19 June 2020

Auckland Council
Victoria Street West
Auckland CBD
Auckland 1142
Via email: akhaveyoursay@aucklandcouncil.govt.nz

**Emergency Budget 2020/2021 consultation**

To whom it may concern:

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on Auckland Council's Emergency Budget 2020/2021 consultation.

TIA is the peak body for the tourism industry in New Zealand. With over 1,600 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure & other activities, attractions, retail, airports & airlines, transport, as well as related tourism services.

**TIA endorses the suspension of the Accommodation Provider Targeted Rate (APTR).**

COVID-19 has had a catastrophic impact on all sectors of the tourism industry, and accommodation is no exception. The border closures, travel restrictions throughout lockdown and the shift from a high proportion of international visitors to a pre-dominantly domestic market have severely impacted room night bookings.

In TIA's monthly accommodation survey for the months of March, April and May 2020, Auckland hotels have seen a decline in accommodation revenue of $75 million compared to the same period of 2019. This excludes any other revenues, such as food and beverage and conference. Overall occupancy was down an average of 43.7% over the same period.

| Accommodation Revenue for Auckland | | | |
|---|---|---|---|
| **Variable** | **March 2020** | **April 2020** | **May 2020** |
| Change in Revenue ($m) | -$21.2m | -$28.0m | -$25.8m |
| Change in Revenue (%age) | -38.0% | -77.3% | -68.0% |

| Occupancy in Auckland | | |
|---|---|---|
| **Month** | **2019** | **2020** |
| March | 90% | 60.6% |
| April | 77.7% | 19.8% |
| May | 79.3% | 27.3% |

At present there are no timeframes for when the borders will reopen, even for a Trans-Tasman bubble. From the domestic perspective many Kiwis stay with friends and family when visiting a region, so do not consider using commercial accommodation providers. This leaves accommodation providers looking at lengthy timeframes to return to any semblance of pre-COVID levels. The Council's intention to provide some cost pressure relief through the suspension of the APTR is welcome and necessary.

**The APTR should not be reinstated in any form**.

As stated in our submission on the APTR in 2017, we believe the APTR is poorly designed and based on incorrect information. The targeted rate is not the appropriate funding tool for Auckland Council's purposes. This has been emphasized further under the current circumstances. The Council stated when the initial rate was proposed that the APTR could simply be passed on as a surcharge but has now recognized that it imposes a very real addition on the operating costs of accommodation providers. The APTR is an inflexible tool that is unable to shift with demand.

It is demonstrably unfair and inequitable to solely burden the commercial accommodation sector with an annual targeted rate of $13.5m when the benefits are spread across the entire Auckland economy. The sector receives just 9% of the visitor spend in Auckland but is being required to fund 50% of Council marketing efforts (through ATEED) to grow this spend.

Even when Auckland Council looked to expand APTR to include Airbnb, by its own admission the attempts to widen the net have been a failure. In July 2018 the council said 1118 online providers were loaded into its database to pay the levy. However, 3800 properties were believed to be liable, meaning 2682 ratepayers were not paying the levy – equal to 71% non-compliance.

In a post-COVID environment, regional funding models should be reviewed across the country, reconsidering marketing and destination management priorities and looking to improve organisational efficiencies. Auckland Council and ATEED are no exception. **Now is an opportune time to remove the APTR permanently.**

Please do not hesitate to contact us if you have any queries about our feedback.

Ngā mihi,

C. Roberts

Chris Roberts
**Chief Executive**
**Tourism Industry Aotearoa**