

Statement of Proposal

Draft Stewart Island/Rakiura Visitor Levy Policy and Bylaw

Introduction

Southland District Council is proposing to amend its current bylaw and policy that relate to the Stewart Island/Rakiura visitor levy and would like to know what you think.

This statement of proposal is prepared under ss.83, 86 and 87 of the Local Government Act 2002. This document contains:

- proposed changes and a copy of the draft bylaw and policy showing the changes to be made to those documents
- information about the proposals
- the reasons for the proposals
- how you can have your say
- timetable for consultation
- options.

Proposed changes

It is proposed that the amount of the visitor levy collected would increase from \$5 to \$15. The changes proposed in the draft policy include:

- increasing the amount of levy collected from \$5 to \$15 (including GST) from 1 October 2023
- removing the requirement that public consultation on any increase to the levy occur via the Annual/Long Term Plan process, but continuing to comply with all legal requirements for bylaw and policy review
- allowing multi-year funding of up to 30 years for Council and community owned infrastructure in exceptional circumstances, increased from the current 10 years
- wording to clarify the allocations process
- updates to improve legal accuracy.

All proposed changes are identified in the draft policy and draft bylaw included in this Statement of Proposal at attachments A and B.

Note: Under the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 (Empowering Act), a levy is a sum of money collected from visitors arriving as freedom travellers, and revenue is money collected on behalf of Council by approved operators. To ensure clarity, both types of money collected (levy and revenue) are referred to here as “levy”.

The reason for the proposal

The key reasons for this proposal are to:

- ensure the amount collected from the levy sufficiently alleviates the burden to ratepayers, due to the high number of visitors to the island
- ensure the amount of the visitor levy is set at a level that provides an appropriate contribution to activities and services on the island for visitors but does not deter them from visiting

- ensure the bylaw and policy are legally accurate, including removing the need to consult on a levy increase through consulting on the Annual Plan or Long Term Plan, which is not provided for in the Empowering Act
- allow for funding to be allocated (in exceptional circumstances) to multi-year funding of up to 30 years for Council and community owned infrastructure, because many infrastructure projects have a life longer than 10 years
- enhance understanding of the allocations process and make other changes to clarify the policy for readers.

How you can have your say

Anyone can make a submission online at www.makeitstick.nz/visitorlevy.

Submissions will be accepted from 8am on 1 March 2022 and must be received by 5pm on 1 April 2022.

All submissions should state:

- the submitter's name
- the submitter's contact details
- whether or not the submitter would like to speak to Council about this matter.

If you need help submitting please contact Council at 0800 732 732, or call in to one of Council's offices. All written submissions made to Council will be acknowledged and made available to the public.

Council intends to hold a hearing on 27 April 2022. This is when anyone who has made a written submission and who has said they would like to speak to Council, can do so at a Council meeting. This meeting is open to the public. If you indicate you would like to be heard, Council staff will get in touch with you to arrange a time for you to speak at the hearing. If at the hearing you have any requirements, please let us know. Please note that Covid national protection framework levels may impact hearing dates and the ability to hold this meeting in person.

Timetable for consultation

The dates below outline the timetable for the consultation process. Any changes to these dates will be publicly advised on Council's Facebook page and website.

DATE	ACTIVITY
22 February 2022	Council adopted the proposal for consultation
1 March 2022	Consultation period begins (8am)
1 April 2022	Consultation period ends (5pm)
27 April 2022	Oral submissions heard by Council. Covid national protection framework levels may impact the hearing date and the ability to hold this meeting in person.

Information about the proposal

Background

Although Stewart Island/Rakiura has a small resident population (approximately 500 ratepayers, but fewer full-time residents), it is a destination for a large number of short-term visitors. Since the introduction of the levy in 2013, there has been an average of 38,700 visitors per year. This does not include people who

are exempt from paying the levy, such as those 18 and under, so this figure is lower than the actual number of visitors. This creates a unique funding challenge for Council and the community.

The Empowering Act allows Council to set and collect levies from visitors to Stewart Island/Rakiura.

The funds collected must be used for:

- funding, wholly or in part, activities used by visitors
- funding, wholly or in part, activities on the island for the benefit of visitors
- mitigating the adverse effects of visitors on the environment of the island.

This means Council activities are eligible, such as public toilets, parks, streetscapes, jetties, electricity supply, wastewater, roading, stormwater and waste services, as well as the activities of other community agencies such as visitor promotion/information and ecology/environmental protection.

Approved operators (Stewart Island Flights, Real NZ (formerly Real Journeys), ISS McKay for cruise ships) collect \$5 from each passenger aged 18 and over in accordance with the Empowering Act and the contracts Council has entered into with the approved operators. Visitors who travel to the island by other means (freedom travellers) pay the \$5 levy which is set under the bylaw. Residents do not pay the levy. There has been no change to the levy amount since its inception in 2013.

Levy funds are allocated by way of application to the Stewart Island/Rakiura Visitor Levy Allocations Subcommittee (the subcommittee). Applications will only be eligible for funding if they meet the requirements of the Empowering Act. The subcommittee has discretion whether or not eligible applications will receive funding.

The bylaw sets the rate of the levy that is imposed, details about how the levy is collected and an offence and penalty section. The policy covers operational aspects, including who is liable to pay levies and how the levy will be collected, administered, allocated and enforced.

The main reason for the review of the current bylaw and policy is in relation to the amount of the levy. However, as with the formal review of any policy or bylaw, it is open to Council to consider other changes.

If Council decides to change the levy amount, any increase would not occur until October 2023, due to the contracts with approved operators who collect the levy on behalf of Council.

Information about the proposal to increase the quantum of the levy

To assess whether the current \$5 visitor levy is appropriate, the costs of activities that visitors use, benefit from or mitigate environment effects (in line with the Empowering Act) have been examined. This has identified:

- the total cost of visitor related activities on the island is projected to be around \$9.7 million over the next eight years (using Council's Long Term Plan (LTP) project list as a basis)
- \$7.3 million of this relates to activities provided by Council and \$2.4 million relates to activities provided by other community agencies
- for each year, an average of \$1.2 million (\$1.4 million including GST) is needed to fund activities that are visitor related
- an average of \$168,000 per year (\$194,000 including GST) is currently collected from the visitor levy.

Council used two methods to estimate visitors' share of activity costs: an LTP project approach, and a depreciation approach (refer to attachment C for further detail). The forecasted costs show that the current visitor levy at \$5 is likely to be insufficient to fund the projected future cost of visitor-related activities.

Depending on the share of activity costs estimated to be related to visitors' use, the project approach shows that the levy would need to increase to between \$11 and \$30. This depreciation approach has been used to verify that the annual costs resulting from the project approach (using the shorter LTP period) are reasonable. The estimated annual costs using both approaches are very similar with the depreciation approach showing that the levy would need to increase to between \$9 and \$26.

Why \$15?

Council is proposing a levy quantum of \$15 to ensure visitors contribute a reasonable amount towards these costs and to alleviate the rates burden of these costs on ratepayers.

In addition, the proposed increase to \$15 would be catching up on increased costs and inflation since collection of the levy started, and anticipates further increases before any change would come into effect in October 2023. Due to the bylaw amendment process and agreements with the operators who collect the levy, it is not viable to build in frequent incremental increases to the bylaw and policy in line with inflation, so a \$15 quantum is considered to be a reasonable increase.

What activities should be included?

Council has received feedback in the past requesting more information on what the levy funds will be spent on, in order to link visitor related costs on the island to the levy amount.

There are a lot of different views about what is or is not 'visitor related'. The Empowering Act contains the main criteria for assessing whether something is eligible for levy funding. As discussed above, this means an activity that is wholly or in part used by visitors, is for the benefit of visitors, or mitigates the adverse effects of visitors on the environment of the island.

The scope of what is eligible for funding has not changed since the levy has come into effect. Modelling has been based on what is eligible under the Empowering Act, recognising that the subcommittee has the full discretion to assess eligible applications based on their merits, and decide whether to allocate funding.

What would happen if the visitor levy is less than the recommended \$15 (ie/it remains at \$5 or was increased to \$10)?

All levy funding received contributes towards the grants given to Council and other organisations providing visitor related activities. The higher the levy, the greater the contribution towards visitor related costs. Less funding results in both Council and other organisations having to seek other funding sources or making decisions to delay or not undertake some activities or projects. For Council, any reduction in funding will generally mean an increase in rates for ratepayers on the island and/or across the district, or a decision to delay or delete projects. For other organisations, a reduction in grants will most likely require other funding to be found and if unsuccessful, these entities may then have to reduce or discontinue the service or delay/not undertake projects.

The modelling in attachment C shows that the average annual cost of providing visitor related activities is around \$1.4 million (including GST). The project approach indicates that between \$415,000 and \$1.18 million (including GST) of this amount relates to visitors. The depreciation approach estimates the annual amount related to visitor use slightly lower, at between \$340,000 to \$1 million (including GST).

If the visitor levy amount remains \$5, with an estimated total revenue of around \$194,000 and no change is made to the projects planned for the island, there is likely to be a shortfall in funding. This shortfall would be between \$221,000 to \$986,000 (including GST) using the project approach and between \$146,000 to \$806,000 using the depreciation approach.

An increase in the visitor levy to \$10 (including GST) would sit at the low end of the forecasted ranges of funding costs for the island, with an estimated total revenue of \$387,000. If the visitor levy was increased to

\$10, the shortfall in funding would reduce to between \$28,000 to \$793,000 using the project approach or between \$0 to \$613,000 using the depreciation approach.

Options for the visitor levy amount

OPTION 1: INCREASE THE VISITOR LEVY TO \$15 (PROPOSED)	
<p>Advantages</p> <ul style="list-style-type: none"> • an increase in available funds will better provide for visitors to the island and contribute towards relieving the rates burden on this community and/or district ratepayers • enables a greater contribution to eligible grant requests, both from Council and other organisations. This higher contribution will enable services to continue or be improved and for more projects to be funded from the levy and generally undertaken without delays. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • is not consistent with the feedback from preliminary consultation, that supported an increase to \$10, not \$15 • may impact affordability of getting to the island for some people • approved operators may not agree to collecting the levy funds on behalf of Council, if it is raised to \$15 (which would create a challenge around collecting the levy).
OPTION 2: INCREASE THE VISITOR LEVY TO \$10	
<p>Advantages</p> <ul style="list-style-type: none"> • is consistent with the feedback from preliminary consultation, that supported an increase to \$10 • provides some increase in funds to better provide for visitors to the island and may relieve the rates burden on this community and/or district ratepayers • enables a greater contribution to eligible grant requests, both from Council and other organisations. This higher contribution will enable services to continue or be improved and for more projects to be funded from the levy and generally undertaken without delays. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • increasing the levy to \$10 may not sufficiently increase available funds for visitor related projects on the island and may increase the rates burden on this community and/or district ratepayers for Council related projects • may not be sufficient to fund grant requests for other organisations resulting in no increase or a reduction in service levels and/or any projects being delayed or cancelled pending other funding sources • may impact affordability of getting to the island for some people • approved operators may not agree to collecting the levy funds on behalf of Council, if it is raised to \$10 (which would create a challenge around collecting the levy).
OPTION 3: KEEP THE VISITOR LEVY AT \$5	
<p>Advantages</p> <ul style="list-style-type: none"> • this is in line with some community views obtained through the pre-consultation process • the community, stakeholders and approved operators are familiar with this levy amount. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • keeping the levy at \$5 will not increase available funds for visitor related projects on the island and may increase the rates burden on this community and resulting in organisations seeking other funding sources, possibly leading to a reduction in services provided, projects delayed or not undertaken • inflation rate increases since the inception of the \$5 levy means that the level of service or

	<p>the quantum of projects will continue to reduce over time</p> <ul style="list-style-type: none"> • this option is not in line with the majority of stakeholder and community views that the quantum of the levy should be increased.
OPTION 4: CHANGE THE VISITOR LEVY TO ANOTHER AMOUNT	
<p>Advantages</p> <ul style="list-style-type: none"> • may better incorporate community views. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • anything that is a significant departure from the options set out this proposal may require further consultation.

Other proposed changes

Annual/Long Term Plan consultation requirement

Part 5.0 of the current policy states that public consultation will occur via an Annual Plan/LTP process and a bylaw amendment process, in the event an increase in the levy is considered. It is proposed to continue to consult using a bylaw amendment process, but to remove the requirement to consult via an Annual Plan/LTP process. The inclusion of the policy requirement to consult via the Annual Plan/LTP adds the requirement that Council consult on its Annual Plan when it may not otherwise have done so. The proposed change does not alter the nature of the public engagement process that is followed to review the bylaw and policy.

Options for the proposal to remove the requirement to consult on any change to the levy amount through an Annual/LTP process

OPTION 1: CONTINUE TO CONSULT USING A BYLAW AMENDMENT PROCESS, REMOVE THE REQUIREMENT TO CONSULT VIA ANNUAL PLAN/LTP PROCESS, IN THE EVENT AN INCREASE IN THE AMOUNT IS CONSIDERED (PROPOSED)	
<p>Advantages</p> <ul style="list-style-type: none"> • this proposed change does not alter the nature of the public engagement process that would be followed to review the bylaw and policy • improves efficiency and reduces the cost to review the amount of the levy in future years. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • some people may want the levy amount to be reviewed via the Annual Plan/LTP.
OPTION 2: RETAIN THE CURRENT POLICY THAT REQUIRES PUBLIC CONSULTATION TO OCCUR VIA AN ANNUAL PLAN/LTP PROCESS AND A BYLAW AMENDMENT PROCESS, IN THE EVENT AN INCREASE IN THE AMOUNT IS CONSIDERED	
<p>Advantages</p> <ul style="list-style-type: none"> • ensures that Council reviews the amount of the levy in the context of the Annual Plan or LTP process. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • retains the requirement that Council consult on its Annual Plan/LTP when it may not have otherwise done so • may delay or involve further resources to review of the levy amount in future years, due to the timing and requirements of Annual Plan/LTP consultation processes • is not required by the Empowering Act.

Increase to multi-year funding time period for infrastructure projects

Part 10.3 of the current policy allows the subcommittee to commit to giving funds to an applicant in future applicant rounds for:

- up to 10 years for Council and community owned infrastructure (the current allocation round, and the next nine allocation rounds)
- up to three years for operational costs (the current allocation round, and the next two allocation rounds)
- one year for community projects (just the current allocation round).

Council is proposing to allow multi-year funding of up to 30 years for Council and community owned infrastructure, in exceptional circumstances. This is because for larger capital infrastructure projects, a limit of 10 years of funding may be insufficient.

Options for the proposal to increase the multi-year funding time period for infrastructure projects

OPTION 1: ALLOW MULTI-YEAR FUNDING OF UP TO 30 YEARS FOR COUNCIL AND COMMUNITY OWNED INFRASTRUCTURE, IN EXCEPTIONAL CIRCUMSTANCES (PROPOSED)	
<p>Advantages</p> <ul style="list-style-type: none"> • better matches the “use” of the expenditure with the “life” of the expenditure by spreading the levy contributions over a period closest to the “life” of the expenditure • a 30-year loan period is likely to better match long-life capital expenditure on works such as jetties, footpaths, buildings and wastewater • may improve intergenerational equity by sharing the costs of a capital projects across the generations who are likely to use it. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • some people may think multi-year funding of up to 30 years is too long a time period.
OPTION 2: RETAIN THE CURRENT POLICY, THAT ALLOWS MULTI-YEAR FUNDING UP TO 10 YEARS FOR COUNCIL AND COMMUNITY OWNED INFRASTRUCTURE	
<p>Advantages</p> <ul style="list-style-type: none"> • multi-year funding up to 10 years is what the subcommittee and stakeholders are used to. 	<p>Disadvantages</p> <ul style="list-style-type: none"> • a 10 year maximum loan period may not match the “life” of some capital expenditures • does not improve intergenerational equity by sharing the costs of a capital projects across the generations who are likely to use it.

Other minor changes

Other minor changes are also proposed to enhance clarity and legal accuracy. All proposed changes are identified in the draft bylaw and policy included within this Statement of Proposal at attachment A and B.

Options for other minor changes

OPTION 1: MAKE OTHER MINOR CHANGES TO THE DRAFT BYLAW AND POLICY (PROPOSED)	
<p>Advantages</p> <ul style="list-style-type: none"> the policy will be clearer and easier to understand improved legal accuracy enhances compliance with legislation. 	<p>Disadvantages</p> <ul style="list-style-type: none"> including minor changes means those interested in the consultation have more to consider and they may not focus as easily on the key changes.
OPTION 2: DO NOT MAKE ANY OTHER CHANGES TO THE POLICY AND BYLAW	
<p>Advantages</p> <ul style="list-style-type: none"> no further changes simplifies what Council is consulting on. 	<p>Disadvantages</p> <ul style="list-style-type: none"> the bylaw and policy are not clarified or enhanced to better reflect the legislation.

What happens next?

After Council has received written and oral submissions, Council will make decisions on the draft bylaw and policy, likely in May 2022. Council may make other changes to the draft bylaw and policy, but anything that is a significant departure from the options set out in this proposal may require further consultation.

Determinations

The Empowering Act requires Council to make the bylaw in accordance with the Local Government Act 2002. That means Council has to make the following determinations set out in s.155 of that Act in relation to the draft bylaw. Given the limited scope of the bylaw, the s.155 determinations are brief.

The draft bylaw is the most appropriate way of addressing the perceived problem - Council recognises the strain being placed on the environment and local infrastructure by visitors. The small rating base of the island contributes to funding challenges for Council and increasing the levy amount in the bylaw is intended to help meet costs attributable to visitors.

The draft bylaw is the most appropriate form of bylaw - The draft bylaw has been prepared and structured for ease of reference and interpretation. The draft bylaw is consistent with the Empowering Act.

The draft bylaw does not give rise to any implications under the New Zealand Bill of Rights Act 1990 - The New Zealand Bill of Rights Act 1990 grants certain rights to people in New Zealand. Council resolved that the provisions of the proposed Stewart Island/Rakiura Visitor Levy Bylaw do not unreasonably interfere with any of these rights

DRAFT Stewart Island/Rakiura Visitor Levy Policy

Group responsible: ~~Activity Manager~~ ~~Community Assistance~~ ~~Democracy and community~~

Date approved: 12 December 2012

Date amended: xx

File number: R/21/5/25833

1.0 Purpose

This policy provides guidance on governance and administration of the Stewart Island/Rakiura visitor levy. The policy outlines who is liable to pay levies and revenue and how levies and revenue will be collected, administered, allocated and enforced.

2.0 Background

Although Stewart Island/Rakiura has a small resident population, it is a destination for a large number of short-term visitors. This creates a unique funding challenge for Council.

The Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012 (the act) was passed into law on 26 March 2012. The act empowers Council to set and collect levies and obtain revenue from visitors to Stewart Island/Rakiura. Under the act, funds must be used to better provide services, facilities, amenities for island visitors, or mitigate environmental effects.

3.0 Definitions

ACCOUNTABILITY FORM	This is a form that must be completed by applicants after they have received funding, so Council is informed how the applicant has spent the funds and so Council is aware of any benefits that have been achieved with the funds
ACTIVITY	Has the meaning given in s.5(1) of the Local Government Act 2002: A good or service provided by, or on behalf of, a local authority or a council-controlled organisation; and includes— (a) the provision of facilities and amenities; and (b) the making of grants; and (c) the performance of regulatory and other governmental functions

AGENT	A business entity that enters into a contractual arrangement with Council to collect the levy from its passengers on behalf of Council
APPROVED OPERATOR	<p>A person who owns or operates or is otherwise in control of a transport vessel and who enters into a contract with the Council—</p> <ul style="list-style-type: none"> (a) relating to the provision of a service to carry to or from the island passengers who, but for the contract, would be visitors to the island; and (b) providing for revenue to be collected from the passengers; and (c) that has the effect of bringing passengers carried by the operator within the definition of an excluded visitor; and (d) including any other terms and conditions that may be agreed from time to time by the approved operator and the Council <p>The Approved Operators are RealNZ Journeys Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited and ISS McKay Limited on behalf of the cruise ships</p>
A STAFF MEMBER	A staff member from Council
<u>BYLAW</u>	<u>Means the Stewart Island/Rakiura Visitor Levy Bylaw</u>
CONTRACTOR	A contractor approved by Council
COUNCIL	Southland District Council
DEPENDENT	A person primarily under the care and responsibility of another person, living with that person as a member of their family and substantially reliant on that person for financial support
EXCLUDED VISITOR	<p>A person who is not to be treated as a visitor because the person—</p> <ul style="list-style-type: none"> (a) travels to the island under a contract of carriage with an Approved Operator; or (b) is the owner or is otherwise in control of a transport vessel or is employed, or under contract, to work on a transport vessel; or (c) is one whose visit is entirely within the boundaries of the Rakiura National Park; or (d) is visiting the island for a continuous period of 21 days or more; or (e) is a person under the age of 18 years on the date of arrival on the island
FREEDOM TRAVELLER	A visitor who travels to the island by means other than as a passenger of an Approved Operator. This includes chartered vessels and independent travel. It does not include people who

	travel via the ferry (with Real NZ Journeys Limited), scheduled flights (Stewart Island Flights) or cruise ships
GST	Goods and services tax chargeable under the Goods and Services Act 1985
ISLAND	Stewart Island/Rakiura
LEVY	The sum of money (inclusive of GST) collected under the Stewart Island/Rakiura Visitor Levy Bylaw 2019 from persons who are visitors to the island
MĀORI LAND	Has the meaning given in s.4 of the Te Ture Whenua Māori Act 1993: Māori customary land and Māori freehold land
RAKIURA MAORI LANDS TRUST	The Rakiura Māori Lands Trust is governed by seven trustees appointed by the Māori Land Court upon recommendation from the beneficial owners. The Rakiura Māori Lands Trust holds lands and funds in trust for many Rakiura Māori descendants
RATEPAYER	A person who is named on a current rates notice of a rating unit on the island. Only persons who are named on current rates notices are considered to be ratepayers, regardless of who funds rates payments
RESIDENT	A person recognised as living on the island for electoral residency purposes under s.23 of the Local Electoral Act 2001
REVENUE	Revenue (inclusive of GST) collected from excluded visitors, in place of any levy imposed by the Stewart Island/Rakiura Visitor Levy Bylaw 2019 , by an Approved Operator in accordance with a contract entered into for the purpose with Council
SUBCOMMITTEE	The Stewart Island/Rakiura Visitor Levy Allocation Subcommittee
TENANT	A person who has a tenancy agreement for a rating unit on the island under the provisions of the Residential Tenancies Act 1986
THE ACT	The Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012
TRANSPORT VESSEL	(a) means a ship, aircraft, or other vessel carrying passengers to or from the island, whether or not— (i) there is a charge for any or all of those passengers; or (ii) any charge is part of a tourist package; or (iii) the vessel is operated commercially; or (iv) the vessel is used for freight as well as passengers; and (b) includes— (i) a regular ferry or air service to the island; and

	(ii) a cruise ship whose passengers disembark to land on the island
VISITOR	<p>Any person who—</p> <p>(a) travels to or from the island, whether for a single day or for any continuous period of less than 21 days, by any transport vessel; but</p> <p>(b) is not a person who,—</p> <p>(i) for the purposes of the Local Government (Rating) Act 2002, is a ratepayer in respect of a rating unit on the island; or</p> <p>(ii) is a resident of the island by virtue of being a resident for electoral residency purposes under s.23 of the Local Electoral Act 2001; or</p> <p>(iii) is a tenant of a rating unit for the purposes of the Residential Tenancies Act 1986; or</p> <p>(iv) is the spouse, civil union partner, de facto partner, or dependant of a ratepayer or tenant; or</p> <p>(v) is a beneficiary of the Rakiura Māori Land Trust or who has an ownership interest in a Māori land block on the island; or</p> <p>(vi) is an excluded visitor.</p>

4.0 Collection

The act provides for the collection of money from two sources:

1. **revenue;** and
2. **levy.**

The definitions of revenue and levy are found in section ‘3.0 Definitions’ above. [Council will set the revenue and levy at the same amount.](#)

Through contractual arrangements, Council will collect revenue from passengers who travel with Approved Operators. Approved Operators include RealNZ Journeys Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited and ISS McKay Limited on behalf of the cruise ships. Passengers will pay the Approved Operator in accordance with the terms of carriage (i.e. the revenue will form part of their ticket price). If the passenger travels via an Approved Operator and pays a local or child fare, the Approved Operator will not charge the revenue.

Under the [Stewart Island/Rakiura Visitor Levy Bylaw-2019](#), Council will collect the levy. The levy will be collected from freedom travellers (i.e. those who are visitors under the act, so it does not include people who travel with an Approved Operator). Where a person is a freedom traveller the categories of exemption outlined in Clause 4.1 below apply. This means that if a freedom traveller is not exempt, he or she will have to pay the levy.

4.1 Who pays

All individuals travelling to Stewart Island/Rakiura, including freedom travellers, must pay the levy or pay revenue to an Approved Operator unless they are exempt under the following:

- residents, ratepayers and tenants of Stewart Island/Rakiura and their spouses, civil union partners, de facto partners, or dependents;
- beneficiaries of the Rakiura Māori Land Trust or individuals who have an ownership interest in a Māori land block on the island;
- visitors who remain on the island for any continuous period of 21 days or more;
- owners of a transport vessel or individuals employed under contract to work on a transport vessel;
- individuals whose visit is entirely within the boundaries of the Rakiura National Park; or
- persons under the age of 18 years on the date of arrival on the island.

Where the resident or ratepayer exemption applies to a person, the exemption does not automatically apply to the whole family or group. The exemption applies to the ratepayer(s) set out on the rates notice and their spouse, civil union partner, de factor partner and dependents. This does not include visiting adult children or grandchildren (unless they are dependents).

Holiday home owners are exempt if they are a ratepayer on the Council's rates notice. However, beneficiaries of family trusts will not be exempt unless they are designated by name as ratepayers on Council rates notice, or they meet one of the other reasons for exemption outlined above.

The exemption does not apply to visiting trades-people unless the person stays for more than 21 consecutive days. Visitors undertaking volunteer work are also required to pay the levy unless they fall within a category of exemption.

Visiting entirely within the boundaries of the Rakiura National Park means the person visiting does not arrive or leave through the township of Oban.

5.0 Calculation

The amount of the levy is set out in the ~~Stewart Island/Rakiura Visitor Levy Bylaw~~ and is ~~\$5.00 before 1 October 2023 and \$15 on or after 1 October 2023. The revenue is set at the same amount.~~

~~In the event an increase in the levy or revenue amount is considered, public consultation will occur via the Southland District Council Annual/Long Term Plan process and a bylaw amendment process.~~ If Council decides to increase the levy amount, Approved Operators will receive 15 months lead in time before they start collecting the new amount and the increase will not take effect until 1 October in the year following the decision to adopt ~~the plan~~ a new or amended bylaw and policy.

5.1 Arrangements with Approved Operators

Approved Operators will collect revenue on behalf of Council in accordance with contractual arrangements. The contractual arrangements will be negotiated for each Approved Operator taking into account the individual circumstances of each transport business.

Apart from ISS McKay Limited, Approved Operators will collect revenue from passengers on both inbound and outbound journeys (~~\$2.50~~ half the revenue amount each way). This allows for passengers

who use different modes of transport to travel to and from the island and allows the revenue to be apportioned across the modes of transport on an equitable basis.

ISS McKay Limited will collect the revenue amount (\$15) from each passenger (carried to or from Stewart Island/Rakiura (or its internal waters) on behalf of Southland District Council. This applies regardless of whether or not that passenger disembarks and regardless of the number of times the passenger disembarks and embarks.

5.2 Collection of the levy from freedom travellers

The ~~Stewart Island/Rakiura Visitor Levy Bylaw~~ outlines levy collection from visitors who travel to the island via private or chartered transportation (i.e. freedom travellers). ~~A~~ The \$15 levy is payable when the visitor arrives on the island. Council has provided a collection box to receive payments or payment can be made at any Council office. The collection box is placed on the Main Wharf in Oban. Freedom travellers can deposit levy payments at this location at any time. Council may also enter into agreements with agents operating chartered vessels, to collect the levy from passengers on behalf of Council.

Only one payment is required per person for the duration of their stay on the island. Travel to neighbouring islands (excluding the mainland) will not constitute leaving the island.

6.0 Proof of exemption

Persons who are not required to pay the visitor levy or revenue can apply for a Southland District Council photo identification card. Southland District Council photo identification cards will be accepted as proof of exemption by Approved Operators and agents. They will also be accepted by enforcement officers monitoring compliance with the ~~Stewart Island/Rakiura Visitor Levy Bylaw~~.

A Southland District Council photo identification card will be issued and renewed at no cost to the applicant. Renewing a Southland District Council photo identification card will require confirmation of entitlement using documentation as set out in Appendix A. Photographs will also be updated at the time of renewal. It is the responsibility of the card holder to advise the Council of any change in contact details or exemption status.

The card remains the property of Southland District Council. Cards are not transferable and cardholders retain sole responsibility for use of the card issued to them. A replacement fee will apply to lost or damaged cards. This fee will be set out in the Southland District Council Schedule of Fees and Charges.

Agreements between Council and Approved Operators with respect to exemption identification are reached on an individual basis and may differ. A Southland District Council photo identification card may be required by the Approved Operator at the time of ticket purchase or boarding the vessel for an exemption to be granted.

Each Approved Operator may choose to compile a list of names eligible for local fares. Eligibility for a local fare is a commercial decision made at the discretion of Approved Operators and is not influenced or administered by Council. Individuals can contact Approved Operators to ascertain whether they maintain such a list and to determine their eligibility for inclusion. Eligibility for local fares may mean that there is no requirement to apply for and carry a photo identification card when travelling.

6.1 Application for exemption

An application to receive a Southland District Council photo identification card can be made by downloading the form from Council's website, attending the Southland District Council office located at 15 Forth Street, Invercargill ~~or~~ and by sending a completed application form to Council (PO Box 903, Invercargill 9840 or contactcs@southlanddc.govt.nz) with a colour passport photo of each applicant.

Applicants are also required to provide documentation which proves their exemption. Examples of accepted documentation to prove exemption status are set out in Appendix A.

7.0 Refunds

People who have been charged the levy but believe that they are exempt under the act can apply to Council to receive a refund.

Refund applications should state the reason for the claim, along with a copy of supporting documentation as set out in Appendix A.

An application for a refund must be made within six months of the date of travel.

8.0 Audit

Council has the ability to audit the collection and payment of the levy by agents and revenue by Approved Operators. Audit procedures may include a review of visitor numbers against funds received.

9.0 Enforcement

Part 2 of the act outlines infringement offences. Any person who evades the payment of a levy payable by that person or falsely claims that he or she is not a visitor commits an infringement offence.

An infringement fee has been set by way of regulation and will be displayed on signs erected on the island. The amount of the infringement fee is \$250. Infringement notices can be issued by Southland District Council Enforcement officers if they observe a person committing an infringement offence or if they have reasonable cause to believe that a person has committed an infringement offence.

Council will use the following to identify who is exempt from paying the levy: Southland District Council photo identification cards, ~~are accepted as proof of exemption. A~~ a ticket issued by an approved transport operator, and a cruise ship boarding pass, ~~or a~~ A receipt from the collection box or a levy collection agent will ~~also~~ be accepted as proof of payment of the levy.

10.0 Administration

The subcommittee has the delegated authority and is accountable to Council to ~~will~~ make decisions ~~to~~ approve ~~regarding funding~~ applications ~~from to~~ the Stewart Island/Rakiura visitor levy fund, in accordance with the Act. The subcommittee will meet annually to review applications and allocate funding. It may only allocate funding once a year.

The subcommittee is a subordinate decision-making body of the Community and Policy Strategy Committee. The subcommittee is subject to standard audit procedures. The Community and Policy Strategy Committee will be informed of funding decisions via memoranda. Council's Annual Report will contain an itemised statement of the Stewart Island/Rakiura Visitor Levy fund each year.

10.1 Subcommittee membership

The subcommittee will consist of the following members appointed by Council:

- the chair of the Community and Policy Strategy Committee
- the chair of the Finance and Audit Assurance Committee
- the councillor for Stewart Island/Rakiura
- a representative from the Stewart Island/Rakiura Community Board
- a representative recommended by each of the Approved Operators (three in total)
- a member to represent iwi
- a member from Stewart Island/Rakiura

The chair of the Community and Policy Strategy Committee will act as chair of the subcommittee.

The chair of the subcommittee will have a casting vote, which can only be exercised to resolve an evenly split vote.

If the councillor for Stewart Island/Rakiura is also the chair of the Community and Policy Strategy or the Finance and Audit Assurance Committee, then an additional councillor will be appointed to the subcommittee, by Council.

Elected members on the subcommittee must act in accordance with Council's Code of Conduct. Council's Standing Orders also apply to the subcommittee. If a subcommittee member has any connection to an application greater than that of the general public, that member should declare an interest in the relevant application, prior to it being considered. In such circumstances, the member affected shall still be entitled to speaking and voting rights, unless the member has a pecuniary interest in the application.

Further information on the appointment of the representatives from the Approved Operators, the iwi representative and the representative from Stewart Island/Rakiura, is provided in Appendix B.

10.2 Applications

The application process will be administered by Council. Advertisements will be placed at the beginning of March seeking applications and outlining the deadline for receipt of applications. The application period will close at the end of March.

Applications to the Stewart Island/Rakiura visitor levy fund must be made using the appropriate documentation provided by Council. All applications must include:

- an outline of the project or work requiring funding, including a timeline;
- if the project involves physical works, scale conceptual plans including site plans;
- any requirement for resource or building consent;
- a business plan for the project including costs and on-going funding requirements, if any;

- evidence of legal status of the applicant (eg, charitable trust or body corporate);
- an assessment of how the project is for the benefit of visitors; and
- declarations of interest.

An application can be made for funding in relation to salary and wages and it can relate to a range of things such as the development or maintenance of existing facilities, services and projects.

Applicants can indicate on their application form if they would like to be heard by the subcommittee.

Late applications will not be considered.

10.3 Allocation process

A three step process will be undertaken to allocate funds. The three steps are:

Step 1 - assessing if the application is eligible for funding

Step 2 - assessing which category the application falls under

Step 3 - allocating funds to applications from each category (using the funding allocation percentages as a guide and based on the strength of the application).

Step 1: Assessing if the application is eligible for funding

To be considered for funding, applications must be consistent with s.6(b) of the act. Section 6(b) states that revenue and levies collected must be used to:

- fund, wholly or in part, activities used by visitors or any class of excluded visitor;
- fund, wholly or in part, activities on the island for the benefit of visitors or any class of excluded visitor; and/or
- mitigate the adverse effects of visitors or excluded visitors on the environment of the island.

If an application is not consistent with s.6(b) of the act, this will be identified by a staff member or contractor.

Where appropriate, a staff member or contractor may liaise with an applicant to discuss their application (e.g. whether further information is needed, or whether there is a minor issue with the application etc). The applicant will be permitted to make minor amendments to their application in this circumstance.

If, after engaging with the applicant, the staff member or contractor thinks the application is still not eligible for funding, the staff member or contractor will communicate this to the subcommittee at the allocation meeting.

Step 2: Assessing which category the application falls under

Applications that are consistent with s.6(b) of the act will be assessed by a staff member or contractor as being in one of the following categories.

Allocation Category	Description
COUNCIL/COMMUNITY OWNED INFRASTRUCTURE	Applications relating to Council's/the community's physical and organisational structures and facilities <u>(e.g.</u>

	<u>buildings, jetties, tracks, power supply, WiFi installation, signage).</u>
OPERATIONAL COSTS	Applications by non-profit organisations to meet their operational needs/requirements. <u>(e.g. printing of maps, visitor experience host, museum operational costs, provision of WiFi service)</u>
COMMUNITY PROJECTS	Applications that do not relate to infrastructure. These applications must be made by Stewart Island/Rakiura resident/s, ratepayer/s or tenant/s. <u>e.g. habitat restoration, picnic tables</u>

A staff member or contractor will communicate to the subcommittee, which category they believe the application falls under. It is possible that an application will fit into more than one category.

Step 3 - Allocating funds in accordance with the funding allocation percentages and based on the strength of the application

Funding allocation categories and percentages

The subcommittee will consider the allocation categories when it allocates funding. Although it has complete discretion, as a guide, the subcommittee may allocate the funding received on an annual basis, to applications in each category in accordance with the funding allocation percentages outlined below.

Allocation Category	Funding Allocations
COUNCIL/COMMUNITY OWNED INFRASTRUCTURE	60-70% (% of the funds available annually that will be allocated to Council/community owned infrastructure)
OPERATIONAL COSTS	20-25% (% of the funds available annually that will be allocated to operational costs)
COMMUNITY PROJECTS	5-10% (% of the funds available annually that will be allocated to community projects)

The strength of the application

The subcommittee will allocate funds to applications in the allocation categories based on the strength of the application. The strength of an application will be determined by the extent it will:

- fund, wholly or in part, activities used by visitors or any class of excluded visitor; or
- fund, wholly or in part, activities on the island for the benefit of visitors or any class of excluded visitor; or
- mitigate the adverse effects of visitors or excluded visitors on the environment of the island.

For applications made by Council (including the Stewart Island/Rakiura community board), the inclusion of a project in Council's Long Term Plan indicates that it has gone through a community engagement process, and Council has endorsed the project as supporting the community's long term objectives.

The subcommittee will have regard to the extent ~~that~~ to which the proposed project will also benefit the local community.

A staff member or contractor will provide guidance to the subcommittee, on the strength of an application.

Committing to allocating funds in the future

The subcommittee can commit to multi-year funding (committing to give funds in an application round, to an applicant in future allocation rounds). This could be done by the subcommittee to commit to service loans drawn, such as to cover capital works projects. When this can occur, and for how many years, relates to the allocation category of the application, and is outlined in the table below.

Allocation categories	The number of years the <u>sub</u> committee can commit to giving funds to an applicant, in future allocation rounds
COUNCIL/COMMUNITY OWNED INFRASTRUCTURE	up to 10 years (the current allocation round, and the next 9 <u>nine</u> allocation rounds). <u>In exceptional circumstances, the subcommittee may consider a longer term of up to 30 years (the current allocation round, and the next 29 allocation rounds).</u>
OPERATIONAL COSTS	up to three years (the current allocation round, and the next two allocation rounds)
COMMUNITY PROJECTS	one year (just the current allocation round)

Allocations in each funding year will include those funds committed from prior years.

The subcommittee will work with staff to develop a 10 Year Funding Plan as part of each three year Long Term Plan cycle. This plan would then be approved by Council through the Long Term Plan. The plan could be used to provide forecasting around future revenue streams and also to enable the subcommittee to have a view on what proportions it might want to allocate towards multi-year commitments.

General points about allocation

Local and central government can make applications for funding.

Funding can be allocated to an applicant when he/she has received funding for the same or a similar thing, on a previous occasion.

Applicants are not required to have spent the funding that has been allocated to them previously, in order to be eligible for further funding.

The subcommittee can elect to allocate a lower level of funding to an applicant, but it cannot allocate more than what the applicant has requested.

When an application is considered by the subcommittee, the applicant will be notified within two weeks of the subcommittee meeting whether or not their application was successful, and if it was successful, the amount of funding allocated.

The subcommittee will not give further funding to applicants if they have not returned their accountability form to Council (when they have been required by this policy, to do so).

11.0 Accountability

Applicants will be required to complete and provide Council with accountability forms. Accountability forms must be returned to Council before 31 March, the year after the subcommittee grants the applicant funds. If an applicant hasn't used all (or any) of the funds by that time, the accountability form must still be completed. An applicant also must complete the accountability form by 31 March each subsequent year (even if the applicant outlines that no funding has been spent), until all of the funding allocated has been accounted for by way of an accountability form and/or returned to Council and the fund.

Any funds that are not spent by applicants (completing what was outlined in their application), within five years of the decision to allocate the applicant funding, must be returned to Council and the fund.

If any funding is returned, information on the amount and why the funding was returned, will be communicated to the subcommittee at the annual allocation meeting.

12.0 Review

Council will review the ~~Stewart Island/Rakiura Visitor Levy Bylaw~~ and this policy at any time, as required, but not less than ~~within~~ six years ~~of adoption~~ after the last review.

Appendix A: Documents which can be used to claim exemption or refund

The table below contains a list of documents which will be accepted as proof of exemption from the need to pay the Stewart Island/Rakiura Levy.

These documents will be accepted in relation to (1) applying for a photo identification card and (2) applying for a refund.

Original documentation from both Category A and Category B must be presented concurrently. Council requires proof of both identity and levy exemption status. A current address will need to be provided to receive notice of renewals and other information.

This is not a comprehensive list and other equivalent documents may be accepted when applying for a Southland District Council photo identification card or applying for levy refund.

AT LEAST ONE PHOTO ID MUST BE PRODUCED FROM CATEGORY A (THE NAME ON THE DOCUMENT MUST BE EXACTLY THE SAME AS THE APPLICANTS NAME)	
passport (passports can be accepted up to two years past the expiry date)	
proof of age card with photo	
drivers licence	
public service employee ID card bearing photo	
education ID card bearing photo	
firearms licence	
AT LEAST ONE FORM OF IDENTIFICATION FROM CAREGORY B	
REASON FOR EXEMPTION	EXAMPLE OF ACCEPTED PROOF OF EXEMPTION
<ul style="list-style-type: none"> • ratepayers • tenants • residents 	<p>One or more of the following documents showing name and address on Stewart Island/Rakiura:</p> <ul style="list-style-type: none"> • notice of rates or VG number verified by Rates Department. Rates notices must state that the applicant is the owner of the property to which the rates notice was sent and the document must be current at the time of the application • tenancy agreement • utilities bill • insurance renewal advice • motor vehicle registration • electoral roll number • mortgage documents • current land titles office records
<ul style="list-style-type: none"> • spouses of a ratepayer or tenant • civil union or de facto partner of a ratepayer or tenant • dependents of a ratepayer or tenant 	<ul style="list-style-type: none"> • application to be made in conjunction with the respective person

<ul style="list-style-type: none"> • Rakiura Māori Land Trust beneficiaries. 	<ul style="list-style-type: none"> • Council may be able to check property rights via the www.maorilandonline.govt.nz website or work with the Rakiura Māori Land Trust to access its database of beneficiaries
<ul style="list-style-type: none"> • people under the age of 18 	<ul style="list-style-type: none"> • passport • school student concession card • birth certificate
<ul style="list-style-type: none"> • owners or those working on transport vessels 	<ul style="list-style-type: none"> • employment documentation (eg, payslips, letter from employer)
<ul style="list-style-type: none"> • visitors whose visit is for 21 days or more 	<ul style="list-style-type: none"> • tickets or invoices showing names and dates of arrival and departure • receipts for accommodation covering the relevant time period

Appendix B: Appointing representatives to the subcommittee

Representative recommended by each of the Approved Operators

Council will request the Approved Operators to nominate a person to be a voluntary member on the subcommittee.

Representative for iwi

Council will, in accordance with its Charter of Understanding with Te Ao Mārama Incorporated, seek an iwi representative to be a voluntary member on the subcommittee. If a willing iwi representative is not identified through liaising with Te Ao Mārama Incorporated, Council will then approach other people who may be suitable for the role.

The appointment of a member to represent iwi will be reviewed every three years, after Council elections.

Representative from Stewart Island/Rakiura

Council will request expressions of interest from Stewart Island/Rakiura residents and ratepayers, to be a voluntary member on the subcommittee. A person will be selected by Council, following consideration of:

- the skills and experience of those interested
- the extent that conflicts of interest would be likely if the individual became a member (there is a preference for minimal/no conflicts being likely)
- the extent that the individual knows tourist/visitor requirements and impacts on the island.

If no-one suitable expresses interest, Council will approach people who may be suitable for the role.

The appointment of the Stewart Island/Rakiura representative will be reviewed every three years, after Council elections.



Southland District Council

DRAFT Stewart Island/Rakiura Visitor Levy Bylaw

Revision 2, 2022

DRAFT

Table of Contents

1	Title and commencement	3
2	Purpose of bylaw	3
3	Interpretation	3
4	Levy for visitors to Stewart Island/Rakiura.....	4
5	Surrounding islands	4
6	Means of collection of levies	4
7	Offences and penalties	4

Document Revision

Date	Amendments	Amended by	Approved by	Approval date
2012	Original		Council	12 Dec 2012
2019	2019 review <ul style="list-style-type: none"> • adding/amending definitions of ‘Approved Operator’ and ‘Visitor’ • adding the location of the collection box • adding the infringement fee that has been set by way of regulation • removing that payment can be made on website. 	Council	Council	7 February 2019 – to come into effect on 1 July 2019
<u>2022</u>	<u>If applicable: add any amendments here</u>	<u>Council</u>	<u>Council</u>	<u>If applicable: x June 2022</u>

1 Title and commencement

This bylaw may be cited as the Southland District Council Stewart Island/Rakiura Visitor Levy Bylaw.

This bylaw shall come into force on 1 October 2013.

2 Purpose of bylaw

The bylaw is made to prescribe:

- (a) the rate of the levy that will be imposed on or in respect of visitors; and
- (b) the means by which the levy is to be collected.

This bylaw does not apply to a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an ‘Approved Operator’ or who is otherwise excluded from the definition of ‘visitor’. As at the date of this bylaw the Approved Operators are ~~Real Journeys Limited~~ Real NZ Limited (currently trading as Stewart Island Experience), Stewart Island Flights Limited, and ISS McKay Limited (as agent for the cruise ship operators).

3 Interpretation

In this bylaw, unless the context requires otherwise:

Act	means the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act 2012
Approved Operator	means a person who owns or operates or is otherwise in control of a transport vessel and who enters into a contract with the Council: <ul style="list-style-type: none"> (a) relating to the provision of a service to carry to or from the Island passengers who, but for the contract, would be visitors to the Island; and (b) providing for revenue to be collected from the passengers; and (c) that has the effect of bringing passengers carried by the operator within the definition of an excluded visitor; and (d) including any other terms and conditions that may be agreed from time to time by the approved operator and the Council
Council	means the Southland District Council
GST	means goods and services tax chargeable under the Goods and Services Act 1985
Levy	means the levy set under clause 4 of this bylaw
Visitor	means any person who: <ul style="list-style-type: none"> (a) travels to or from the Island, whether for a single day or for any continuous period of less than 21 days, by any transport vessel; but (b) is not a person who: <ul style="list-style-type: none"> (i) for the purposes of the Local Government (Rating) Act 2002, is a ratepayer in respect of a rating unit on the Island; or (ii) is a resident of the Island by virtue of being a resident for electoral residency purposes under s.23 of the Local Electoral Act 2001; or

- | | |
|--|---|
| | <ul style="list-style-type: none">(iii) is a tenant of a rating unit for the purposes of the Residential Tenancies Act 1986; or(iv) is the spouse, civil union partner, de facto partner, or dependant of a ratepayer or tenant; or(v) is a beneficiary of the Rakiura Māori Land Trust or who has an ownership interest in a Māori land block on the Island; or(vi) is an excluded visitor. |
|--|---|

For the avoidance of doubt, as at the date of this bylaw, 'visitor' excludes a person who travels to or from Stewart Island/Rakiura under a contract of carriage with an Approved Operator or who is otherwise excluded from the definition of 'visitor'.

4 Levy for visitors to Stewart Island/Rakiura

The levy for a visitor who travels to Stewart/Island Rakiura is: ~~\$5.00 (inclusive of GST)~~

- (a) \$5.00 (inclusive of GST) before 1 October 2023; and
- (b) \$15.00 (inclusive of GST) after 1 October 2023.

5 Surrounding islands

For the avoidance of doubt, a visitor who has paid a levy for travel to Stewart Island/Rakiura is not required to pay an additional levy for return travel from Stewart Island/Rakiura to a surrounding island.

6 Means of collection of levies

Levies will be collected:

- (a) by Council at any of its offices;
- (b) by Council at its collection box on the Main Wharf in Oban; and
- (c) by agents of the Council appointed to collect levies on its behalf.

Details of the agents who have been appointed to collect levies will be given on the signs erected by the Council at major points of entry on Stewart Island/Rakiura under s.5(3) of the ~~act~~ Act and on Council's website.

7 Offences and penalties

A person commits an infringement offence under the act who:

- (a) evades the payment of a levy payable by that person; or
- (b) falsely claims that he or she is not a visitor.

The infringement fee for each infringement offence has been set by way of a regulation made under the ~~act~~ Act and it is \$250.

Southland District Council

This bylaw has been made and confirmed by a resolution passed at a meeting of Council held on Wednesday 12 December 2012.

THE COMMON SEAL of the }
SOUTHLAND DISTRICT COUNCIL }
was hereunto affixed in the presence of: }

MAYOR

CHIEF EXECUTIVE

Attachment C: Visitor levy amount methodology

How future Stewart Island/Rakiura visitor levy funding requirements have been estimated

This information has been developed in order to quantify the projected future cost of visitor-related services to inform the discussion about whether the current \$5.00 visitor levy is appropriate to fund visitors' share of activity costs over the next ten years or longer-term.

Visitor-related services are activities that visitors use, that benefit visitors, or that mitigate the adverse effects of visitors, in line with the requirements of the Empowering Act. This includes Council activities such as public toilets, parks, streetscapes, jetties, electricity supply (SIESA), wastewater, stormwater, roading and waste services, as well as the activities of other groups such as visitor promotion/information and ecology/environmental protection.

Council used two methods to estimate visitors' share of activity costs as shown in the table below.

VISITOR RELATED COSTS	HOW VISITOR RELATED COSTS HAVE BEEN ESTIMATED	
	Project Approach	Annual Depreciation Approach
COUNCIL ACTIVITY COSTS	Uses average annual project capital costs from the Council's Long Term Plan (LTP) 2021-2031 for visitor related infrastructure to estimate the projects that are eligible for levy funding. Only infrastructure activities with projects falling within the LTP period are included in the calculation.	Uses the annual depreciation cost for visitor related infrastructure to estimate the annual consumption of the assets on the island which are eligible for levy funding. All infrastructure activities are included in the calculation to reflect all infrastructure is used by visitors over the long-term.
OTHER AGENCY COSTS	Uses average annual operating and capital costs from other community agencies which are associated with visitor related activities. The other agencies include Stewart Island Promotion Association, Rakiura Heritage Trust, Stewart Island / Rakiura Community & Environment Trust and Department of Conservation. These costs have been identified as visitor related costs by these organisations.	

Both of these methods assign a % share of costs related to visitors. This is because only a portion of the total costs are related to visitor use with the residual related to island residents, ratepayers, businesses, organisations etc.

Four scenarios have been used to estimate the proportion of the costs that are visitor related and therefore eligible for a funding contribution from visitors (via the visitor levy). A range of scenarios have been used because Council acknowledges there are likely to be differing opinions about this approach as well as the proportion of costs on the island estimated to relate to visitors. As such, Council has attempted to reflect a range of opinions on these matters by using four scenarios for each calculation approach to estimate what levy quantum(s) may be required.

The four share allocation scenarios are:

- (a) **fixed share** - a consistent estimate that 30% of each activity costs (project or depreciation) relate to visitors irrespective of variations in visitor use/benefit between projects
- (b) **low estimate** - a low/conservative estimate of each activity costs (project or depreciation) attributable to visitors. A range of between 5% to 75% has been assigned to each project as being related to visitors

- (c) **high estimate** - a high/optimistic estimate of each activity costs (project or depreciation) attributable to visitors. A range of between 50% to 100% has been assigned to each project as being related to visitors
- (d) **mixed estimate** - a mixed “best” estimate of activity costs (project or depreciation) attributable to visitors based on varying degrees of visitor-related use/benefit/mitigation. A range of between 25% to 90% has been assigned to each project as being related to visitors.

Using this range recognises there is no single “right” answer to the proportion of costs that relate to visitor use, but does provide an indication of whether the current levy at \$5.00 is enough to fund the projected future demands for visitor-related services.

What the data shows about future visitor-related activity costs

Project Approach (estimating annual costs over LTP period)

Table 1 estimates visitors’ share of activity costs based on Council’s capital projects programmed for the island in the LTP 2021-2031 and a mix of operating and capital project costs for other island organisations. This approach shows the total cost of Stewart Island/Rakiura project related activity costs are projected to be around \$9.7 million over the next eight years with an average cost of \$1.2 million per annum (excluding GST). \$7.3 million of this relates to capital projects for infrastructure provided by Council (\$907,000 per annum) and \$2.4 million relates to operating and capital costs of activities provided by other community organisations (\$299,000 per annum). An explanation of what the information in the table shows and the sources of the information is included from page 6.

The scenarios show that the current visitor levy at \$5.00 (including GST) is likely to be insufficient to fund the projected future cost of visitor-related activities. **Depending on the share of activity costs estimated to be related to visitor use (scenarios a-d), the levy would need to increase to between \$11 and \$30 (including GST) using this approach as shown at the bottom of Table 1.**

Depreciation Approach (estimating annual costs over life of the asset)

Table 2 estimates visitors’ share of activity costs using annual depreciation costs for Council infrastructure on the island and a mix of operating and capital project costs for other island organisations (given that annual depreciation for other organisation activities is not relevant to operating costs). Annual depreciation has been used to estimate the amount of infrastructure that is used up each year taking into account the life of the asset and how long it is expected to last before it needs to be replaced. This second approach has been used to verify that the annual costs resulting from the project approach (using the shorter LTP period) are reasonable. In this scenario, Council has included depreciation on all infrastructure provided on the island, including roading and stormwater (which were not included in the project approach given no renewals of these assets were programmed within the LTP period). This approach shows the annual cost of Stewart Island/Rakiura activity costs are also projected to be around \$1.2 million per annum (excluding GST) with \$890,000 of this related to capital projects for infrastructure provided by Council and \$299,000 related to operating and capital costs of activities provided by other community organisations.

The scenarios in this approach also show that the current visitor levy at \$5 (including GST) is also likely to be insufficient to fund the projected future cost of visitor-related activities. **Depending on the share of activity costs estimated to be related to visitor use (scenarios a-d), the levy would need to increase to between \$9 and \$26 (including GST) using this approach as shown at the bottom of Table 2.**

Table 1: Project approach - visitor-related Stewart Island/Rakiura activities / projects eligible for Stewart Island/Rakiura visitor levy funding between 2023-2031

Stewart Island/Rakiura Visitor-related activities	Total budgeted project costs 2023- 2031	Estimate of the share of the activity related to visitor use				Explanation of how activity relates to visitors (either used by visitors, for their benefit or to mitigate adverse effects of visitors)	\$ eligible for levy funding based on estimated share (excluding GST)			
		Range					(a) Fixed Share 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate
		(a) Fixed Share 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate					
Council infrastructure project capital costs (project code) - sourced from Southland District Council's LTP 2021-2031										
Toilets (received levy funds in the past) Rates collected for this activity are paid by all ratepayers in Southland (via district rate)	325,105						97,206	195,063	325,105	292,595
Golden Bay, Horseshoe Bay toilet refurbishment and Braggs Bay and Moturau Moana toilet renewal (P-10637, P-10638, P-10639)	325,105	30%	60%	100%	90%	Public toilets on the island are there largely for the benefit of visitors and to help mitigate the adverse effects of visitors. If there were not such a high number of visitors to the island, public toilets would be less likely to be required.	97,206	195,063	325,105	292,595
Parks & reserves (received levy funds in the past) Rates collected for this activity are paid by ratepayers on Stewart Island/Rakiura (via local rate)	72,383						21,643	38,240	65,828	46,162
Moturau Gardens -roofing and foreshore playground equipment (P-10806, P-10807)	72,383	30%	53%	91%	64%	Playground equipment is used by both local residents and visitors to the Island. Given the small island population, the amount and frequency of playground equipment maintenance and replacement would be lower if the playgrounds were only used by residents. The gardens are available for use by both residents and visitors. However, visitors are likely to be more frequent users with the botanic garden walk featuring New Zealand native plants. As such the gardens have a primary benefit for visitors.	21,643	38,240	65,828	46,162
Streetscapes (received levy funds in the past) Rates collected for this activity are paid by ratepayers on Stewart Island/Rakiura (via local rate)	42,821						12,803	27,834	40,680	34,257
Baker Park tracks (P -10856)	42,821	30%	65%	95%	80%	With the high proportion of visitors that choose to walk around the island on foot, footpaths are of primary benefit for visitors. They also mitigate the adverse effects of the safety risk of high numbers of pedestrians walking on the road. The provision and maintenance of footpaths is a priority due to the higher number of visitors.	12,803	27,834	40,680	34,257
Jetties (received levy funds in the past) Rates collected for this activity are paid by ratepayers on Stewart Island/Rakiura (via local rate)	3,566,452						1,066,369	2,099,389	3,388,453	2,597,852
Golden Bay wharf investigation and renewal (P-10670, P-10671). Main wharf infill investigation (P-10855)	2,376,668	30%	54%	93%	69%	Golden Bay Wharf is the departure spot for all trips to Ulva Island, a major visitor activity, and therefore for the benefit of visitors. Renewal and refurbishment also mitigates the adverse effects of visitors, due to wear and tear from boats. It is acknowledged that non-visitor operations also use Golden Bay Wharf, including recreational boats. The main wharf provides for activities that visitors and residents use.	710,624	1,277,058	2,212,671	1,628,540
Stewart Island wharves - refurbishment (Millar's Beach, Fred's Camp) and renewal (Millar's Beach) (P-10674, P-10675, P-10686, P-10854)	280,031	30%	50%	95%	70%	The island wharves provide residents and visitors with access to special parts of the island. A number of wharves are predominantly used for visitor activities (like tramping/hunting) and are of primary benefit to visitors. The refurbishment and upkeep of these wharves also ensures that visitor access to different parts of the island is managed, which also helps to mitigate adverse effects that visitors may otherwise have.	83,729	140,016	266,029	196,022
Ulva Island wharf causeway renewal (P-10854)	909,753	30%	75%	100%	85%	The Ulva Island wharf provides for activities that visitors use and is used almost exclusively by visitors. Renewal and refurbishment also mitigates the adverse effects of visitors, due to wear and tear from boats.	272,016	682,315	909,753	773,290
SIESA (no levy funds in the past but are eligible) Rates for this activity are paid by ratepayers on Stewart Island/Rakiura (via local rate)	1,903,251						569,072	95,163	951,626	475,813
Transmission and generation renewal programme (P-10632, P10636)	1,903,251	30%	5%	50%	25%	While electricity on the island is not specifically for the benefit of visitors, it does directly contribute to activities and services used by visitors. Notably, without visitors staying at accommodation, using restaurants, cafes and other attractions, the amount of electricity required for the island would likely be significantly less. Electricity used by visitors on the island may be greater than 50%. However, as visitors contribute towards the cost of electricity through the price of goods and services they purchase while on the island, an allocation of between 25% and 50% represents a reasonable allocation of the benefit to visitors.	569,072	95,163	951,626	475,813
Waste services (no levy funds in the past but are eligible) Rates for this activity are paid by ratepayers on Stewart Island/Rakiura (via local rate)	54,055						16,162	2,703	40,541	13,514

Stewart Island/Rakiura Visitor-related activities	Total budgeted project costs 2023- 2031	Estimate of the share of the activity related to visitor use				Explanation of how activity relates to visitors (either used by visitors, for their benefit or to mitigate adverse effects of visitors)	\$ eligible for levy funding based on estimated share (excluding GST)			
		Range					(a) Fixed Share 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate
		(a) Fixed Share 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate					
Replacement collection vehicle (P-10424)	54,055	30%	5%	75%	25%	Waste management services mitigate the adverse effects of visitors. Given that there is a high number of visitors to the island, and the activities of visitors produce daily waste volumes higher than residents (from consuming food, tickets/bookings, media), an allocation of between 25% and 75% is thought to represent a reasonable allocation of benefit. Much less waste would be produced on the island without visitors.	16,162	2,703	40,541	13,514
Wastewater (no levy funds in the past but are eligible) Rates collected for this activity are paid by everyone in a wastewater area across district	1,293,660						386,804	64,683	970,245	323,415
Switchboards, cabinets and pumps (P-10472)	1,293,660	30%	5%	75%	25%	Wastewater services mitigate the adverse effects of residents and visitors by ensuring that sewage is treated and disposed of appropriately. While wastewater services are not specifically for the benefit of visitors, given the high number of visitors to the island, the capacity requirements of this activity are vastly increased to be able to manage higher loads than would otherwise be needed. As such, an allocation of between 25% and 75% is thought to represent a reasonable allocation of benefit.	386,804	64,683	970,245	323,415
Other organisations operating and capital costs - as advised by community groups										
Community Groups (received levy funds in the past) Any decision to collect rates for this activity in the absence of levy funding will subsequently need to identify who is liable for the rate	2,392,825						715,455	1,456,327	2,392,825	1,813,008
Stewart Island Promotion Association - visitor maps and free wifi Rakiura Heritage Trust - operational costs SIRCET (Stewart Island / Rakiura Community & Environment Trust) - operational costs	565,158	30%	64%	100%	78%	Island maps are primarily for the benefit of visitors. Free wifi is primarily for the benefit of visitors, and is a significant factor to improving the visitor experience for many. The museum facility is a key visitor hub mainly used by visitors. As such, some of the operational costs related to the operation of the facility (such as electricity and staffing) are of primary benefit to visitors. The trust is involved in projects that help to restore the ecology of the island through the control of pests and weeds, making the island more attractive to visitors, many of whom travel to the island for a nature/bush experience.	168,982	359,727	565,158	442,258
DOC Rakiura Track maintenance shortfall and capital projects (Chocolate Swamp boardwalk for back country and Rakiura Track projects for Kaipipi Inlet bridge replacement, track hardening and resurfacing, shelter and signage)	1,827,667	30%	60%	100%	75%	Department of Conservation (DOC) tracks are mainly used by visitors to the island for tramping, hunting and recreation. While DOC facilities have not received levy funding in the past, these provide a high level of benefit to visitors, many of whom travel to the island for a wilderness/bush/nature experience. As such, these facilities are eligible to apply for levy funding.	546,472	1,096,600	1,827,667	1,370,750
All project costs (excluding GST)	Total <i>Per annum</i>	9,650,552 1,206,319					2,885,515	3,979,401	8,175,302	5,596,615
							360,689	497,425	1,021,913	699,577
Council costs (LTP 21-31)	Total <i>Per annum</i>	7,257,727 907,216					2,170,060 271,258	2,523,074 315,384	5,782,478 722,810	3,783,606 472,951
Other agency costs (community, DOC)	Total <i>Per annum</i>	2,392,825 299,103					715,455 89,432	1,456,327 182,041	2,392,825 299,103	1,813,008 226,626
Average eligible project costs per annum (over 8 years) (including GST)							414,793	572,039	1,175,200	804,513
Projected visitor levy required based on project approach (including GST)¹							\$11	\$15	\$30	\$21
Current visitor levy (including GST)							\$5	\$5	\$5	\$5
Increase							\$6	\$10	\$25	\$16

(1) The number of visitors is estimated to be 38,700 per annum (average over 7 years since levy introduced).

Table 2: Depreciation approach - visitor-related Stewart Island/Rakiura infrastructure / activities eligible for Stewart Island/Rakiura visitor levy funding

Council Infrastructure / Activity	Depreciation basis	Annual depreciation (used to estimate annual consumption or use of the asset) (excluding GST)	Estimate of the share of the activity related to visitor use				\$ eligible for levy funding based on estimated share (excluding GST)			
			Scenario/range (as per project basis)				(a) Fixed Share 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate
			(a) Fixed Share 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate				
Wharves	Project costs ¹	71,329	30%	59%	95%	73%	21,399	41,988	67,769	51,957
Sewerage	Revaluation	338,355	30%	5%	75%	25%	101,507	16,918	253,766	84,589
Stormwater	Revaluation	20,206	30%	65%	95%	80%	6,062	13,134	19,195	16,164
Roading	Revaluation ²	139,856	30%	5%	50%	25%	41,957	6,993	69,928	34,964
Waste Services	Cost	22,321	30%	5%	75%	25%	6,696	1,116	16,741	5,580
Footpaths	Revaluation + cost	17,985	30%	65%	95%	80%	5,395	11,690	17,085	14,388
Parks / reserves ³	Cost	8,196	30%	53%	91%	64%	2,459	4,330	7,454	5,227
Toilets	Cost	1,274	30%	60%	100%	90%	382	764	1,274	1,146
SIESA	Cost	267,015	30%	5%	50%	25%	80,105	13,351	133,508	66,754
Total annual Council activity cost		886,537					265,961	110,283	586,720	280,769
Community Groups	Total cost (as per project approach)	Annual average grant (as per project approach)								
Promotions/Trust/SIRCET	565,158	70,645	30%	64%	100%	78%	21,123	44,966	70,645	55,282
DOC	1,827,667	228,458	30%	60%	100%	75%	68,309	137,075	228,458	171,344
Total annual community group cost		299,103					89,432	182,041	299,103	226,626
Total eligible annual costs (excluding GST)		1,185,640					355,393	292,324	885,823	507,395
Eligible annual costs (including GST)							\$408,702	\$336,172	\$1,018,697	\$583,505
Projected visitor levy required based on depreciation approach for Council activities (including GST)⁴							\$11	\$9	\$26	\$15
Current visitor levy (including GST)							\$5	\$5	\$5	\$5
Increase							\$6	\$4	\$21	\$10

(1) Wharves have been estimated to have a life of 50 years.

(2) Roding depreciation costs have been calculated at 50% of the total annual depreciation to allow for Waka Kotahi's 50% share of costs

(3) Playground depreciation data has been used in the calculation

(4) The number of visitors is estimated to be 38,700 per annum (average over 7 years since levy introduced)

Understanding the information in the project approach (Table 1)

Visitor-related activities/projects - Stewart Island/Rakiura		Total budgeted project costs	Estimate of the share of the activity related to visitor use (either used by visitors, for their benefit or to mitigate adverse effects of visitors)				\$ eligible for levy funding based on estimated share (excluding GST)			
Activity/project (Project code)	2023-2031	(a) 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate	(a) Fixed Share 30%	(b) Low Estimate	(c) High Estimate	(d) Mixed Estimate	
Toilets (received levy funds in the past) Rates collected for this activity are paid by all ratepayers in Southland (via district rate)	325,105					97,206	195,063	325,105	292,595	
Parks and reserves (received levy funds in the past) Rates collected for this activity are paid by ratepayers on Stewart Island/Rakiura (via local rate)	72,383					21,643	41,620	66,954	50,668	
Community Groups (received levy funds in the past) Any decision to collect rates for this activity in the absence of levy funding will subsequently need to identify who is liable for the cost	2,392,825					715,455	1,506,339	2,392,825	1,851,134	
All project costs	9,650,552					2,885,515	3,706,402	7,686,842	5,258,458	
Council activity costs (LTP 21-31)	7,257,727					2,170,060	2,200,063	5,294,018	3,407,323	
Other agency costs (community, DOC)	2,392,825					715,455	1,506,339	2,392,825	1,851,134	
Average eligible project costs per annum (over 8 years) (including GST)						414,793	532,795	1,104,984	755,903	
Projected visitor levy required (including GST)						\$11	\$14	\$29	\$20	
Current visitor levy (including GST)						\$5	\$5	\$5	\$5	
Increase						\$6	\$9	\$24	\$15	

Column 1 describes the visitor activities/projects for Stewart Island/Rakiura which are eligible for levy funding. These describe the areas where there is projected future demand for services from visitors. These have been sourced from Council's Long Term Plan (LTP) 2021-2031 capital project list and from information provided by community groups about their visitor-related costs. These have been grouped by activity (row A) with the details of the project/cost in the rows below each activity (row B). Please note that this is not considered to be an exhaustive list of all the future work scheduled for the island related to visitors and also excludes annual maintenance/operating costs for Council infrastructure which visitors also benefit from. However, it does give an indication of likely future costs. Some projects may also be eligible for funding from other sources including grants, fees and charges, rates. Accordingly, the model assigns a % share of project costs related to visitor use/benefit/mitigation that may be eligible for visitor levy funding assuming the remainder will be funded by grants, fees and charges or rates.

Column 2 shows the total amount budgeted for the various projects/costs from 2023 to 2031. Projects for 2021/2022 and 2022/2023 have generally not been included as any increase in the levy quantum would not take effect until October 2023. However, the adjusted cost of loan-funded projects for Stewart Island jetties (Golden Bay and Ulva Island) scheduled in 2021/2022 and 2022/2023 have been included on the basis that these costs are potentially eligible for loan funding from the levy fund.

Columns 3-6 detail four different scenarios on what % share of the projects/costs might relate to visitors and therefore be eligible for levy funding. A % share has been allocated for each individual project and then weighted to get an average % share for groups of projects as shown in the table. The project % has been considered when thinking about what proportion of the activity is used by visitors or benefits visitors or mitigates the adverse effects of visitors. The remaining % is then assumed to be funded from other sources (like grants, fees/charges or rates). The % share allocations scenarios are as follows:

- Column 3 (a) **fixed share**: a consistent estimate of the project/activity costs that relate to visitors irrespective of variations in visitor use/benefit between projects
- Column 4 (b) **low estimate**: a low/conservative estimate of each project/activity costs attributable to visitors
- Column 5 (c) **high estimate**: a high/optimistic estimate of each project/activity costs attributable to visitors
- Column 6 (d) **mixed estimate**: a mixed "best" estimate of project costs attributable to visitors based on varying degrees of visitor-related use/benefit/mitigation.

Column **7** provides an explanation of how the activity relates to visitors either through visitor use of the service, the general benefit that visitors get from the activity or in terms of how the activity mitigates the adverse effects of visitors.

Column **8-11** uses the % shares in columns 3-6 to calculate the amount of the activity/project costs related to visitors that may potentially be eligible for levy funding for each scenario over the eight-year period.

Row **C** shows the total costs overall, costs per annum (over the eight years) as well as the proportion of these costs that could be attributed to visitors based on the relevant scenario (a), (b), (c) or (d).

Rows **D** shows the total Council-related costs and community group-related costs for each scenario. Council-related project costs are those for toilets, parks, streetscapes, jetties, electricity supply (SIESA), wastewater and waste services. Visitors also benefit from roading and stormwater costs which are not included in the project approach table as there are no projects programmed in the LTP period related to these activities because renewals are not due until after 2031.

Row **E** shows the average cost per year (including GST) of projected future visitor-related costs by scenario.

Row **F** shows what the visitor levy would need to be in order to generate sufficient income to pay for the projected future visitor-related costs by scenario. This is based on 38,700 visitors per annum (which is the average number of visitors over the past seven years). The current levy is \$5.

Row **G** shows the increase in visitor levy required for each scenario.

***Notes:** All project costs are representative only and are subject to change. All figures are GST exclusive unless otherwise stated.*

Assumptions

The following assumptions have been made in preparing this information:

1. Capital projects will be fully funded in the year they are carried out rather than loan funded. This assumption has been made to keep the analysis simple and given the uncertainty about whether the subcommittee would commit to 10 to 30-year loan servicing of substantial projects. The current policy only allows 10-year loan funding, but the draft policy proposes to extend this to 30 years for infrastructure projects in exceptional circumstances.
2. In the absence of levy funding for Council-related project costs and, where funding from grants or fees (e.g. commercial wharf user fees for jetties) are less than the total cost of the project, it is assumed that the project will be funded from the rate used to fund the activity as per the rates Funding Impact Statement in the LTP. However, in the event that rate funding would be needed, the projects would most likely be funded via 30-year loans which would be repaid through rates.
3. If community group-related costs do not receive levy funding, it is assumed they will be funded from sources other than rates.