

General Purpose Standing Committee Number 3 Inquiry into tourism in local communities

Questions: Byron Shire Council – Submission 22

1. Can you please provide the documented costs of the sea-change information held by council, the non-resident cost to council, because that is an interesting assessment?

Byron Shire Council participated in the research project "A Survey of Non-Resident Populations" conducted by National Seachange Taskforce April 2012. The National Sea Change Taskforce research project aimed to develop a methodology for including data on tourists and other non-residents in area population figures. It was conducted by the National Sea Change Taskforce and the Australian Population and Migration Research Centre (GISCA) at The University of Adelaide.

The Final Report is attached, titled "Time and tide: moving towards an understanding of temporal population changes in coastal Australia" (E2013/36809, 166 pages).

The report provides a 'profile' of a non-resident owner in Byron Shire, and benchmarked against the other local government area's that participated in the research. What the report does not do, is provide any cost estimates of 'non-residents' to Council, nor any methodology to calculate these costs.

We do not hold any information on 'documented costs of the sea-change information held by Council', nor on the non-resident costs to Council.

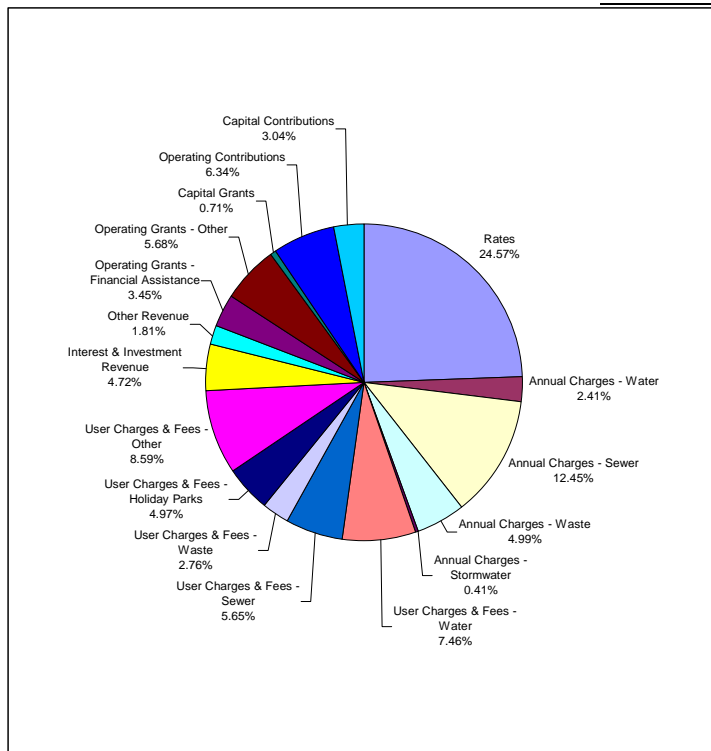
2. What are Council's main income sources?

The table and pie chart overleaf shows Councils income sources.

The table below provides an entitlements comparison for Financial Assistance Grants. This demonstrates the inequitable distribution of funds to Byron Shire Council as compared with the six other Local Government Areas in the Northern Rivers.

**Byron Shire Council
Revenue Sources 2012/2013**

Revenue Source	\$'000	%
Rates	16,815	24.57%
Annual Charges - Water	1,648	2.41%
Annual Charges - Sewer	8,521	12.45%
Annual Charges - Waste	3,418	4.99%
Annual Charges - Stormwater	284	0.41%
User Charges & Fees - Water	5,106	7.46%
User Charges & Fees - Sewer	3,866	5.65%
User Charges & Fees - Waste	1,887	2.76%
User Charges & Fees - Holiday Parks	3,403	4.97%
User Charges & Fees - Other	5,876	8.59%
Interest & Investment Revenue	3,231	4.72%
Other Revenue	1,239	1.81%
Operating Grants - Financial Assistance	2,358	3.45%
Operating Grants - Other	3,885	5.68%
Capital Grants	484	0.71%
Operating Contributions	4,338	6.34%
Capital Contributions	2,083	3.04%
Total Revenue	68,442	100.00%



Financial Assistance Grant Entitlements Comparison

Year	Byron Shire	Ballina Shire	Lismore City	Tweed Shire	Richmond Valley	Clarence Valley
2001/2002	2,099,652	2,535,628	4,308,368	5,841,144	3,208,612	Not Available
2002/2003	2,210,395	2,755,163	4,475,632	6,205,604	3,312,798	Not Available
2003/2004	2,294,979	2,838,006	4,566,201	6,581,007	3,330,883	Not Available
2004/2005	2,274,115	2,912,055	4,731,946	6,966,039	3,513,017	8,086,246
2005/2006	2,249,334	2,992,286	5,026,506	7,284,445	3,629,902	8,323,621
2006/2007	2,246,996	2,981,692	5,283,857	7,492,740	3,742,458	8,813,768
2007/2008	2,294,805	3,046,639	5,637,014	7,790,126	3,939,350	9,048,167
2008/2009	2,315,174	3,074,183	5,922,710	8,093,974	4,103,778	9,269,447
2009/2010	2,362,779	3,142,620	6,192,251	8,463,610	4,286,488	9,562,630
2010/2011	2,420,867	3,259,587	6,402,821	8,747,991	4,494,720	9,900,168
2011/2012	2,412,432	3,311,673	6,295,894	8,760,222	4,518,847	9,856,095
2012/2013	2,431,233	3,454,118	6,326,466	9,011,160	4,622,281	10,071,122
2013/2014	2,480,066	3,594,875	6,330,227	9,234,123	4,688,348	10,239,848
Total	30,092,827	39,898,525	71,499,893	100,472,185	51,391,482	93,171,112
Growth since 04/05	9.06%	23.45%	33.78%	32.56%	33.46%	26.63%
Growth > Byron		2.59	3.73	3.60	3.69	2.94
Population	31,059	40,993	44,396	88,848	22,671	51,285
2013/2014 Grant per Capita	79.85	87.69	142.59	103.93	206.80	199.67

3. Provide an outline of the revenue raising sources that council has investigated.

Through its Tourism Advisory Committee, Council investigated a range of revenue sources. A summary of each source is listed below, together with their associated strengths and weaknesses.

Funding option	Summary	Strengths	Weaknesses
<p>Special Rate</p>	<p>A special rate may be made by Council for or towards the cost of any works or services provided, or proposed to be provided by council within the whole or any part of the council's area.</p> <p>Council must define, with some precision, the works, services, facility or activity in question and all land which will benefit from, contribute to the need for, or have access to those works, services, facilities or activities.</p> <p>If approved, the additional income forms part of the general rate and is indexed each year. However, the special rate will appear as a separate item on the annual</p>	<ul style="list-style-type: none"> • The cost is attributed only to those determined to benefit from the works/services being funded. • Able to be levied on a particular category(s) or all rateable properties. • The special rate can also be applied to a specific area upon which Council would need to draw a map and identify properties affected. • Greater accountability for the expenditure of funds to the community. • Affected ratepayers have a greater say in how the funds are spent (with the inclusion of a governance framework) • Guarantees that collected funds are available to meet specific purposes 	<ul style="list-style-type: none"> • The cost is higher for those properties identified as benefiting than if a special variation to the general rate is applied. • The rate is able to be legally challenged (as are all rate increases) • Greater reporting and administration obligations, for example the development of a governance framework or industry association. • a large number of businesses that benefit from tourism will be exempt, for example market stalls, bus companies etc.

	rate notice.		
Special Variation to the General Rate	<p>A Council may make application to IPART for approval to make a special variation to the General Rate whereby a rate increase on all categories is made for a specific purpose.</p> <p>A Special Variation may be time limited or ongoing. Income is added to the general rate and indexed following approval.</p>	<ul style="list-style-type: none"> • Guarantees funds available to Council for specific purposes. • Easier to administer than a Special Rate as all income goes directly to Council and is not made available to governance organisations such as a Sustainable Tourism Organisation. 	<ul style="list-style-type: none"> • May not be supported by community where it is perceived that benefits of funds are not going equally to whole community. • No process for business operators to be involved in how funds are spent.
Bed Tax	<p>There is no provision for a 'bed tax' under the Local Gov Act'. But NSW Gov is open to a proposal (it would need to be called something else e.g. 'a local amenities upkeep levy'). If legislation was changed this might be relatively easy to directly obtain funding for BSC from tourists for infrastructure services and maintenance.</p> <p>The most 2011 visitor figures show International and Domestic visitor nights to Byron Shire at 2,712,000</p> <p>If the levy was set for combined international and</p>	<ul style="list-style-type: none"> • Easiest and most direct way to collect income from tourists. 	<ul style="list-style-type: none"> • Excludes day trippers. • Need to organise and plan lobbying for legislation change. • No current legislation. • Only captures the accommodation sector

	domestic at \$1 per visitor night it would return \$2,712,000. At \$2 per visitor night it would be \$5,424,000.		
Event Tax	This shouldn't be called a 'tax' as it's unlikely that it will be an official revenue raised by government. The idea behind it is to raise existing ticket prices and entry fees for local events by, say, \$1, the money to be collected by the events organisers and paid to, for example, a trust body (perhaps administered by VICs) for distribution according to agreed criteria. A secondary idea is to ask event goers to voluntarily contribute a 'gold coin' either when they buy tickets online or as a donation while at the event.	<ul style="list-style-type: none"> • Small increase to existing prices is unlikely to deter visitors. • As the fee is paid by visitors, locals are likely to support it. • Substantial potential revenue as 1000s of people participate in events every year. Initial reaction from some events organisers has been positive, particularly on the basis of <i>quid pro quo</i>, whereby they would receive some benefit from the funds raised, e.g. signage. • Because events have a good idea of the number of visitors/ticket buyers, \$ will be relatively easy to budget. 	<ul style="list-style-type: none"> • May be difficult to persuade events organisers to participate. • Some events may agree while others do not, leading to the problem of free riders. • Negative reaction from the shire's biggest and best-known event organiser. • Council has no authority to collect such a levy and this could only be done voluntarily. • Not suited for collections of funds for infrastructure development.
Paid Parking	Council is currently investigating the possibility of expanding on street paid parking to other areas of the Shire.	<ul style="list-style-type: none"> • Funds derived will assist with infrastructure maintenance in the townships where parking revenue is raised. • This is a way to raise revenue from day visitors, who contribute to the infrastructure impacts in Byron Shire. 	<ul style="list-style-type: none"> • Residents may be angered by having to pay for a parking permit. • Local businesses may see this as driving residents away from supporting local businesses
Visitor Toll	There is currently no mechanism in place or likely	<ul style="list-style-type: none"> • This is a small contribution by visitors rather than the impost resting with 	<ul style="list-style-type: none"> • Could be perceived as a unfriendly welcome to the Shire

	unless there is a “gateway” structure.	businesses in the Shire	<ul style="list-style-type: none"> • It could potentially turn people away from the Shire • The cost of set-up and collection is high.
Grant Funding	<p>There is a limited amount of tourism funding available.</p> <p>If Council is to secure funding it needs to look more broadly at other funding areas, such as climate change, economic development and community health.</p>	<ul style="list-style-type: none"> • Funding can enable Council to implement more actions from the Tourism Management Plan 	<ul style="list-style-type: none"> • In most cases matched funding is required. • In most cases, grants come up quickly and sometime there is not enough time to obtain all the necessary approvals. • Funding is sporadic and the tourism programs may long-term funding to ensure their sustainability.
Membership/ business contributions	<p>Membership subscriptions of a tourism association raised from the tourism industry to fund tourism micro-infrastructure such as interpretive signage, visitor trails, bikeways etc.</p> <p>This idea has merit, but will require Council support.</p>	<ul style="list-style-type: none"> • Bringing together of the tourism community in a single organisation gives a perception of solidarity and cooperation. • Benefit of a large membership base working together under a management committee. • Ability to apply for grant funding etc. • Ability to stage events or functions for fundraising purposes. 	<ul style="list-style-type: none"> • Tourism industry businesses already paying membership of VICs and Chamber of Commerce’s. • Additional membership fees not likely to be popular with operators unless significant benefits, not already provided, can be promised. • Membership will be voluntary and therefore sporadic, difficult to budget and highly variable. • No obligation to pay • Council has no authority to collect • Council is not guaranteed to receive any funding
Voluntary contribution from visitors	This involves adding a small optional contribution to the cost of accommodation or services implemented with a	<ul style="list-style-type: none"> • Greater sense of ownership by participants and businesses assisting • Greater chance for some projects to be financially supported - 	<ul style="list-style-type: none"> • Businesses and visitors may not participate • key projects could be left un-financed due to being thought ‘unglamorous’, for

	<p>voluntary opt-in or opt-out scheme where the visitor is asked if they would like the voluntary contribution added (opt-in) or removed (opt-out) from their bill. This system provides a direct connection between the visitor and destination.</p>	<p>contributions can go to a selected area, e.g., public art.</p> <ul style="list-style-type: none"> • Can raise \$\$\$ • Anecdotally, better chance of business support • Could potentially receive media support 	<p>example filling pot holes.</p> <ul style="list-style-type: none"> • Inconsistent and unpredictable revenue streams • This option would have to be used in conjunction with other funding sources as it would not be enough to fund tourism management on its own • The administering of this option may be time consuming for participating businesses and act as a deterrent of this initiative
Fundraising	<p>Various options can be explored for particular purposes.</p> <p>For example, a lottery may be worth exploring – people already allocate some of their disposable income to lotto, scratchies raffles etc.</p>	<ul style="list-style-type: none"> • People are motivated to contribute to a project they are excited about or see value in. • The success rate is high if done well 	<ul style="list-style-type: none"> • The income stream is not regular • Permits and licences may be required for fundraising • Highly resource heavy to administer
Section 94 funds	<p>Section 94 funds are those collected as contributions from developers and may be used in certain circumstances for particular capital projects that align with tourism infrastructure requirements. In particular, S94 funds collected in relation to tourism developments have a nexus</p>	<ul style="list-style-type: none"> • S94 funds are able to supplement a tourism levy. 	<ul style="list-style-type: none"> • Overall, limited capacity to use S94 for tourism infrastructure. • S94 funds are only supplemental to a broader based tourism levy.

	with future tourism infrastructure requirements. S94 funds must be used for the purpose for which they are collected and in accordance with the adopted Section 94 plan. Can not be used for maintenance.		
Outdoor dining fees	Outdoor dining fees commenced in 2002/2003 financial year. Revenue derived from outdoor dining fees is kept in a reserve fund by Council.	<ul style="list-style-type: none"> • Funds are currently available and could be used to implement actions from the Tourism Management Plan. • Money collected could be used to improve the areas where the funds were collected. 	<ul style="list-style-type: none"> • Any spending from this fund must be approved by Council. • Council must ensure adequate reserve in there budget funds, which may limit the amount available for projects.
Voluntary contribution from market and stall holders	There are nine regular and semi regular markets annually within the Shire. The total number of seller sites at these markets is around 19,840. If a levy was imposed at \$1 per market stall the annual gross income would be around \$20,264 and at \$5 per stall gross income would be around \$101,000.	<ul style="list-style-type: none"> • A fee of \$1 per stall may be easy to justify since many but not all stall holders agree they benefit from tourism. • Market Site managers would administer the system for BSC. • Most, if not all Market Site managers have ready communication with stall holders via email so they can be approached collectively. 	<ul style="list-style-type: none"> • In general Market Site managers would be opposed to increasing their stall hire costs and having to spend time accounting for administering the system. • There would be some arguments from some stall holders that not all stall holders are equally benefiting from purchases from tourists. • It only raises significant sums when the fees move towards \$5 per site which is thought to be about the maximum level for most stall holders. • Smaller stall holders will argue only a \$1 or \$2 fee is acceptable. • It is likely only to work if the fee is

			<p>compulsory.</p> <ul style="list-style-type: none"> • This would require the support of Market Site managers to run easily and efficiently. • Council has no authority to collect or administer funds.
<p>Voluntary contribution from tour activities and transport companies</p>	<p>It is hard to get accurate stats but from consultations with coach operators and looking only at inbound coaches from the North and South and shuttle busses from Ballina, Gold Coast and Brisbane airports and CountryLink services the total of inbound visitors appears to be around 200,000 per annum. If each inbound passenger was charged a Byron amenities fee within their coach/bus ticket of \$1 per trip it would gross around \$200,000 per annum. At \$2 per trip the income would be \$400,000 and so on.</p>	<ul style="list-style-type: none"> • A fee of \$1 per trip may be easy to justify since many, but perhaps not all coach operators would agree they benefit both from tourist inflows and from local road maintenance. • Coach and shuttle bus operators would administer the system for BSC. • As a result tourists would not be engaged in the process but their receipts would show the levy as a line item. 	<ul style="list-style-type: none"> • It is likely only to work if the fee is compulsory. • There is no obvious legal mechanism for making it compulsory. • It is unclear how Coach and Bus operators would view the fee as there would be both advantages (better local roads and improved local infrastructure) and disadvantages (having to administer the system and fear any price increase no matter how small would reduce inbound travel). • Council has no authority to collect or administer funds.