

Council's Financial Sustainability Work

This Fact Sheet outlines the 'other' work Council has undertaken, or is undertaking, to improve efficiencies and raise additional revenue to continue to provide the services and infrastructure the community desires.

The 'other' work on Council's financial sustainability refers to work other than considering an application to IPART for a Special Rate Variation.

As part of the engagement process to improve Council's financial sustainability, Council will present and seek feedback on the potential advantages, limitations, and impacts of a range of alternative or complementary approaches.

While these measures can contribute additional revenue, they are generally limited in scale compared to rates and may have impacts on affordability and access to services.

Why does Council need additional revenue?

The current [2026 to 2036 Long Term Financial Plan](#) highlights a number of significant financial challenges facing Council. Under the base case scenario, Council is forecasting:

- ongoing operating deficits in the General Fund
- declining unrestricted cash reserves
- an inability to meet key benchmarks for infrastructure renewal over time.

These pressures have been exacerbated by a range of external factors, including:

- population growth
- increasing service demands
- rising costs
- the financial impacts of recent natural disasters such as the 2022 flood events.
- Renewal and maintenance of critical infrastructure, particularly transport and stormwater assets
- Climate adaptation and resilience through investment in renewal, construction, and maintenance of infrastructure that mitigates the impacts of climate related events
- Business resilience and implementation of new systems to improve organisational efficiency
- Improving the financial sustainability of Council

The Long Term Financial Plan indicates that continuing with a "business as usual" approach is not financially sustainable in the long term. Without intervention, Council will face increasing difficulty maintaining current service levels, renewing and maintaining infrastructure, and responding to emerging challenges such as climate adaptation and community resilience.

Special Rate Variation

Councils in NSW cannot increase rates more than the rate peg which is set by the NSW State Government each year. Importantly, the rate peg does not apply to individual properties. This means that while the total amount of rate revenue collected by Council is capped, the amount that any individual ratepayer pays may increase by more or less than the rate peg.

The rate peg is usually between 2 – 5% and varies based on several factors. Information on how rate pegs work can be found here [The rate peg | IPART](#).

A Special Rate Variation (SRV) allows a council to apply to IPART to increase its total general rates income above the rate peg.

If Council proceeds with an SRV application, it will be required to demonstrate to IPART the productivity improvements and cost containment measures it has implemented.

Council have requested that community engagement be undertaken regarding 'Financial Sustainability and Potential Special Rate Variation' (resolution 26-177), noting that outcomes of the engagement process will be reported back to Council prior to any formal decision to apply for a Special Rate Variation.

While a Special Rate Variation (SRV) is one option available to Council to address its financial challenges, it is not the only option. Council has a responsibility to consider a range of measures to ensure long-term financial sustainability and to involve the community in understanding and evaluating these options.

What other options exist?

increase revenue

Council has limited ability to increase revenue outside of rates; however, options that can be considered include:

- Sale of Assets
- Review fees and charges
- Funding from external sources

While these measures can contribute additional revenue, they are generally limited in scale compared to rates and may have impacts on affordability and access to services.

reduce expenditure

Council can improve its financial sustainability by reviewing how services are delivered and exploring efficiencies, including:

- Review of non-mandatory services
- Adjusting service levels
- Cost containment

While reducing expenditure can help improve Council's financial position, it may involve changes to service levels, programs, or facilities that are valued by the community. Careful consideration is required to balance financial sustainability with community expectations and needs.

How Council has improved, or is improving, efficiency

To strengthen its financial sustainability, Council is undertaking a comprehensive review of its operations, resources, policies, and practices to identify opportunities for improvement.

This work is reflected in the Delivery Program priority:

1.3.2: Review finances and productivity to identify and investigate additional revenue sources including a Special Rate Variation

And further in the Operational Plan activity:

1.3.2.1: Undertake a financial review and productivity improvements to facilitate future consideration of additional revenue sources; including evaluation of the need and impact of a Special Rate Variation, Developer Contributions, rental income from leases and licenses, and other levies.

Links: [Delivery Plan 2025-2029](#) and our [Operational Plan 2026-2027](#).

The Organisational Improvement Program is underpinned by seven key focus areas:

The Organisation Improvement Plan is underpinned by seven key focus areas:



People, Structure, and Governance:

Review of organisational structure, realignment of roles, and strengthening a culture of accountability.



Technology:

Exploring digital transformation opportunities and assessing enterprise systems for upgrades or improvements.



Assets:

Evaluating asset uses and implementing actions from the Strategic Asset Management Plan. This may include divesting or rationalising assets and reviewing maintenance and capital works programs.



Strategic Planning:

Strengthening long-term planning for capital and operational programs, enabling better decision-making and financial modelling.



Service Delivery:

Undertaking the service review framework, and carrying out an assessment of current service levels, and alignment with community needs.



Finance:

Reviewing income streams such as developer contributions, grants, fees and charges. Reviewing expenditure through procurement enhancement and cost containment opportunities to improve fiscal management.



Business Processes:

Analysing core business processes and identify opportunities to streamline operations.

Council has a history of ongoing exploration of efficiencies, including:



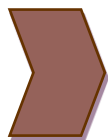
2012

Council closely reviewed finances and expenditure and developed a Financial Sustainability Plan to help find new ways to channel funding back into infrastructure. The initiation of this project provided a solid foundation for when the NSW State Government announced its Local Government Review in 2014.



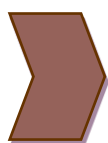
2014

NSW State Government Council Improvement Program – Fit for the Future. Byron Shire Council's Improvement Program was to generate more funds to support our ageing infrastructure needs. The program included an organisation efficiency restructure which in 2013/14 saw savings of about \$750,000 channelled back into services on a recurrent basis. The property portfolio was also reviewed with some underperforming assets sold. A Procurement Road Map was developed to find savings of 1% (approximately \$300,000 per year at the time). Pay parking was introduced in Byron Bay which netted income (predominantly from tourists and visitors) of approximately \$2 million per year (at the time) to go back into funding infrastructure.



2024 (per council term)

Following each Local Government election (the most recent one was 2024), Councils are legally required to review their organisations structure within 12 months after the election (section 333 of the Local Government Act 1993). The structure must be designed to effectively deliver the priorities outlined in Council's Community Strategic Plan and Delivery Program (4-year plan for the new term of Council). Councils evaluate whether their existing directorates and business units are fit-for-purpose and adequately support operational efficiency and community needs. Council's current Workforce Management Strategy 2025-2029 is available on the website.



Ongoing

Council's Audit, Risk and Improvement Committee are continuously undertaking internal audits on different aspects of Council's operations to identify efficiencies and improvements to Council's delivery of services.

In addition, Council participates in other improvement programs such as Statewide Mutual's annual Continuous Improvement Program. Council participated in the Local Government Performance Excellence Program (2018-2022), which analyses performance across the following Council areas:

1. Workforce
2. Finance
3. Operations
4. Corporate Leadership
5. Asset Management
6. Risk Management
7. Service Delivery



Adjusting Service Levels

Where additional funding is not secured, council may be required to reduce or cease services and defer infrastructure maintenance to manage operating deficits.

This may include:

- Reduced road maintenance, including pothole repairs
- Reduced operating hours for community facilities like libraries or pools
- Delayed approval and regulatory services, potentially resulting in non-compliance
- Reduced maintenance of public amenities including parks, gardens, and toilets
- Deferral of essential infrastructure upgrades
- Loss or reduction of non-core services, including reconsidering financial assistance to community groups and organisations.

While this may reduce costs, it would also impact the level and quality of services delivered to the community.

Section 8 of the Local Government Act 1993 outlines the guiding principles for councils in NSW, however it does not prescribe a definitive list of services that must be provided. Section 8A(1)(c) does state Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.

Council services are defined in the Delivery Program (one of the components of Integrated Planning and Reporting), however, within each service area there may be a mix of mandatory and discretionary components. These can be further shaped by varying levels of service, which are ultimately determined at Councils discretion.

Council have requested a report on a *Comprehensive Review of Council Business* as per the resolution below. This information will be provided as part of the process of considering the application for a Special Rate Variation.

26-108 (Part 3) - Comprehensive Review of Council Business

That Council receives a report:

- a. detailing Council expenditure on services which are not directly required to be delivered by the Council under statutory mandate but which by resolution or in practice Council chooses to fund and;*
- b. that compares this expenditure to our neighbouring NRJO Councils' expenditure, where possible.*

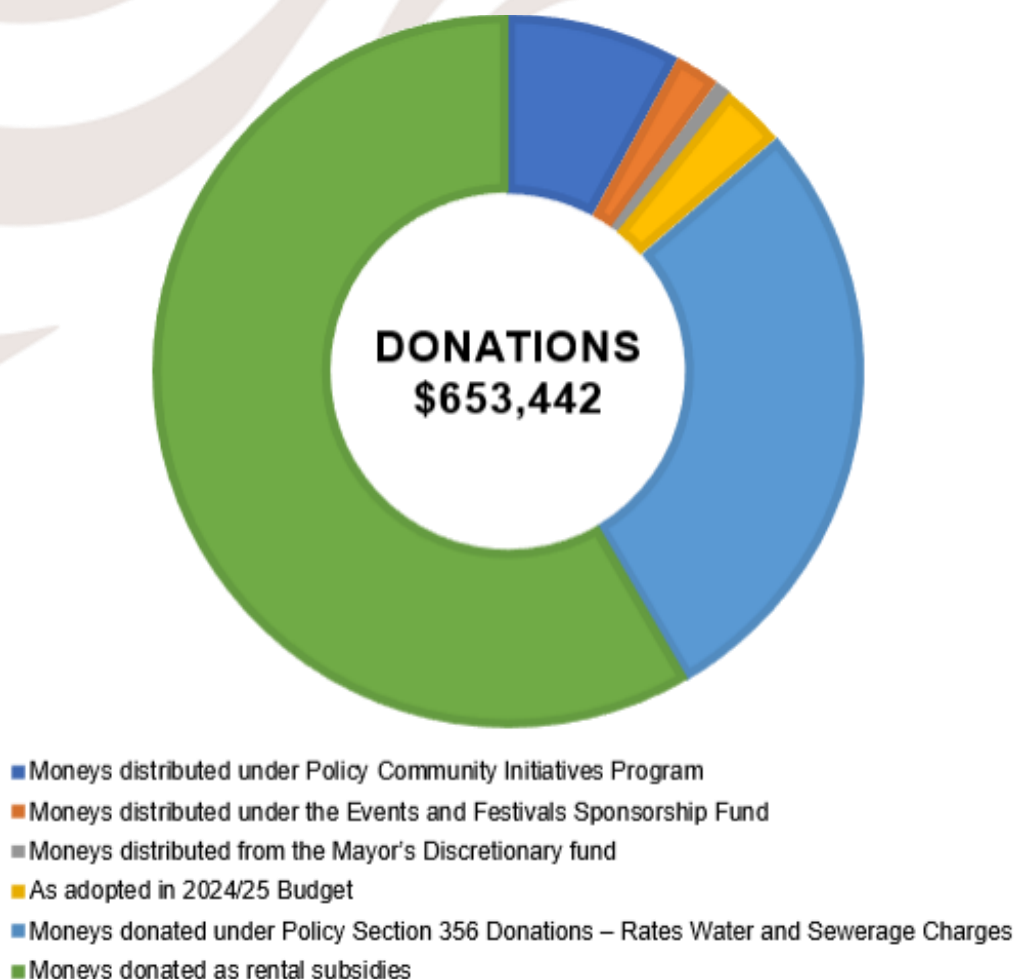
It is expected this report will be available in November 2026.

A preliminary table of core and non-core services provided by councils in NSW can be found below.

	Mandatory Components Examples	Discretionary Components Examples
Enabling Services	Financial management, auditing, rates administration, governance, compliance, IP&R, procurement, WHS obligations, records management, ICT security, payroll, emergency management responsibilities	Grants, customer service approach, ICT enhancements, learning & development programs
Community Services	DIAP, regulatory enforcement, public health requirements, companion animal compliance, disaster response obligations	Library service level, arts & culture, youth programs, homelessness support, events, communications & media, community engagement approach
Community Assets	Asset safety compliance, statutory cemetery obligations, minimum vegetation/bushfire risk management	Parks & recreation provision and standards, public amenities frequency/level, community buildings, holiday parks, airfield, dune care programs
Planning & Development	DA assessment, mandatory inspections, statutory planning instruments, strategic land use planning, environmental compliance	Place planning, economic development, climate adaptation and mitigation, agriculture programs, enhanced environmental initiatives
Infrastructure	Road network obligations, bridge/culvert maintenance, asset management planning	Footpaths & cycleways, beautification, landscaping, quarry operations, major projects
Utilities	Water & sewer compliance (where council is the provider), trade waste regulation	Service levels
Waste & Cleansing	Minimum domestic waste service, regulated waste facility operations	Additional waste collections, street cleaning, resource recovery initiatives, Tip Shop

Table: preliminary listing of core and non-core services provided by council.

Council also provides financial assistance to a total of 130 community groups/ organisations and individuals through \$653,442 in donations, assisting them to offer services to Byron Shire residents and visitors (Annual Report 2024/25).



How can Council raise additional revenue?

Council has limited ability to increase revenue outside of rates; however, options that can be considered include:

- **Sale of Assets**

This can provide a one-off injection of funds and may reduce ongoing maintenance costs. However, it represents the loss of a community asset and does not provide a sustainable, ongoing revenue source. Once the asset is sold, and the money spent, there is no ongoing source of revenue.

Council could consider the sale of some land and building assets, however, our community have told us they value these assets being publicly owned and available for community use. Council often receives requests for use of these spaces.

- **Review fees and charges**

- Implement new fees and charges, for example for new services.
- Increased cost recovery for user-pay fees and charges (e.g. swimming pools, sporting fields, community halls, childcare, etc) Council could increase revenue by increasing some of the fees charged for these services.

All discretionary fees and charges apply to any user accessing Council services of facilities. Council would prefer not to add to the increasing cost-of-living pressures by increasing user charges for pools, sports fields and the like.

Targeting only those fees that have the least impact on low-income community members will be challenging and may not be feasible. For example, adjusting fees, such as holiday park tourist rates, is unlikely to significantly improve Council's financial sustainability. Profits generated by holiday parks are typically reinvested into park operations, noting these holiday parks are in direct competition with other holiday parks in the Shire.

- Review leases and licences – market rent v subsidised rent. Currently Council subsidises the rent of some community buildings for community organisations (to the value of \$381,700 in 2024/25) and donates money to cover water and sewerage charges to some community organisations (to the value of \$182,449 in 2024/25). Council has historically leased or licensed some properties at minimal rental rates that do not reflect the true cost of asset provision. Moving towards a more commercial approach to pricing could improve financial sustainability and reduce the level of subsidisation from Council's general revenue. However, this may lead to concerns from community organisations regarding affordability, potentially resulting in requests for fee waivers or reductions.
- Review of pay parking charges and/or expansion of the scheme. Note that the introduction or expansion of paid parking has the primary aim to manage parking demand, rather than generate revenue and must go through a regulatory process to meet the requirements as set out by Transport for NSW. Introduction of a paid parking area is a result of a parking study which demonstrates parking is high demand and the area in question has other parking constraints. A Parking Permit scheme can be approved in areas where the demand for parking exceeds the available on-street parking spaces and other criteria are met.
- **Funding from external sources**
 - Council continues to apply for grant funding to support infrastructure needs and service delivery, however this cannot be relied upon and often does not meet maintenance costs
 - Refer to our *Fact Sheet – Grants Received Summary*
- **Commercial opportunities**
 - Councils can raise funds by owning and operating commercial property or developing green-field sites.

More work to be done

Council has requested a report on an *Exploration of Alternative Options to Support Long-Term Financial Sustainability* as per the resolution below. This information will be provided as part of the process of considering the application for a Special Rate Variation.

26-110 - Exploration of Alternative Options to Support Long-Term Financial Sustainability

That Council:

1. Requests a report outlining potential alternative options available to Council to improve long-term financial sustainability, with a primary focus on options that do not involve the sale of public assets.
2. Requests that the report include:
 - a. An assessment of a range of revenue opportunities, including but not limited to:
 - i. Expansion or introduction of paid parking in appropriate locations across the Shire;
 - ii. Review of fees and charges and cost recovery opportunities, including modelling of increases to pay parking fees and holiday park tourist rates, and a focus on fees and charges with the least impact on low-income community members
 - iii. Commercial opportunities, including at Tyagarah Airstrip, and other income-generating initiatives such as leasing, licensing or naming rights;
 - b. Identification of Council-owned land and assets that may be underutilised, with:
 - i. A focus on opportunities to enhance community use and generate revenue without overall divestment, for example by reinvesting funds in public assets such as housing.;
 - ii. An assessment of whether identified assets are strategic or non-strategic, and options to optimise their use for community benefit;
 - c. Analysis of expenditure on external consultants
 - d. Analysis of the opportunities, risks, benefits, and limitations associated with each option;
 - e. High-level indicative valuations or potential revenue estimates where appropriate (excluding any presumption of sale);
 - f. Consideration of the financial and community impacts of these options;
 - g. Commentary on alignment with Council's Community Strategic Plan and long-term objectives.
3. Notes that:
 - a. The exploration of asset-related options does not indicate a Council position to dispose of public assets, but rather seeks to ensure all options are transparently considered;
 - b. Maintaining public assets in public ownership remains an important principle for Council and the community;
 - c. A combination of measures will be required to address Council's long-term financial sustainability challenges.
4. Requests that the information be reported as it becomes available, to inform ongoing budget deliberations and community engagement, with a view to implementing a participatory budgeting process for the Long-Term Financial Plan.