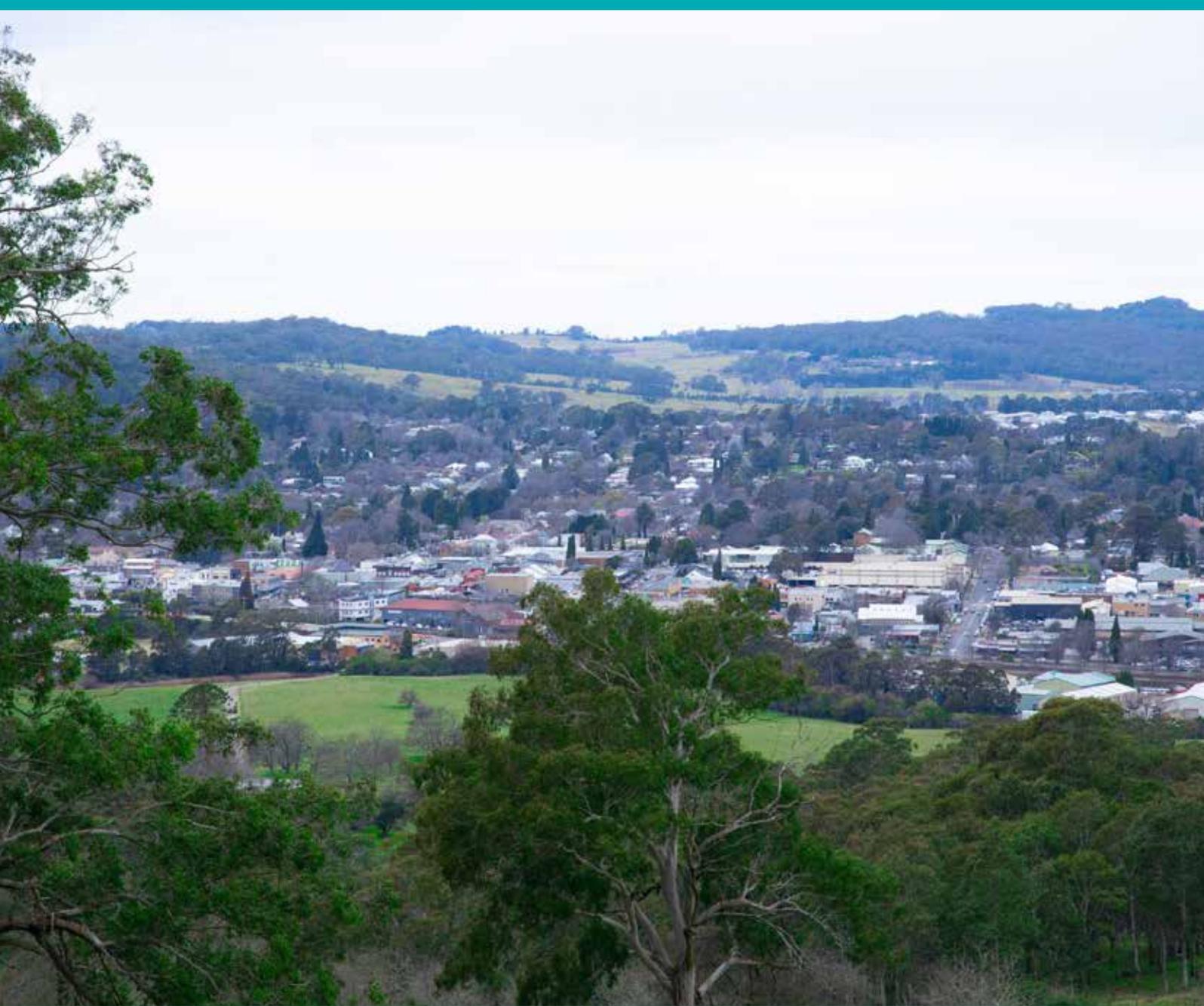


Small Business Consultation: Wingecarribee Shire Council



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Task

On 12 March 2021, the Minister for Local Government suspended Wingecarribee Shire Council (Council) and appointed an administrator, Mr Viv May PSM, to Council for three months. This arrangement has been extended until 10 September 2021. These actions followed concerns raised by small business and business groups regarding Council's ability to communicate and support the needs of some small businesses within the region and a breakdown of relationships between councillors and senior staff.

Following the suspension of Council, the NSW Minister for Finance and Small Business, the Hon. Damien Tudehope MLC, asked the NSW Small Business Commissioner (the Commissioner) to consult with small businesses on their experience(s) with Council.

The Commissioner and the Commissioner's office (the Commission) engaged with a range of businesses throughout this consultation. This report is a summary of the issues raised by small businesses and business representatives during the consultation process. This report provides recommendations intended to improve the interactions and experiences between Council and small business.

The Commission developed and distributed a survey to small businesses within Wingecarribee Shire and reviewed previous surveys conducted by local business groups.

An inclusive definition of small business has been used in developing this report. The consultation process has not excluded the contributions of any business, though the focus of this report is on smaller businesses that share common characteristics such as being independently owned and operated.

Terms of reference

That the NSW Small Business Commissioner:

- conducts roundtable discussions with industry groups and small business stakeholders including, but not necessarily limited to:
 - local small business owners and operators
 - Business Illawarra
 - Southern Highlands Chamber of Commerce and Industry
 - Moss Vale Rural Chamber of Commerce
 - Robertson Business Chamber
 - Wingecarribee Shire Council Administrator.
- provides an opportunity for small businesses to make confidential or public submissions to the NSW Small Business Commissioner
- prepares a report outlining the findings of these consultations and any recommendations related to the interactions of Council with small businesses
- provides a report to the NSW Minister for Finance and Small Business.

About the Commission

The Commission provides strategic advice, advocacy and affordable dispute resolution services to small businesses in NSW. The Commission's role includes:

- encouraging government agencies and larger businesses to enter productive working relationships with small businesses
- facilitating and encouraging the fair treatment of small businesses
- promoting a fair operating environment in which small businesses can flourish.

Acknowledgements

The Commission received feedback from a range of businesses and their representatives including Business Illawarra, the Southern Highlands Chamber of Commerce and Industry, Moss Vale Rural Chamber of Commerce and Robertson Business Chamber. These representations covered some of the challenges and difficulties faced by small businesses operating in the region.

The Commission acknowledges and appreciates these contributions. The Commission also acknowledges the support of Mr Viv May PSM throughout the consultation process.

Consultation

The Commission invited small business owners and operators in Wingecarribee Shire to provide their feedback on their engagement and experience(s) with Council.

The Commissioner conducted face-to-face consultation sessions with small business owners and operators on Tuesday 20 April 2021. Three sessions were held in Bowral, Robertson and Moss Vale. These sessions provided an opportunity for stakeholders to share their experiences on the key issues affecting local businesses.

The Commission promoted the consultation process to encourage participation of small businesses in the area through its website, email communications, social media, online and print media. Businesses unable to attend face-to-face consultation sessions were invited to make an online submission, participate in an online survey or email their views to the Commissioner. In addition to the above there was significant media reporting of the consultation process in local newspapers, radio and television.

An online survey was distributed to local businesses on Tuesday 27 April 2021 and closed on Monday 3 May 2021. There were 57 responses from small businesses that carry on a business in Wingecarribee Shire.

List of recommendations

The Commission makes the following recommendations:

Focus area	Recommendations
<p>Improved communications and customer service</p>	<ol style="list-style-type: none"> 1. Council to develop a comprehensive communications strategy for stakeholder engagement with the business community. This strategy would be developed in consultation with the business community and would have an appropriate emphasis on active listening to business needs and feedback. 2. Council to establish a small business reference group with clear terms of reference. 3. Council to ensure appropriate measurement and reporting on key customer service reporting metrics and develop strategies to improve outcomes in areas where service improvements are required. 4. Council to provide a dedicated and professional service within Council to ensure reliable information and guidance on processes, cost(s) and timeframes associated with applications made by small business. This includes a dedicated events manager, officer or other resource who can provide support, information and guidance for events and festivals.
<p>Enhancements to DA and other approval processes</p>	<ol style="list-style-type: none"> 5. Council to work more collaboratively with small businesses on proposals to create and facilitate opportunities that match the strategic aims of Council, especially in relation to tourism. Council to prioritise assessments and make decisions consistent with its economic and associated strategies. 6. Council to improve communication and transparency of costs including all developer and development charges, timeframes and processes. Council to maintain and publish information on standard or expected costs, timeframes and processes on Council's website and ensuring that, where possible, any additional fees and charges are communicated to businesses upfront. 7. Council to review both its governance and operational processes to ensure these are separate and transparent. Where there are reasonable delays, it should be evident whether these relate to governance (such as the need to ensure an application complies with relevant requirements) or operations (such as where there is a backlog of applications). In such circumstances the applicant should be advised in writing of the reason for the delay and the next steps and timeframe associated with the assessment. 8. Council to invest in personal development and training for council staff and establish clear processes within Council to ensure consistency of feedback and knowledge among staff with the aim of improving capability and reducing turnover. 9. Council to consider what changes may be needed to local planning instruments to enable businesses to start and grow business ventures. If there are state-level changes needed, Council should raise these issues with the appropriate state agencies. 10. Council to consider ways to allow agritourism and related uses within the current planning system (including rezoning parcels of land where appropriate). 11. Council to develop and communicate clear, transparent processes specific to event applications. This includes reviewing and developing pathways for temporary or seasonal events and the associated support from Council to assist in submitting DAs where required.

Focus area	Recommendations
<p>Initiatives to build opportunity and small business development</p>	<ol style="list-style-type: none"> 12. Council to increase the visibility of strategy documents and the inclusion of small business as a core part of strategic planning. Council to report on actions taken to deliver on the intentions, goals and objectives of these strategies on an annual basis. 13. Council to develop measures and specific initiatives focussed on assisting small business to be included in an updated <i>Regional Economic Development Strategy</i>. 14. Council to develop an implementation report to complement the <i>Southern Highlands Destination Strategy 2020-2030</i>. The report should update stakeholders on existing actions and implementation, key success indicators and provide additional opportunities for industry and business representatives to provide feedback. 15. Council to improve and document procurement processes including publishing future purchasing intentions so that more small businesses have an opportunity to tender for council contracts. 16. Council to ensure that, where local small businesses are unsuccessful in tendering, feedback is provided where requested to assist small businesses in participating in future tenders. 17. Council to review and, where appropriate, fast-track current infrastructure projects through consultation with industry and business representatives. 18. Council to consider small business and labour force needs in finalising a housing strategy for Wingecarribee Shire. 19. Council to consider ways to address skills shortages and attract labour, particularly to support the tourism and hospitality sectors. 20. Council to implement mandatory governance training for future councillors with a focus on roles and responsibilities under the <i>Local Government Act</i>.

Overview of Wingecarribee Shire

Wingecarribee Shire is a regional Local Government Area (LGA) located around 110 kilometres southwest of the Sydney CBD. It encompasses the area commonly referred to as the Southern Highlands. Wingecarribee Shire contains a number of main towns including Bowral, Moss Vale, Mittagong and Bundanoon as well as smaller villages located throughout.

Wingecarribee Shire has a population of about 52,000, with a profile that is significantly older than the average for NSW. It is estimated that around 25,000 residents are currently employed, however a subset of these commute outside of the area for work. The region is home to around 23,000 jobs². A significant share of local employment is in population-serving industries such as cafes and restaurants, aged care residential services, hospitals and schools.



Source: <https://economy.id.com.au/wingecarribee>

Wingecarribee Shire has an ageing population. Based on 2016 Census data Wingecarribee Shire had 1.3 persons within the working age population for every dependent (compared to 1.9 for NSW). In 2016, the median age was 47 years, with those aged 65 years and over making up 25.9 per cent of the population. There is a higher proportion of people aged over 60 years and a lower proportion of people aged 20–39 years relative to the rest of NSW. The vast majority (88.4 per cent) of people only spoke English at home, compared to 68.5 per cent of people in NSW.

In line with other comparable regions, 98 per cent of the businesses located in Wingecarribee Shire are small businesses (defined as those with fewer than 20 employees). A full count of the region's businesses by industry is shown in Table 1.

¹Source: <https://economy.id.com.au/wingecarribee>.

²Ibid.

Construction and Professional, Scientific and Technical Services are the top two small industry divisions by business counts. Wingecarribee Shire has a higher relative share of small businesses in these industries compared to the rest of Australia. Agriculture, Forestry and Fishing; Retail Trade and Manufacturing are other industries accounting for a higher relative share of small businesses compared to the rest of Australia.

Table 1 – Business counts by industry: Wingecarribee Shire

Industry	Non employing	1-19 employees	20 or more employees	Total	% Total
Construction	590	436	13	1,039	17.7%
Professional, Scientific and Technical Services	474	349	11	834	14.2%
Rental, Hiring and Real Estate Services	453	100	3	556	9.5%
Agriculture, Forestry and Fishing	456	90	0	546	9.3%
Financial and Insurance Services	404	70	3	477	8.1%
Retail Trade	179	197	0	376	6.4%
Health Care and Social Assistance	181	138	5	324	5.5%
Administrative and Support Services	154	100	0	254	4.3%
Transport, Postal and Warehousing	139	114	3	256	4.4%
Manufacturing	123	108	11	242	4.1%
Other Services	106	135	3	244	4.2%
Accommodation and Food Services	69	150	16	235	4.0%
Wholesale Trade	101	89	0	190	3.2%
Arts and Recreation Services	71	28	0	99	1.7%
Education and Training	26	40	3	69	1.2%
Information Media and Telecommunications	38	17	0	55	0.9%
Public Administration and Safety	3	17	3	23	0.4%
Electricity, Gas, Water and Waste Services	11	6	5	22	0.4%
Mining	10	6	3	19	0.3%
Currently Unknown	3	3	8	14	0.2%
Grand Total	3,591	2,193	90	5,874	100.0%

Source: ABS, 8165.0, Counts of Australian Businesses, including Entries and Exits, June 2016 to June 2020

Economic endowments and strategy

Council's *2018-2022 Regional Economic Development Strategy*³ was informed by the region's endowments, core competencies and specialisations. Wingecarribee Shire benefits from its strong connections with the Greater Sydney and Illawarra economic regions. The region's estimated \$3 billion economy is increasingly integrated and connected to these major population centres.

Building on the region's location, accessibility and lifestyle endowments, the strategy has a strong focus on actions to increase the area's attractiveness, liveability and access to Sydney as a means of supporting the regional economy⁴. The strategy noted the region is currently a net exporter of labour to Sydney. The strategy also notes there are opportunities for the regional economy to benefit from increased visitation and population growth as people move into the region. For example, Health Care and Social Assistance was noted as an important employment sector leveraging off the region's location relative to Sydney.⁵

³ Wingecarribee Shire Council Regional Economic Development Strategy: 2018-2022.

⁴ As estimated from National Institute of Economic and Industry Research.

⁵ Wingecarribee Shire Council Regional Economic Development Strategy: 2018-2022, page 5.

Other key endowments for Wingecarribee Shire, as highlighted in the strategy, include:

- water, climate and soil
- mineral resources
- natural resources (including National Parks and other protected lands)
- Aboriginal heritage, historic heritage and villages
- healthcare infrastructure
- human endowments (including well educated labour working in skilled occupations)
- local institutions and strong leadership
- education infrastructure.

Informed by these endowments, Council's economic strategy is focussed on:

- enhancing the liveability of the Wingecarribee region
- facilitating the development of agriculture as a key strength and specialisation and cultivating the visitor economy based on food, wine and events
- growing the education, health and aged care sectors
- strengthening the region's manufacturing base and monitoring opportunities in the mineral resource sector.

Survey

The Commission conducted an online survey to obtain feedback from a broad range of local businesses. This survey was conducted to better understand the needs and challenges experienced by local small businesses. The survey was distributed through various means, including to a random sample of local businesses. Respondents were only informed that the survey related to the challenges of operating a business in Wingecarribee Shire. They were not specifically informed that the survey related to the Commission's consultation in relation to Council.

The Commission received responses from 57 small businesses (with fewer than 20 employees) with primary business operations or premises inside Wingecarribee Shire. None of the respondents had engaged with the Commission's face-to-face consultation process regarding Council.

To benchmark the perceived complexity of dealing with Council, the survey asked businesses to rate how complicated it was to deal with local council and various State and Commonwealth agencies (see Chart 1). Local Council was rated as the most complicated with 39 per cent indicating it was extremely or very complicated to deal with.

Respondents were also asked how satisfied they were with Council's promotion of economic development and favourable conditions for small businesses in the local area. A majority of respondents were dissatisfied, with 65 per cent indicating they were either dissatisfied or very dissatisfied. Seven per cent indicated they were satisfied or very satisfied.

The survey further explored how many businesses had faced challenges in dealing with Council in comparison to other key business challenges (Chart 2). Dealing with local council was one of the most common challenges faced by business, with 46 per cent indicating it was a challenge, second only to business costs. Development Applications (DAs) were also a commonly reported challenge.

Chart 1 – Complexity of dealing with different agencies (n=57)

Question: “How complicated is it for your business when dealing with different levels of Government?”

Respondents located in Wingecarribee Shire

Percentage of respondents indicating agency is extremely or very complicated

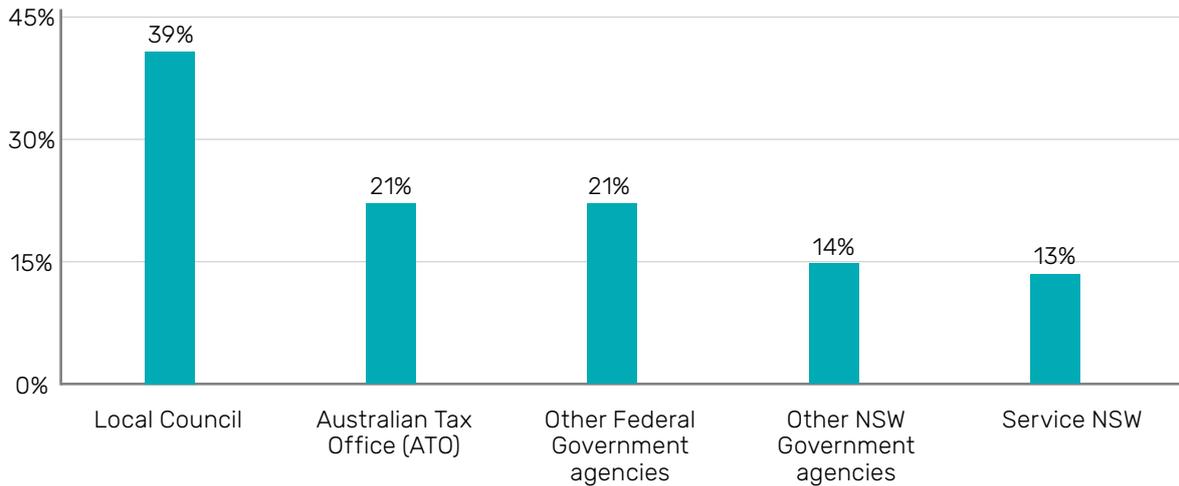
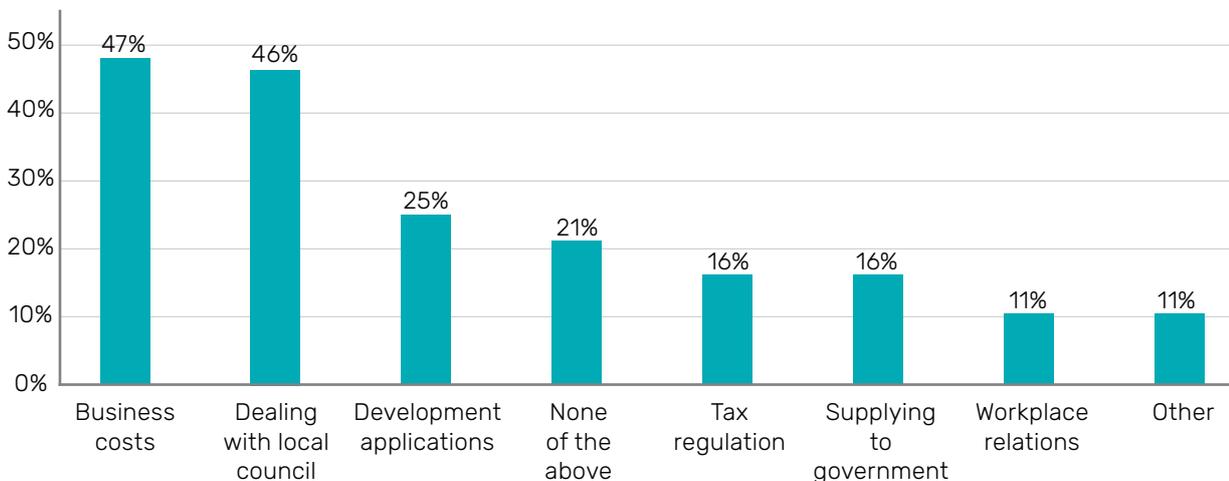


Chart 2 – Challenges reported by businesses (n=57)

Question: “Has your businesses faced challenges with any of the following? (tick all that are relevant)”

Respondents located in Wingecarribee Shire

Percentage of respondents indicating a business challenge was faced by their business



The survey also provided an opportunity for respondents to describe challenges they had encountered with Council in the past two years. Themes within qualitative feedback provided by survey respondents included that:

- Council took an adversarial approach when dealing with small businesses
- councillors and council staff have their own agenda which is different to ratepayers
- local economic development was not valued, or its commercial assets appreciated
- DAs were required for minor activities
- there were delays from Council in responding to matters
- Council was generally unprofessional and not effective at planning for the future
- there was poor communication from Council
- Council 'kicked the can down the road' on important challenges that need to be addressed
- development charges were not consistent for similar developments and in some instances prohibitive
- high staff turnover and in some instances the inexperience of council staff have had a negative impact on small business.

The Commission also examined a 2018 survey conducted by Business Illawarra (then the Illawarra Business Chamber).⁶ This survey suggests many local businesses are unsatisfied, with 83 per cent of respondents indicating their interaction with Council was harmful to their business. Council was also seen as a key contributor to negative business conditions in the Southern Highlands. On these measures Council performed unfavourably compared to the State and Federal governments. Qualitative feedback provided by the survey mirrors the feedback received in the Commission's survey and this consultation process.

Performance metrics of Council

It is beyond the scope of this report to examine the full range of potential metrics upon which Council's performance could be assessed. The primary purpose of this report is to summarise the views of small businesses, as have been reported by their owners and operators. Nonetheless the Commission undertook preliminary analysis to examine key performance metrics of Council to ensure stakeholder feedback is considered within an appropriate context.

The Commission notes that 2018-2019 data from the Office of Local Government indicates that Council's average number of days to process a DA was 26 days more for this kind of LGA (96 days compared to an average of 70).⁷

While key performance metrics examined by the Commission inform our assessments, they may not speak to or fully capture the concerns of small business. Equally, they may not present a complete picture of any mitigating factors that account for perceived underperformance on any given measure. The Commission's report and its recommendations take a constructive approach and present stakeholder concerns as opportunities for improvement. This report does not provide a definitive assessment of the performance of Council in an absolute or relative sense.

The Commissioner wrote to the Interim Administrator of Council on 16 April 2021 and requested the most recent data and information available related to DA approvals to support this review. Despite assurances this information was available and would be provided, and repeated requests, this information has not been shared with the Commission.

⁶ The survey results were shared with the Commission on a confidential basis. The results are summarised with permission.

⁷ Source: Time-Series-Data-2018-2019 from Office of Local Government, Your Council Report.

Feedback from consultations

The Commissioner engaged with a range of local small businesses and their representatives through face-to-face consultation sessions. The Commission also received 24 submissions. The key themes and pain points that emerged are summarised below.

Transparency

Feedback suggested many businesses do not understand Council's processes or how decisions are made. It was reported that timing for similar types of processes could vary widely for no discernible reason. For example, it was suggested that temporary outdoor dining permits could be processed within 3 weeks or 9 months. A lack of transparency and consistency led to businesses speculating there is favouritism in the prioritisation process.

Stakeholders indicated there is no transparency or consistency in developer/development fees and council charges. Their perception is that fees are significantly higher than those of similar LGAs.

The experience of the Commission in requesting Council provide more recent data and information in regard to DAs raises further concerns in respect of the attention Council gives to providing important information on a key function impacting small business.

Decision-making

It was reported that the reasons for rejecting applications or requests seemed unclear, unreasonable, or unprofessional to businesses. For example, it could be that councillors 'didn't like' an idea despite council staff seeming supportive and the application satisfying the relevant requirements. It was also suggested that council staff were reluctant to take responsibility or make decisions given the potential for them not to be supported by senior executives or councillors. There was a perceived lack of communication between different parts of Council, leading to conflicting advice being given or different parts of Council working in opposition to one another. One business stated their view that Council defaults to rejecting applications where planning staff don't know or don't understand a situation, rather than investigating further.

Businesses reported that decisions are regularly changed or reversed. For example, one business advised that Council cancelled the Wingecarribee Heritage Assistance Grants for 2020 after receiving applications from businesses.

Businesses described Council as seeming to shut down opportunities—even those connected with priority segments like tourism—without working with applicants to identify alternative solutions. Businesses perceive that Council does not consider the social and economic benefits of opportunities and will not assess the merits of proposals through a cost-benefit lens.

Development Application Process

Businesses provided feedback on the DA process, including that it is unclear, slow, prohibitively costly, lacking in transparency and unnecessary for minor matters. Businesses suggested DA processes are challenging at best and impossible at worst, with a high degree of uncertainty. This feedback is consistent with comments made by respondents to the Commission's survey.

Many businesses suggested DA processes were hampered both by understaffing and by significant staff turnover. For example, when council staff change mid-process, businesses find they must regularly repeat steps they had previously completed. Some businesses suggested there was a culture of hostility and apathy among council staff, while others suggested staff are supportive even though staff turnover is high.

Businesses reported a lack of consistency in that decisions were often changed or overturned as the DA progressed or if the business spoke with a different officer. Some businesses sought independent advice or conducted their own research because Council appeared not to have the knowledge to advise or make a decision.

Many businesses discussed surprises late in the DA process including costs, unexpected timeframes or additional requirements imposed at the end of the process which were not communicated upfront. Other businesses felt the DA process was too onerous to engage with.

There was uncertainty over whether DA processes were constrained at the local or State government level. Small businesses have an expectation that they can further develop their business or set up ancillary business ventures that they see as harmonious with the intended use of the land. When ideas or applications are rejected due to State policy, Council does not clearly communicate the basis for the rejection, leading to confusion for applicants. Complex and restrictive State environmental planning laws exacerbate this problem. For example, one business advised the growth of equine businesses in the Southern Highlands is currently restricted due to planning legislation.

Council was reported to be inflexible and not focussed on solutions. Businesses advised that Council does not take opportunities to review whether DA requirements are proportionate, apply reasonable exemptions, or proactively seek alternative solutions. There were also issues raised where environmental land zoning in certain land areas has impacted the ability of agribusinesses to gain approval for agritourism activities.

Communication and engagement

Businesses characterised communication from Council as 'too little, too late'. For example, one business raised that when Council closes roads at short notice this does not allow businesses to make alternative arrangements.

Participants and survey respondents indicated there is a lack of formal or regular stakeholder engagement with businesses or business chambers and a lack of an effective engagement plan(s) to seek input from the community.

Customer service

Businesses perceived that attempts to clarify timeframes were met with "incompetence, apathy or hostility" and that there was a sense of processes being adversarial rather than objective or collegial. Feedback from submissions suggested that council staff sometimes gave incorrect information to businesses, did not pass on information to other parts of Council, or refused to meet to discuss matters.

Guidance on timeframes was reported to be frequently incorrect. For example, one stakeholder indicated they were advised that a process would take 3 weeks but the process ending up taking more than 6 months.

Participants in consultations stated that if a small business challenged a Council decision they were either ignored or "bullied". Businesses were concerned that if they were to raise issues with Council, there would be future repercussions such as their planning applications being deliberately delayed.

Strategic planning

Stakeholders advised their view that Council's strategic plans do not deliver clear thinking about the future, outline how outcomes will be achieved or give appropriate focus to small businesses which are rarely mentioned in strategic documents. The *Southern Highlands Destination Plan 2020-2030* was referred to as having insufficient opportunity for industry input and for not including clear actions for implementation or key performance indicators.

Stakeholders highlighted there are no planning documents outlining a specific vision for small businesses operating in the region. Stakeholders suggested that plans often seem to favour existing businesses and preserving the status quo rather than improving the environment for new businesses to start and grow.

Stakeholders expressed their perception that public consultation does not seem to result in changes to council plans. For example, it was suggested that the Wingecarribee Shire Housing Strategy did not progress despite multiple rounds of consultation and requests for submissions, with business stakeholders still unclear on outcomes.

The business community is trying to expand the ecosystem to support 7-day per week trade (rather than just weekends) with tourism, events and artisan industries, but it was suggested that Council has not acted to support these efforts. Furthermore, it was suggested that proposals for events that align with existing council priorities are frequently refused, delayed or require large financial contributions from the proponent for approval.

Tendering opportunities

Businesses cited concerns around little or no information provided in respect to opportunities to supply goods and services. Comments were made that Council isn't notifying businesses of opportunities, including through local, state and national tendering notification services. Many businesses suggested there is a lack of transparency and accountability around procurement processes and perceptions that procurement of Council services generally fell to businesses outside of the Shire.

Event applications

It was suggested that Council demonstrates a lack of flexibility in accommodating temporary or seasonal events that may bring significant benefits to the community. Feedback expressed frustration that applications to host an event are processed the same way as a DA. For example, some were dissatisfied that a DA needs to be lodged for one-off events or low impact events which is the same process for permanent structures or property changes. In some cases businesses reported having to deal with nine different council staff members to progress an application to run a walking tour.

Participants highlighted the potential for additional events across the region and how these would benefit small business and broader economic development. It is noted that the *Southern Highlands Destination Strategy 2020-2030* identifies performing arts and events as a key avenue to bolster the region's tourism industry and attract more people to come and visit. Businesses involved in this industry within the region highlighted restrictions and what appear to be significant delays in getting the necessary approvals to host such events within Wingecarribee Shire.

Businesses commented on what they consider to be overly restrictive requirements regarding traffic management plans and inconsistencies in the approval process which appear to favour council events over private/commercially managed events. It was further commented that limits imposed on the numbers permitted to attend events, such as outdoor concerts, are restricting the ability to host high quality and financially sustainable events in the region. Comparisons were made to the approach adopted by Councils in the Hunter Valley in supporting and promoting concerts and festivals.

Infrastructure

It was reported that investment in infrastructure has not kept pace with growth in population and visitor numbers, resulting in many dangerous roads and footpaths and frequent traffic jams. Stakeholders suggested that several infrastructure projects have been delayed or not delivered. There were concerns that there is new housing development in Bowral and Moss Vale without additional road capacity. There was also feedback questioning whether Council could do more to reactivate areas impacted by empty shopfronts.

Affordable housing, skilled workers and childcare

Many businesses cited a lack of affordable housing in the area as an impediment to economic development. Businesses suggest they are unable to attract labour, particularly to support the tourism and hospitality sectors. Labour shortages were also reported in construction, transport, logistics and manufacturing. Some stakeholders reflected that another barrier to economic growth is the lack of childcare in the area.

Recommendations and opportunities for improved support

The Commission has developed a suite of recommendations and opportunities for Council to further support small businesses in Wingecarribee Shire. Informed by stakeholder feedback, the Commission has identified three focus areas to guide consideration of strategic initiatives to support small business.

These focus areas are:

- improved communications and customer service
- enhancements to DA and other approval processes
- initiatives to build opportunity and small business development.

The Commission has previously developed a set of Small Business Friendly Council (SBFC) objectives as a guide for councils seeking to support small businesses in their region. Key objectives outlined as part of SBFC included:

- **Commitment to Small Business** – Councils recognise the importance of their local small business sector as a vital contributor to the community and economy. They value small businesses as an important stakeholder in community consultation and undertake regular and targeted consultation with the small business sector. Councils strive to ensure that strategic and day-to-day decision making is based on the consideration of the needs and potential impacts of all stakeholders, including small businesses. Councils support education, networking and other development opportunities for the local business community and regularly engage with representatives of local and regional business communities on matters affecting small businesses.
- **Administration and regulation** – Councils take reasonable action to limit unnecessary administrative burdens for small businesses. This can include eliminating unduly prescriptive requirements, working collaboratively within council, only requiring necessary information and not requesting the same information twice. They commit to regular policy reviews to limit the impacts on small businesses and new policies and procedures are tested for “small business friendliness”.
- **Local opportunities for small business** – Councils work to identify opportunities to procure local projects and services and continue to review and streamline procurement processes to make it easier for small businesses to tender for, secure and deliver council contracts. Where local small business are unsuccessful in tendering, councils provide feedback for improvement. Councils commit to on time payment of small businesses in accordance with contractual agreements.
- **Dispute resolution/mediation** – Councils have a tiered complaints handling system that empowers front-line staff to deal with issues and to escalate for independent review or referral when necessary. When an issue cannot be satisfactorily resolved by council’s complaints handling system, the issue can be referred to the NSW Small Business Commissioner.

The Commission’s recommendations have been developed in accordance with these objectives and their underlying principles. The SBFC initiative and its objectives may inform further efforts of Council to improve engagement and the operating environment for small businesses.

Improved communications and customer service

A clear theme from consultations was that small businesses were unsatisfied with Council communication and customer service. Increased efforts to improve the user experience when dealing with Council may go a long way to remedying a significant number of the concerns raised by small business. Relatively modest initiatives that do not require significant policy changes could make a big impact relative to their cost.

Part of improving the user experience is to establish clearer expectations around what is involved when engaging with Council, such as guidance on approval timeframes. Expectation gaps can cause frustration and may affect business planning where approval processes take longer than what might otherwise be expected.

Increased outreach to the small business community may also help Council be more alert and responsive to the challenges experienced by small businesses when dealing with Council.

Recommendations

1. Council to develop a comprehensive communications strategy for stakeholder engagement with the business community. This strategy would be developed in consultation with the business community and would have an appropriate emphasis on active listening to business needs and feedback.
2. Council to establish a small business reference group with clear terms of reference.
3. Council to ensure appropriate measurement and reporting on key customer service reporting metrics and develop strategies to improve outcomes in areas where service improvements are required.
4. Council to provide a dedicated and professional service within Council to ensure reliable information and guidance on processes, cost(s) and timeframes associated with applications made by small business. This includes a dedicated events manager, officer or other resource who can provide support, information and guidance for events and festivals.

Enhancements to DA and other approval processes

Councils have a critical role in supporting economic development and activity in their regions by ensuring efficient administration of their planning functions. This includes ensuring timely and professional DA processing and ensuring best-practice systems and processes are used for DAs and other activities that require Council's consent.

The Commission notes that Council is onboarded to ePlanning which is a NSW Government initiative that streamlines and enhances existing processes as part of the digital transformation of the NSW planning system. The NSW Department of Planning, Industry and Environment advises Council is onboarded for the following services:⁸

- Complying Development Certificates
- Post Consent Certificates (Construction Certificates, Occupation Certificates, Subdivision Certificates, Principal Certifying Authority, Subdivision Works Certificates)
- Concurrence and referral
- DAs
- Online submission system
- Publication for exhibition
- Secretary Intervention

⁸ For more information about ePlanning and services, please visit: <https://www.planningportal.nsw.gov.au/eplanning-program>.

- Planning Panels
- Training request
- Spatial Viewer
- Planning Proposals
- Section 68 (for certain activities specified under the *Local Government Act 1993*)
- Section 138
- Private tree permits.

While use of ePlanning is expected to improve user experiences, feedback from small businesses suggest concern relating to Council's administration of DAs. While it is unclear the extent to which individual experiences are systemic, Council should continuously work to identify ways to improve the processing of DAs and other approvals sought.

Several businesses in consultations expressed concern regarding the role and decisions of Council's previous administration and councillors. It was noted that council staff would make recommendations in accordance with an established strategy or policy, only for these to be overturned or rejected by councillors without reason(s) or advice to the applicant or the community. Further concerns were raised by businesses regarding role clarity, purpose and functions of Council and councillors.

It would appear there is an opportunity for Council to take a more proactive approach to encouraging and streamlining approval processes for activities that align with Council's strategic priorities, as set out in its economic strategy. This may also include Council working with industry to identify ways to navigate planning restrictions that might otherwise impede higher value uses of land such as agritourism projects that complement existing primary production activities.

During consultations it was raised that current zoning does not allow winery and cellar door businesses to operate ancillary restaurants. State legislation does not permit restaurants on E3 Environmental Management zoned land and feedback suggested there is a high proportion of agricultural land that is E3 zoned. While the State Government has recently proposed planning amendments for agriculture and agritourism,⁹ the proposals primarily target rural (RU) zones and not E3 zoned land. Businesses have suggested that Council could consider rezoning parcels of land or could permit artisan food and drink industry on E3 zoned land.

The Commission has written to the NSW Department of Planning, Industry and Environment (DPIE) to consider ways to make it easier for councils to approve agritourism developments.

Feedback also suggested there are roadblocks for animal boarding and training establishment approvals. It was reported that animal boarding and training is not currently permitted by Council on E3 zoned land due to perceived potential issues with dog boarding, but this limits the development of equine businesses.

While it is beyond the scope of this report to fully assess Council's organisational capabilities with respect to processing DAs and other applications, stakeholder feedback suggests there are some staffing challenges relating to the processing of DAs. This feedback suggests staff changes and capabilities have created challenges in some instances. This points to an opportunity to improve outcomes by addressing skills gaps and the perceived lack of continuity of council staff responsible for processing individual applications.

In alignment with the need for improved communications and customer service, the Commission observes that Council could improve communications around DA and other application processes. This includes better communications and support before DAs or other applications are lodged and greater transparency and clarity around the basis for decisions.

⁹ See: <https://www.planning.nsw.gov.au/Policy-and-Legislation/Under-review-and-new-Policy-and-Legislation/Planning-amendments-for-agriculture>.

Recommendations

5. Council to work more collaboratively with small businesses on proposals to create and facilitate opportunities that match the strategic aims of Council, especially in relation to tourism. Council to prioritise assessments and make decisions consistent with its economic and associated strategies.
6. Council to improve communication and transparency of costs including all developer and development charges, timeframes and processes. Council to maintain and publish information on standard or expected costs, timeframes and processes on Council's website and ensure that, where possible, any additional fees and charges are communicated to businesses upfront.
7. Council to review both its governance and operational processes to ensure these are separate and transparent. Where there are reasonable delays, it should be evident whether these relate to governance (such as the need to ensure an application complies with relevant requirements) or operations (such as where there is a backlog of applications). In such circumstances the applicant should be advised in writing of the reason for the delay and the next steps and timeframe associated with the assessment.
8. Council to invest in personal development and training for council staff and establish clear processes within Council to ensure consistency of feedback and knowledge among staff with the aim of improving capability and reducing turnover.
9. Council to consider what changes may be needed to local planning instruments to enable businesses to start and grow. If there are state-level changes needed, Council should raise these issues with the appropriate state agencies.
10. Council to consider ways to allow agritourism and related uses within the current planning system (including rezoning parcels of land where appropriate).
11. Council to develop and communicate clear, transparent processes specific to event applications. This includes reviewing and developing pathways for temporary or seasonal events and the associated support from Council to assist in submitting DAs where required.

Initiatives to build opportunity and small business development

A consistent theme across the consultations was that Council has not taken an active role in building opportunity and development of small businesses in Wingecarribee Shire.

All levels of government can play a role in building economic capacity and creating the right conditions for small business to thrive. Small businesses rely on many of the services and public goods provided by local government, while the activities of many small businesses may be subject to council requirements. Council can promote opportunity and small business development by ensuring its delivery of services and other administrative responsibilities are mindful of the needs and capacity of small business in the region. Council should also actively identify ways to improve local small business participation in tendering opportunities. It is further recommended that Council work with small business stakeholders to better understand their needs in regard to infrastructure and workforce needs (including enabling services and infrastructure such as housing and childcare).

The Commission observes there is a key role for small business in fulfilling Council's strategic ambitions and that there are many opportunities for small businesses to benefit from initiatives that align with Council's strategies.

A useful starting point would be for Council to proactively identify and develop measures and initiatives to support local businesses. These measures could complement the existing *Regional Economic Development Strategy* and set out pathways to improve Council's dealings with small business, including addressing the concerns raised by small business.

With many small businesses dependent on the visitor economy, the Commission notes stakeholder concerns in relation the *Southern Highlands Destination Strategy 2020-2030*. The Commission believes there are opportunities to improve industry support and input by preparing an implementation report which updates on progress and seeks additional input from stakeholders.

Recommendations

12. Council to increase the visibility of strategy documents and the inclusion of small business as a core part of strategic planning. Council to report on actions taken to deliver on the intentions, goals and objectives of these strategies on an annual basis.
13. Council to develop measures and specific initiatives focussed on assisting small business to be included in an updated *Regional Economic Development Strategy*.
14. Council to develop an implementation report to complement the *Southern Highlands Destination Strategy 2020-2030*. The report should update stakeholders on existing actions and implementation, key success indicators and provide additional opportunities for industry and business representatives to provide feedback.
15. Council to improve and document procurement processes including publishing future purchasing intentions so that more small businesses have an opportunity to tender for council contracts.
16. Council to ensure that, where local small businesses are unsuccessful in tendering, feedback is provided where requested to assist small businesses in participating in future tenders.
17. Council to review and, where appropriate, fast-track current infrastructure projects through consultation with industry and business representatives.
18. Council to consider small business and labour force needs in finalising a housing strategy for Wingecarribee Shire.
19. Council to consider ways to address skills shortages and attract labour, particularly to support the tourism and hospitality sectors.
20. Council to implement mandatory governance training for future councillors with a focus on roles and responsibilities under the *Local Government Act*.

List of consultation sessions and public submissions

Face-to-face consultation was conducted in the following locations with businesses from a wide variety of industries:

Location	Small Business Participation	Government
20 April - Bowral Golf Club 9am	Local small business operators Business Illawarra Local Business Chamber	NSW Small Business Commissioner Mr Viv May PSM, Administrator of Wingecarribee Shire Council
20 April - Robertson Bowling Club 1pm	Local small business operators Business Illawarra Local Business Chamber	NSW Small Business Commissioner Mr Viv May PSM, Administrator of Wingecarribee Shire Council
20 April - Moss Vale Service Club 4pm	Local small business operators Business Illawarra Local Business Chamber	NSW Small Business Commissioner Mr Viv May PSM, Administrator of Wingecarribee Shire Council

Online submissions

Between Tuesday 20 April and Friday 7 May 2021, the Commission received a total of 24 submissions from a variety of businesses and their representatives via letters, emails and an online form on the Commission's website.

Submissions	
Individual businesses	19
Business representatives	Business Illawarra Moss Vale & Rural Chamber of Commerce Robertson Business Chamber Southern Highlands Chamber of Commerce and Industry NSW Wine Industry Association

Attachment: region summary

	Year	Wingecarribee	NSW
Population and people			
Persons - Total (no.)	2019	51 134	8 089 817
Working Age Population (aged 15-64 years) (%)	2019	56.8	65.2
Aboriginal and Torres Strait Islander Peoples			
Persons - Total (no.)	2016	1 148	265 685
Speaks an Aboriginal or Torres Strait Islander language at home (%)	2016	0.3	0.9
Economy and industry			
Total number of businesses (no.)	2020	5 874	805 986
Income			
Median equivalised total household income (weekly) (\$)	2016	839	891
Median total income (excl. Government pensions and allowances) (\$)	2017	43 171	48 700
Education and employment			
Completed Year 12 or equivalent (%)	2016	46.1	52.1
Unemployment rate (%)	2016	3.8	6.3
Health and disability			
Persons who have need for assistance with core activities (%)	2016	5.6	5.4
Family and community			
Average household size (no. of persons)	2016	2.4	2.6
Average monthly household rental payment (\$)	2016	1 533	1 736
Average monthly household mortgage payment (\$)	2016	2 002	2 146
Persons born overseas			
Persons (no.)	2016	7 589	2 068 035
Proficient in English (%)	2016	96.5	85.9
Land and environment			
Land Area (ha)	2018	268 934.1	80 081 078.2
Protected Areas -Total (ha)	2018	73 818	7 450 755

Source: <https://dbr.abs.gov.au/index.html>.



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