council loses its Supreme Court appeal. Again, this approach beggars belief, particularly when the Mayor chose to reject repeated offers by HCA for direct dialogue. Auckland Council is said to take pride in its collaboration with the business sector.

Here lies the problem: Collectively, Auckland Council is demonstrating no real desire to *genuinely* engage with the hotel sector or understand our ongoing concerns with the APTR, not even in the wake of a global pandemic that has decimated tourism. If "engagement" with Auckland Council as a local body is not possible, what should we do?

Against that background, HCA is disinclined to make new detailed submissions on the 2022/23 Budget. Our [submission in March 2021](#) about the APTR remains accurate and relevant today, although we note that Auckland hotel performance *decreased even further* in the 12 months to February 2022. **HCA remains willing and ready to meet with any and all Councillors who wish to better understand the hotel sector, our opposition to the APTR and our thoughts on better funding solutions for Auckland.**

In addition to reaching out to individual councillors, **HCA intends to elevate the issues of destination marketing, events funding and hospitality industry support during the upcoming 2022 local body elections.** Auckland ratepayers have experienced first-hand what the absence of tourists does to

their centre-city. A vibrant visitor economy benefits *everyone*, not just the very small group of ratepayers that are accommodation sector investors.

HCA intends to canvas aspiring mayoral candidates in the hope that new leadership will free Auckland Council to step back from its blinkered obsession with hotel bed taxes. HCA will also facilitate dissemination of how councillors have voted on key issues affecting the hospitality sector during COVID. Such issues include whether to suspend or remove the APTR, and whether to fully fund destination marketing from general rates in the aftermath of once-in-a-lifetime global pandemic.

In closing, HCA submits that Auckland Council should:

- demonstrate genuine support for recovery of the Auckland visitor economy by permanently removing the APTR now;
- fully fund destination marketing and events from the 2022/23 period from general rates (consistent with the practice of other local authorities throughout New Zealand) or by making minor adjustments to future capital expenditure plans; and
- accept HCA's repeated offer to work collaboratively on agreeing principles for a fair, reasonable and nationally-endorsed funding model for the tourism economy that draws upon international best-practice and robust research.

If any councillor wishes to take up HCA's offer of dialogue on these issues, please contact me [direct](#).

Yours Sincerely
Hotel Council Aotearoa



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