



Urban Policy
Transport for NSW

By email: communityimprovementdistricts@transport.nsw.gov.au

To whom it may concern

Thank you for the opportunity to provide feedback on the proposed Community Improvement Districts (CID) Amendment Regulation 2025.

The NSW Small Business Commission (the Commission) is an independent statutory office of the NSW Government, providing strategic advice, advocacy and dispute resolution services to support a thriving small business sector. The Commission has been engaging with Transport for NSW (TfNSW) since the early stages of the policy proposal and has consistently raised concerns regarding the potential impacts of the CID framework on small businesses.

Lack of transparency and protections for small businesses

In its submission on the draft CID Bill 2023, the Commission highlighted the lack of protections for small businesses, noting larger, more sophisticated entities will inherently have advantages in establishing and administering CIDs. These organisations often have the financial and technical resources required to drive proposals, while small business operators are typically time-poor with limited economies of scale, and face barriers to meaningful engagement.

It is feasible that CID entities could be dominated by commercial developers or large retail chains, resulting in expenditure decisions and levy-setting that inadequately reflect small business interests. Vulnerable businesses may struggle with the additional costs imposed, even where they benefit indirectly from CID initiatives. Without safeguards, there is a real risk of insufficient consideration of their circumstances.

The draft regulations allow for the establishment of a CID following a successful vote of property owners and businesses. However, voting is not compulsory, raising the possibility that a CID could be established with minority support. Once established, all landowners (with limited exemptions such as for the NSW Government) would be compelled to contribute levies, regardless of whether they supported or benefitted from the CID. For example, accounting firms could be required to fund retail-focused initiatives that provide them little to no benefit. Small businesses operating under lease arrangements would likely face higher rents or additional outgoings as landlords passed on levy costs.

To protect small businesses and to recognise them as being the vast majority (97 per cent) of businesses in NSW, the Commission recommends requiring majority approval from small businesses for a CID proposal, utilising the definition of aggregated annual turnover less than \$10 million and fewer than 20 FTE set down in NSW Treasury policy 22-08 Small Business Definition. This threshold could operate in addition to the existing majority requirement for landowners and two-thirds majority for businesses. At a minimum, the CID report should specify the proportion of small businesses supporting the proposal to assist TfNSW in deciding whether to approve or reject a proposal.

Concerns about levies

While the draft regulations outline proportional value and tiered levy methods, there is no cap on levies. The Commission is concerned levies could be significantly higher than anticipated. Comparable

marketing levies within shopping centres, for instance, are often near four per cent of annual rent, with tenants sometimes paying more than \$10,000 each year.

Unpaid debts will be referred to Revenue NSW for collection, reinforcing the perception of levies as a new form of taxation. Best practice would require CID proposals to explicitly consider exemptions or discounted rates for small businesses to avoid disproportionate financial impacts.

The Commission encourages the exploration of exemptions and concessions where there is no or negligible benefit to businesses, particularly small businesses. Noting the *CIDs Act* contains provisions for hardship under Division 3, these provisions should be expanded to include possible exemptions and concessions for extenuating circumstances where a business may not benefit from the CID activities, for example, medical specialists or professional service providers within the same precinct as retail stores and cafes where the objectives of CID programs are to increase retail foot traffic. The Commission is open to working alongside TfNSW to define what these circumstances should entail.

Consultation with small businesses

Part 3 of the draft regulations identifies groups that must be consulted during the preparation of CID proposals, rightly recognising those who may be disproportionately affected or lack capacity to engage. However, the omission of small businesses from this list is a serious gap.

Like Indigenous and non-English speaking communities, small businesses often face structural barriers to participation including limited time, resources, and technical expertise. Yet they are among the most directly affected by CID levies and decisions. Excluding them from mandatory consultation risks undermining both fairness and legitimacy.

For these reasons, the Commission strongly recommends amending section 8 of the draft regulations to expressly include small businesses as a required stakeholder group. In addition, consultation methods should be designed with accessibility in mind, providing clear, practical, and timely channels for engagement. Without this, proponents risk alienating a key stakeholder group and weakening community support for CID proposals.

Given the potential impact the policy could have on small businesses, the Commission strongly encourages direct consultation on the proposed regulations with small businesses and other minority groups that may be impacted, especially on the calculation of levies.

The Commission's July 2025 [Momentum Survey](#) reported that 82 per cent of respondents were concerned about rising input costs. In this context, unpredictable or poorly explained levies risk exacerbating financial stress for small enterprises.

The Commission's recent [Rightsizing Regulation Report](#) emphasised the importance of involving small businesses from the earliest stages of policy design. Engaging a diversity of perspectives not only strengthens stakeholder buy-in but also ensures operational realities are considered upfront.

To support this, the Commission recommends use of a Small Business Impact Statement (SBIS) to explicitly assess how draft regulations may affect small businesses, considering scale, compliance capability, and sector-specific constraints. Incorporating a SBIS into TfNSW's regulatory process would improve confidence that the draft regulations have been designed with regards for small business impacts.

Governance arrangements

The Commission has previously raised concerns regarding governance arrangements, particularly the need for mechanisms that ensure small business voices are adequately represented in CID decision-making. This is especially critical when setting levies or making expenditure decisions that materially

affect small business viability. The Commission remains of the view that further work is required to embed safeguards into the governance model to prevent unfair disadvantage.

In relation to the roll for the list of persons who are likely to be entitled to vote in a CID proposal ballot, in instances where a parcel of land is owned by two or more owners, the draft regulations state the owner that will participate in the ballot will be selected by a random draw. This may cause issues where one land owner may be better suited to the role, or for example if one land owner is overseas or unwell and a process would need to be adopted to assign the role to another land owner. Owners should be able to nominate which owner should be listed on the roll amongst themselves. In instances where a nominated owner cannot be agreed upon, then a random draw should apply.

The Guide to Policy and Regulatory Impact Statement outlines Australia Post's Unaddressed Mail service will be utilised to notify the relevant CID businesses. This is a source of concern as many people may not open unaddressed mail or not receive it due to opting out of receiving "junk mail". The Commission recommends investigating whether online methods can be utilised, for example, unique survey links for each respondent. Additionally, the use of physical voting booths may be beneficial in a central location. The inclusion of the potential for the NSW Electoral Commissioner to be able to conduct a CID proposal ballot on TfNSW's behalf under section 12 of the CIDs Act may also be a preferred alternative to relying on unaddressed mail.

The Commission welcomes the opportunity to continue working with TfNSW on measures that ensure the CID framework is fair, transparent, and sustainable. Explicit protections for small businesses, including mandatory consultation, levy safeguards, and governance mechanisms, are essential to achieving this outcome. Thank you for the opportunity to make a submission. If you require further information, please contact my Executive Officer, at either commission@smallbusiness.nsw.gov.au or (02) 9372 8767.

Yours sincerely

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NSW Small Business Commission

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