



# Draft Special Business Rate Expenditure Policy

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City of Newcastle

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Suite 1, Level 1  
165 Lambton Road  
Broadmeadow, NSW 2292

Phone: 02 49699 600

[info@hunterbusinesschamber.com.au](mailto:info@hunterbusinesschamber.com.au)  
[www.hunterbusinesschamber.com.au](http://www.hunterbusinesschamber.com.au)

## Introduction

The Hunter Business Chamber (HBC) appreciates the opportunity to provide a submission on the *Draft Special Business Rate Expenditure Policy* (the Policy). HBC is the largest regional business chamber in Australia, established in 1886. It represents around 2,000 predominantly Hunter region-based member organisations and is the peak industry association in the region, reflecting the interests of all business sectors.

Through direct membership and alliances with local business chambers and organisations, HBC represents more than 250 businesses within the Newcastle BIA catchment areas.

As indicated in our prior submission on the *Review of Business Improvement Areas in Newcastle Implementation Report*, HBC supports the principle of a more collaborative and flexible framework for Newcastle's business improvement activities, however it is imperative that the business community continues to play a significant role in determining how the funds they contribute through payment of the Special Business Rate (SBR) are used to enhance the business environment in their precincts.

The Chamber stated in its prior submission that the perspective of business owners should be sought as part of the expenditure process and suggested that the panel responsible for assessing and awarding applications for contestable funds include representation from the business community.

This part of our submission was supported in the report to Council on the *Implementation Report and Consideration of Public Submissions*, which was considered at the Ordinary Meeting on May 28. Part C, point six of the report said the following:

*"It is proposed that any community group or organisation (including existing BIAs) be eligible to apply for contestable funds. The allocation of contestable funding will be through an EOI process with applications reviewed by a panel. A number of submissions have suggested that business representatives be part of the panel and this is supported. Once Council has determined the model moving forward Expressions of Interest for projects and events accessing contestable funding will be called during June 2019 with application to be reviewed and assessed by a panel consisting of Council staff, the BIA Support Officer and a Business Representative."*

However, the *Special Business Rate Expression of Interest Guidelines*, made available online when the EOIs opened on 17 July, states in Annexure A that the Assessment Panel comprises the Lord Mayor (or nominee); Director Strategy and Engagement (or nominee); the Manager Community and Corporate Planning; and, the Economic Development Facilitator.

The Chamber maintains that the assessment process would benefit from having the direct perspective of business owners and believes the inclusion of representative of the business community is important to ensuring that the successful projects deliver outcomes beneficial to the stakeholders who exclusively fund the SBR program.

The business representative need not be a trader or business currently operating in the area. However, the representative needs appropriate experience and capacity to gauge if an initiative or idea will meet the business objective of the program. In addition to reinforcing our position on this important principle, the Chamber offers further comment on the following aspects of the Policy.

### **Part A: Section 3 – Principles**

The Chamber is concerned that none of the Principles (Part 3) expressly state the imperative of delivering good business outcomes.

In our prior submission, the Chamber noted that City of Newcastle (CN) has alternative funding avenues open to individuals and groups for activities that provide community benefit but may not necessarily enhance business activity – primarily the Community Grants scheme. The Chamber maintains that benefit to business should be the underlying objective for the expenditure of all SBR levies, and that applications for contestable funding should be noticeably distinct from that of other community grant programs, with criteria that emphasise benefit to business as the primary objective.

Principles such as ‘facilitating active participation by community stakeholders’ and ‘creating safe, vibrant and welcoming public places and neighbourhoods’ are worthy objectives, but do not alone guarantee favourable outcomes for local business, which would be measured more in terms of an increase in customers and improved trading conditions.

For instance, events that used contracted providers such as food trucks or market stalls do not necessarily assist businesses that pay the SBR – if not carefully planned in consultation with the business community they may even have the reverse effect of undermining local traders.

Prioritising benefit to the business community in the Policy principles would help ensure that events complement, rather than compete with, established businesses in the SBR precincts.

### **Part B: Section 4 – Allocation of SBR monies**

Section 4.1 of the Policy indicates that CN has discretion to determine the amount of SBR monies to be made available for expenditure each year and that the monies may be directed to projects and activities delivered by council that meet the requirements of the policy but are not part of the contestable funding process. In the past, the business community has determined the spending priorities through the vehicle of the Business Improvement

Associations. We understand the intention of these new arrangements is to move away from that model, however the outcome lacks some certainty, in that the amount of funds to be made available each year is not clear. We are hopeful CN is intending to expend or commit all funds on a year-on-year basis. We also believe there needs to be in place safeguards to reassure businesses paying the SBR that the funds will not be directed towards projects that should or would otherwise be funded from other recurrent sources.

### **Part C: Section 6, Eligibility Criteria and Section 7, Assessment Criteria**

These sections outline the conditions applicants and their projects must meet to be considered for contestable funding under the SBR program. The Chamber appreciates the need for criteria that will ensure applicants are accountable and their projects robust. However, given the short lead-up time to the initial call for EOIs under this new program, and the ineligibility of the two organisations that were in the past responsible for the expenditure of the bulk of SBR monies, we are concerned that new groups may not have had time to properly mobilise and formulate strong proposals that will meet the eligibility and assessment criteria.

Given that the Program Structure, as outlined in the EOI guidelines, allows for “at least one competitive financial year”, the Chamber suggests that CN consider a second round this year to give aspiring applicants with more time to prepare their submissions and ensure their organisations and projects meet the criteria.

### **Conclusion**

In summary, The Hunter Business Chamber puts forward the following points for Council’s consideration:

- Applications for contestable funds should be evaluated by a panel with representation from the business community and this should be noted in future annual Guidelines for the competitive EOI process (Section 5);
- Benefit to businesses in SBR precincts should be the underlying objective for the expenditure of all SBR levies and be reflected in the Policy Principles (Section 3);
- The Program would benefit from a clearer outline of funding priorities to distinguish the spending priorities for SBR funds as opposed to those from other recurrent funding sources (Section 4);
- CN should consider a second round of contestable funding during this financial year to give new groups time to ensure their project submissions and organisational structure comply with the eligibility and assessment criteria.(Sections 6-7).

The Chamber appreciates the opportunity to provide these comments and welcomes any further engagement on these matters.

### **Contact**

For further information, please contact:

Bob Hawes  
**CEO**

or

Amy De Lore  
**Policy & Public Affairs Manager**

02 4969 9600  
[info@hunterbusinesschamber.com.au](mailto:info@hunterbusinesschamber.com.au)