

31 May 2017

## Media Release

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# Auckland Council may be unable to vote on proposed targeted rate

Auckland Council has failed to follow required legal processes and putting the controversial commercial accommodation targeted rate to the vote tomorrow could be in breach of the law.

Tourism Industry Aotearoa has received legal advice suggesting the Council has failed to meet the requirements of the Local Government (Ratings) Act.

TIA Chief Executive Chris Roberts says the legal advice was provided, unsolicited and free of charge, by an Auckland law firm concerned at the Council's actions.

"The advice focuses on the Council proposing a new targeted rate that was not provided for or even signalled in the Council's Long Term Plan."

The law firm advises that:

"Under section 23(3) of the LGRA, it specifically states that a new targeted rate not otherwise provided for in a long-term plan, may *only* be set if there is '*an unforeseen and urgent need for revenue that cannot reasonably be met by any other means*'. The provision goes on to say that the council must have regard for how activities were supposed to be funded from the LTP and why there is the gap requiring the urgent fix outside of the LTP process."

The legal advice says this statutory threshold has not been met by the Council.

"If Auckland Council approve and adopt the 2017/2018 Annual Plan without rectifying the procedure adopted in respect of this proposed tourism rate, this decision would be amenable to judicial review on the ground of procedural impropriety, whereby the proper statutory process was not adopted and natural justice was not fully observed."

Mr Roberts says there is no urgent or unforeseen need for revenue that cannot be reasonably be met by other means.

"Tourism and event promotion by the Auckland Council has always been funded from general rates. The spending is not unforeseen and there is an existing funding source, which can reasonably meet the need.

"To introduce a radical new narrowly targeted rate, the Council must use the Long Term Plan process. The legal advice suggests that if the Council wants to push ahead with its proposal, it must wait until next year."

### TOURISM INDUSTRY AOTEAROA

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**KEY FACTS**

- Tourism in New Zealand is a \$95 million per day industry. Tourism delivers around \$40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$55 million in economic activity every day.
- Tourism is New Zealand's biggest export earner, contributing \$14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2016).
- 13.2% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 332,322 people are working in the visitor economy.
- The [Tourism 2025](#) growth framework has a goal of growing total tourism revenue to \$41 billion a year by 2025.

Visit [www.tia.org.nz](http://www.tia.org.nz) for more information

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