

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Organisation: Small Business Commission

Date received: 3/07/2015

OUT15/16473

The Director
General Purpose Standing Committee No. 6
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Dear Director

Inquiry into Local Government in New South Wales

Thank you for giving the Office of the NSW Small Business Commissioner (OSBC) the opportunity to participate in the Inquiry into Local Government in New South Wales.

The role of the OSBC is to support small businesses in NSW by:

- providing mediation and dispute resolution services;
- delivering quality small business support through a range of programs and resources; and
- speaking up for small business within government.

Small Business and Local Government

Small businesses are the backbone of Australia's economy, representing 96 per cent of all businesses in the country. There are an estimated 680,000 small businesses in NSW alone, providing nearly half of all employment. On top of their direct contribution, small businesses' products and services are often vital to the efficient operation of their customers in larger businesses.

Small businesses frequently interact with local government and rely on the support of local government for continued sustainability. The NSW Business Chamber's *Annual Red Tape Survey 2012* found that 75.9% of businesses surveyed regularly utilised local government services, showing local government to be the second most utilised authority by businesses after the Australian Tax Office.

Local government is responsible for a range of business related activities, including development applications, licensing and inspections, all of which are essential for the daily operation of small businesses. More broadly, urban planning decisions such as land use, infrastructure development and transport management also have a direct impact on local businesses and the communities they serve.

Despite the critical role of local government in supporting the efficient operation of small businesses, the OSBC has heard repeated concerns about local government including:

- complex regulatory frameworks
- jurisdictional overlaps and inconsistencies
- protracted timeframes
- lack of transparency
- regulatory creep, and

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- inadequate resourcing of local governments.

Unfortunately, this can result in high levels of frustration for small businesses, disputes between small businesses and local councils, and lost business opportunities for small businesses.

Small Business Friendly Councils Program

In recognition of the important relationship between small businesses and local government, the OSBC, in partnership with the NSW Business Chamber, launched the Small Business Friendly Councils (SBFC) program in September 2014. The SBFC Program is an Australian first, giving councils in NSW the opportunity to be formally recognised as 'small business friendly' by working proactively with small businesses.

To participate in the SBFC Program, local councils must make a number of commitments which include:

- reporting on business improvement processes and on-time payment policies in their operational plans,
- establishing a business advisory board in conjunction with key stakeholders from the local business community, and
- implementing new initiatives, such as streamlining procurement.

The SBFC program also enhances the relationship between neighbouring local councils by providing an opportunity to share information, initiatives and strategies to strengthen their engagement with the small business sector.

To date, 67 councils have committed to participate in the SBFC Program, ranging from large metropolitan councils to small regional councils. These councils represent almost 345,000 small businesses and 50 per cent of all NSW small businesses.

Inquiry into Local Government in NSW

❖ The NSW Government's 'Fit for the Future' Reform Agenda

In relation to the Inquiry into Local Government in NSW, the OSBC's interest is in the NSW Government's 'Fit for the Future' reform agenda, which proposes a new approach to local government and the way services are delivered to local communities. In considering the needs of small businesses, the OSBC's expectations of 'Fit for the Future' will be to:

- streamline administrative functions,
- reduce government administration costs,
- reduce costs to customers,
- enhance processing and efficiency of business related approvals, and
- maximise the value of local government services to the communities served.

Additionally, the OSBC expects that 'Fit for the Future' will encourage and develop local councils that are responsive to the needs of business, strategically focused and accountable.

The OSBC considers that local government reform is required to support the changing needs of communities in the 21st century. The OSBC supports the amalgamation of Sydney councils to achieve efficiencies and enhance service delivery.

There are currently 41 councils in Sydney, all with their own local rules, regulations, fees and charges. This can make it extremely difficult for small businesses to understand their regulatory obligations, especially those that operate across council boundaries.

At a recent SBFC conference in North Sydney, the NSW Business Chamber highlighted the inconsistencies in outdoor dining policies across neighbouring local government areas, including:

- Different terminology to describe similar policies, such as footway restaurant approval, outdoor dining permit, outdoor eating area permit.
- Variations in the size of application forms from 3-8 pages and the information required.
- Variations in technical aspects such as road setback requirements ranging from 1.8m-2.5m.
- Varying requirements for the number of amenities required.
- Application fees.
- Application processing times.
- Alcohol licensing restrictions.

Additionally, the OSBC recently reviewed elements of an outdoor dining policy for a Sydney council and found that the policy stipulated:

- Restrictions on the style and colour of outdoor umbrellas.
- Requirement for Council approval on all outdoor furniture.
- Requirement for colour schemes to be included in outdoor dining applications.
- Restrictions on advertising and signage.
- A 'high level of design quality' for outdoor dining.
- Chairs and tables must be selected from a pre-approved palette.
- No signage or branding permitted on outdoor elements.
- Minimal demarcation of outdoor dining areas.

Some elements of the policy placed *additional* requirements on specific precincts *within* this LGA. Such inconsistent policies contribute to an uneven playing field for small businesses across the metropolitan region by placing additional burden on some small businesses depending on their location.

The OSBC has also looked into regulatory issues across a range of industries, such as multiple inspections for mobile food trucks operating across different LGAs and council policies relating to skip bins. Most recently, the OSBC has undertaken preliminary research into inconsistencies in the fitness industry which include class size numbers and permit fees. Findings show that the inconsistencies across LGAs are not limited to specific industries, and that all small businesses are affected differently. The amalgamation of Sydney councils would provide a more even playing field for small businesses.

❖ *Effect of forced amalgamation on the specific needs of regional and rural councils and communities, especially in terms of its impact on local economies*

The OSBC supports the Government's proposal to create 'joint organisations' under Fit for the Future. It is understood that 'joint organisations' will have the potential to provide a forum for local councils and the State to work together to deliver regional priorities, such as jobs, education, housing, roads and transport.

The OSBC is committed to supporting regional and rural communities through the delivery of its Regional Activation Program, which aims to empower small businesses and allows the OSBC to work collaboratively with all three tiers of government and small business stakeholders to provide improved services in regional areas.

Having travelled through regional communities, engaging face-to-face with small businesses and working directly with local councils, the OSBC notes the important role of local government

in regional and rural areas and the unique services that local councils provide to their communities in addition to the usual "roads, rates and rubbish".

The OSBC considers that the establishment of 'joint organisations' will allow local councils in regional and rural areas to maintain their unique characteristics and community focus whilst at the same connecting them with neighbouring councils and other levels of government. It is understood that the intention of the 'joint organisations' is to allow local councils to plan for growth, infrastructure and economic development in a coordinated effort and to deliver strategic projects across council boundaries. The OSBC supports the concept of 'joint organisations' and notes the importance of ensuring that the community spirit of local councils in regional and rural areas is not lost in an amalgamation process.

The OSBC recently visited a regional council which demonstrates very strong ties to the local community by providing a range of 'non-traditional' services to maximise its value to the community. The Council operates an aged care facility (funded by the State) which provides a combination of:

- self care units,
- dedicated special care wing for mentally ill residents, and a
- hostel dedicated to the care of aged Aboriginal and Torres Strait Islander residents.

In addition, the Council operates a modern, multi-purpose health service which is serviced by three medical surgeries and a dentist and provides employment and work-related training for people with disabilities (both intellectual and physical) and/or acquired brain injury. The main activities are managing the Council's waste facility and recycling collection service.

It is unique service offerings such as these that attract and retain families in regional areas, who in turn support the local economies which are made up of many small businesses. It is essential that the unique qualities of local councils in regional and rural areas are not lost and that ideas can be shared across boundaries to enhance service delivery by local government.

Further Comments

The OSBC welcomes the opportunity to provide further comments as the Inquiry progresses.

Should you wish to discuss this submission in further detail, please contact

Yours sincerely

Robyn Hobbs OAM
Small Business Commissioner

3 July 2015