

**ITEM 21. ECONOMY AND BUSINESS GRANTS AND SPONSORSHIP
PROGRAMS REVIEW**

FILE NO: S116564.010

SUMMARY

The City of Sydney's Grants and Sponsorship Program supports initiatives and projects that build the social, cultural, environmental and economic life of the city. To achieve the objectives of *Sustainable Sydney 2030* requires genuine partnership between government, business and the community.

The Program is one of many ways in which the City partners with the community and business to further the actions, strategic directions and vision of Sustainable Sydney 2030 through cash and value in-kind (VIK) support.

The Grants and Sponsorship Policy (the Policy) provides the governance framework for how the Program is managed, and how decisions about funding are made. The Policy ensures that the City meets the governance requirements of the Local Government Act 1993 in relation to grant giving. In 2014, Council adopted the current Grants and Sponsorships Policy following a comprehensive review of the policy and programs to ensure that it aligned with a number of (then) new policies.

As set out in the City's Economic Development Strategy, the City is committed to being a globally competitive and innovative city, the premier place in Australia to live, work and visit. The City's Grants and Sponsorship Program makes an important contribution to this overall commitment, supporting a range of partners to deliver the actions outlined in the strategy and its action plans. Under the current Policy, there are a range of programs that support the economy and business, this report specifically considers the Village Business Grant Program and Business Improvement Grant Program.

In February 2016, Council requested that the Chief Executive Officer review the Village Business Grant Program and recommend changes to the Grants and Sponsorship Policy (and other programs identified as a result of the review).

Staff have now completed an extensive review of the Village Business Grant Program and the Business Improvement Grant Program. This report recommends the discontinuation of the Village Business Grant Program and the Business Improvement Grant Program; and, the establishment of a new program, the Business Support Grant Program (the new Program).

This report recommends an increase to the level of funding currently provided under those programs from \$730,000 excluding GST in 2016/17 to \$805,000 in 2017/18.

The new Program will provide targeted support to improve the diversification of business types and activities/programming at night; support capital improvements that enable live music and performance; and support industry and local business capacity building, networking and advocacy. The new Program will provide up to \$30,000 matched cash funding across three categories of support:

- Place and Industry – to support capacity building initiatives that strengthen networks, provide access to information and upskilling within key industries and local economies. (e.g. local business and industry networking events, communication with members).

- Live Music and Performance – to support capital improvements to venues to enable and improve live music and performance (e.g. installation of sound baffling materials to manage sound transfer to neighbouring properties or improve internal acoustics, introduction or improvement of sound equipment, projects or venue improvements to improve venue patron and staff health and safety).
- Night Time Diversification – to build on the diverse day time business offerings by supporting night time programming to encourage increased variety of night time business offerings and programmed activities in commercial precincts (e.g. live music, cultural activities, food events, retail activation).

The review included an analysis of the history of the program, current funding outcomes, a comparison of funding models used by other local councils, an analysis of the funding awarded under the program in the last five years and the results of the City's *Small Business Communication and Business Support Needs Survey*.

Consultation for the review also included three briefings with Councillors, three workshops with local chambers of commerce, precinct associations, Destination NSW, Department of Industry and NSW Business Chamber; meetings with individual chambers of commerce, precinct associations and small business owners in the City of Sydney local government area; and consultation with other councils.

In addition, the review considered the strategic commitments and priorities of the City including support for local chambers and precinct associations, support for key industries and sectors, and the diversification of the night time economy, including the City's strong commitment to live music and performance.

The changes proposed consider the City's own programs and services that support local business, and those delivered by other key stakeholders to ensure that the needs identified by the City's local business community are being delivered and to avoid duplication.

The proposed changes enable the City to deliver on business, stakeholder and community needs and the Council's strategic commitments and priorities across local economies and small business, night time economy and live music and performance.

Supporting new or expanded programming in businesses at night time will increase the business offer and depth of programming for visitors and locals in the city's precincts at night. Supporting capital improvements will increase the quantity and quality of live music and performance activity in the city.

The proposed new Program and categories build on successful elements of previous business / village funding programs by maintaining a mechanism of support for chambers of commerce and precinct associations. The new category will provide assistance for chambers/precinct associations to connect members with opportunities, facilitate networking and enable dialogue that ensures they can effectively advocate on local issues.

In addition, the Program maintains an opportunity for the City to support small business capacity building through partnerships with industry associations. The City's small business research identified that 41 per cent of local businesses are members of industry associations. Local business would like improved and more tailored services from industry associations to run their business.

Attached to this report is the revised City of Sydney Grants and Sponsorship Policy that includes a new section on page 14 that outlines the new Business Support Grant Program.

The other grants and sponsorships programs offered by the City that support business include the Creative and Commercial Events Sponsorship, Cultural and Creative Grants and Sponsorships, Festivals and Events Sponsorship, Knowledge Exchange Sponsorship, Matching Grant, Street Banner Sponsorship (VIK), Venue Hire Sponsorship (VIK) and Accommodation Grant (VIK).

RECOMMENDATION

It is resolved that:

- (A) Council adopt the revised Grants and Sponsorship Policy and the programs outlined in that policy, as shown in Attachment A to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to make amendments to the Grants and Sponsorship Policy in order to correct any minor drafting errors.

ATTACHMENTS

Attachment A: Revised Grants and Sponsorship Policy

BACKGROUND

1. The City of Sydney's Grants and Sponsorship Program supports initiatives and projects that build the social, cultural, environmental and economic life of the city. The program is one of many ways in which the City partners with the community and business to further the actions, strategic directions and vision of Sustainable Sydney 2030 through cash and value in-kind (VIK) support.
2. The Grants and Sponsorship Policy (the Policy) provides the governance framework for how the program is managed, and how decisions about funding are made. The Policy ensures that the City meets the governance requirements of the Local Government Act 1993 in relation to grant giving.
3. Endorsed in 2013, the City's Economic Development Strategy is designed to strengthen Sydney's competitiveness, improve productivity and capacity, and promote and leverage opportunities. The City's Grants and Sponsorship Program makes an important contribution to this overall commitment by enabling action and supporting partners to deliver the actions set out in the Strategy's action plans.
4. Under the current Policy, there are a number of programs that support the economy and business. The programs in this category aim to enliven the city and attract visitors, catalyse development and business growth; promote Sydney to a global audience; encourage collaboration with community and business; and build small business capacity.
5. The existing Village Business Grant Program and Business Improvement Grant Program, in particular, aim to support collaboration and build business capacity. The programs are focused on fostering the long term sustainability of the small business sector in the form of initiatives that enhance business owner skills, increase their uptake of business development opportunities and improve their understanding of contemporary issues and associated solutions for their business.
6. In February 2016, Council requested that the Chief Executive Officer review the Village Business Grant Program and recommend changes to the Grants and Sponsorship Policy (and other programs identified as a result of the review).

VILLAGE BUSINESS GRANTS REVIEW

7. Staff have undertaken an extensive review of the Village Business Grant Program and the Business Improvement Grant Program. The review includes an analysis of the history of the programs; the outcomes of the City's current support for chambers of commerce and precinct associations (over the last five years); a comparison of funding models used by other local councils; and the results of the City's *Small Business Communication and Business Support Needs Survey*.

History of support for Chambers of Commerce

8. In 2004/05, the City established Memorandums of Understanding with the Kings Cross Partnership and Glebe Chamber of Commerce with the aim of supporting local businesses.

9. In 2005, Council approved the establishment of a grants program that aimed to assist the business community in the city's local villages. The program encouraged the establishment of not-for-profit business associations (chambers/associations) to represent and support their local businesses. The program recognised that chambers/associations were at different phases of development and grants were made available in line with this.
10. In 2006, the program was integrated into the City's Grants and Sponsorship Policy and, in 2007, changes were made to the Grants and Sponsorship Policy and guidelines to refine the program further.
11. In response to concerns from chambers/associations about their required level of volunteerism, in 2008 Council resolved to assist the program through the addition of two precinct coordinators to work with the chambers/associations in the delivery of funded projects. Since this time, the program has been supported by the City Business Manager and three City Business Coordinators.
12. In 2009, categories of support were introduced to inform the types of projects that would be eligible for funding under the program and, in 2010, the program was renamed the Village Business Partnership Program to better reflect the support it provided, amongst other small changes.
13. In 2012, twice-yearly grant rounds were introduced and a \$50,000 cap (within the \$80,000 total cap) was placed on funding for project staff.
14. In 2014, program eligibility was changed to include industry associations and the categories of support were expanded to include activities that leverage major events.
15. Since 2004/05, when the City supported just two eligible chambers / associations, there are now 12 eligible chambers/associations operating in the local government area, which is, on average, one new organisation per year.

Outcomes of funded projects 2010/11 to 2015/16

16. Under the current Village Business Grant Program, up to \$80,000 excluding GST per annum can be applied for across the following project categories:
 - (a) consumer-facing marketing initiatives;
 - (b) business capacity building; and
 - (c) activities that leverage major events.
17. Within the \$80,000, applicants can apply for a maximum of \$50,000 for project management/administration costs to implement activities from one or more of these project categories.
18. Applicants must operate within the local government area or be able to demonstrate benefits for the City's residents, workers and or visitors. They must be a not-for-profit organisation that demonstrates either strong representations of, engagement with and participation in the local business community in their precinct; or strong support for, and commitment from, business in a precinct or industry sector for the project(s).

19. As part of the Grants and Sponsorship Policy changes in 2014, the eligibility for the program was expanded to include industry associations. In 2015/16, two industry associations were awarded funding (Music NSW and Australian Fashion Chamber). The following analysis does not include these two grants.
20. An analysis of the funding provided under this program has been undertaken for the period 2010/11 to 2015/16. The detailed review considers grant applications, agreements and acquittal reports (where received) to determine if the desired outcomes were achieved by chambers/associations.
21. A total of \$3,571,592 (excluding GST) was provided to chambers/associations through the program across five financial years. Of this, a total of \$52,333 in funding was declined or returned by three chambers/associations as they were unable to undertake or complete funded projects.
22. The analysis below includes costs associated with Project Coordinators and operations (\$1,111,180), consumer marketing (\$1,932,082) and capacity building for business (\$362,005). In 2015/16 the City also provided a small amount of funding for leveraging major events (\$166,325). An analysis of the largest three categories is included below.
23. Project Coordinators and operations:
 - (a) During the period, more than \$1.1 million was provided for core activities including managing funded projects and maintaining/building their membership base.
 - (b) During the period, membership grew by 2.3 per cent with chambers/associations representing approximately 5.6 per cent of all businesses in the local area (or 1,232 businesses).
 - (c) Table 1 below provides a comparison of each chamber/ association membership as a percentage of the total number of business in their area (as at 2015/16).

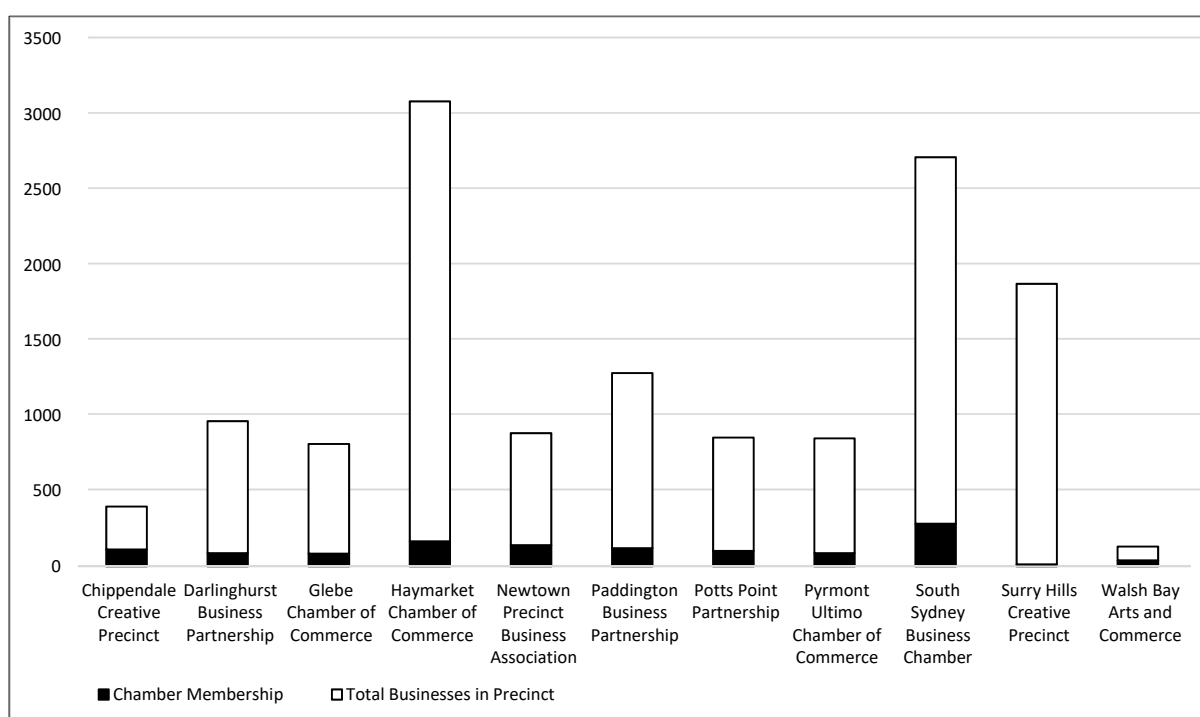


Table 1: Total number of businesses and portion of these that are chamber/association members.

24. Marketing:

- (a) During the period, more than \$1.9 million was provided for consumer facing marketing activities including precinct destination websites, social media activities, destination guides, and tactical marketing campaigns.
- (b) Chambers/associations provide proof of the output of a project (e.g. a website being live, an advertisement being published or a new brand and logo being created). There is very little measurement of the impacts of these marketing outputs, for example, increased footfall or patronage for local business, or awareness of the area.

25. Capacity building:

- (a) During the period more than \$350,000 was provided for capacity building activities, including seminars and workshops, networking opportunities and sharing tailored resources and/or tools.
- (b) As a snapshot of these activities, the 2015/16 program supported recipients to host an average 40 events per year (approximately four events per organisation) that were attended by approximately 1,500 people (or less than 40 people per event). By comparison, the City's Thought Leaders Seminar Series achieves the same level of attendance across 12 annual events.
- (c) Many of the events duplicate services already offered by other agencies and service providers (details outlined in paragraph 48) and efficiencies could be gained from increased awareness by chambers/associations and their members of these opportunities.

Comparison of funding models used by other local Councils

26. Table 2 below provides an overview of the different models of support for local chambers/associations across six local government areas in 2015/16.

Council	No. of Orgs	Support	Source of funds	Support/Funding/Caps	Membership % of total businesses
Melbourne	8	Yes Grants	Operational	Grants Up to \$25K admin Up to \$50K marketing	5.30%
Newcastle	4	Yes. Service Contract.	Business Improvement District	Levied funds from each commercial centre/precinct passed onto relevant Business Improvement Association.	Not known
Botany	1	No	N/A	Generally through Botany Bay Business Enterprise Centre	4%
Marrickville	4	Yes Service Contract	Levy (< 0.5% on commercial premises)	Marrickville up to \$60K Newtown up to \$65K Dulwich Hill up to \$30K Petersham up to \$12K	< 1%
Leichardt	2	Yes Service Contract	Operational	Up to \$30K per chamber	Leichhardt / Annandale < 1% Balmain / Rozelle < 2%

Woollahra	2	Yes Service Contract	Operational	Double Bay – up to \$98K Paddington – up to \$45K	Not known
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Analysis of the City’s 2015 Small Business Communication and Business Support Needs Survey.

27. In 2015, the City commissioned research to better understand the profile and needs of small business in the local government area. Over 840 business across the local government area were involved in the research.
28. Some of the key findings include:
 - (a) 41 per cent are members of industry associations;
 - (b) 70 per cent want to hear from the City about running their business, specifically;
 - (i) improved destination marketing including event leveraging;
 - (ii) promotion of skills, training and capacity building programs;
 - (iii) provision of evidence / insights into their customer base;
 - (iv) assistance for industry associations and peak bodies to improve services for them (as members).

CONSULTATION

29. Consultation for the review has included three briefings with Councillors, three workshops with local chambers of commerce, precinct associations, Destination NSW, Department of Industry and NSW Business Chamber; meetings with individual chambers of commerce, precinct associations and small business owners in the local government area; and consultation with other councils about their work with chambers/associations.
30. Consultation was particularly focused on local chambers/associations as the City has long standing relationships with these groups. Local chambers/associations have been a key conduit for the City to provide information to small businesses and to understand the needs of local small business. As with many volunteer based organisations, their capacity and capability fluctuates over time with some groups more effective than others. In addition, the City’s focus and capability in supporting small business has grown significantly since the endorsement of the Economic Development Strategy in 2013.
31. Workshops:
 - (a) Three workshops were held between September and December 2016, with representatives from the ten funded chambers/associations, along with Department of Industry, NSW Business Chambers and Destination NSW invited to attend.
 - (b) Rather than focus on funding specifically, the workshops were facilitated by the City to discuss, identify and determine the best activities or actions that could be undertaken to support businesses in our local economies. The objective of the workshops focussed on determining:

- (i) what support do local businesses need;
 - (ii) who is best placed to provide that support (for example local chambers, NSW Government, NSW Business Chamber); and
 - (iii) what are the most effective mechanisms for support (for example grants or direct service provision).
- (c) At the first workshop, common objectives were agreed, the ecosystem of support that exists for small business / local economic development was identified and discussed, and a shared vision for outcomes over the coming five years was created. The agreed 2021 outcomes for ensuring “Vibrant Local Village Economies” were:
- (i) thriving and growing local business connected to place;
 - (ii) access to business development opportunities;
 - (iii) highly informed, coordinated and connected;
 - (iv) effective and influential voice to effect change;
 - (v) business chambers/associations shared platforms and ‘back office’; and
 - (vi) supportive city infrastructure and services.
- (d) The second workshop focused on exploring the outcomes identified in the first workshop, with representatives from the first workshop presenting possible initiatives and actions for consideration of the group. From this discussion, six milestones were identified for discussion at the third workshop:
- (i) shared vision;
 - (ii) alliance (of chambers/associations) formed and operating;
 - (iii) local chamber/association analysis completed and a sustainable business model developed;
 - (iv) selection and roll out of a common CRM system;
 - (v) shared catalogue of resources, toolkits and training were to be created; and
 - (vi) agree governance model and implementation process for the activities listed above.
- (e) The third workshop was intended to focus on considering each of the six milestones identified at the second workshop, including the best way to resource and facilitate these outcomes.
- (f) Rather than moving forward with a discussion about an approach to pursuing the agreed milestones, the chamber/association representatives wanted to instead discuss issues they believe to be more relevant to the local chamber/association movement, specifically, how they could be more sustainable. They noted that the biggest issues to their sustainability were:

- (i) funding and resources;
 - (ii) slow to build relationships;
 - (iii) voluntary management model;
 - (iv) membership not an imperative (to local business);
 - (v) don't work together (as a 'movement') effectively;
 - (vi) no shared purpose / clarity; and
 - (vii) many distractions / diversions.
- (g) They discussed the following characteristics of a more sustainable business model for local chambers/associations:
- (i) diverse income sources;
 - (ii) every business required to join/contribute;
 - (iii) effective governance structure;
 - (iv) access to information, data and analysis;
 - (v) deeply vested community and connections;
 - (vi) succession planning in place; and
 - (vii) professional capabilities.
- (h) It was evident from this workshop that the local chambers/associations had identified some significant challenges for their group and as individuals, including differing views about how best to move the conversation forward.
- (i) The agreed outcomes of the third workshop were:
- (i) local chambers/associations to meet and provide further feedback to the City about future activities and support; and
 - (ii) City to form a cross agency group to ensure support for local economies and small business is optimised. Local chambers/associations to nominate a representative member to this group when agreed.
 - a. The City is part of the NSW Government led 'Assisting Business in NSW' Group. This group shares information and cross promotes opportunities for business and includes representatives from Department of Industry, Small Business Commissioner, Department of Primary Industries, Austrade, NSW Environmental Protection Authority, Jobs for NSW, Australian Export Credit Agency, Fair Work Ombudsman and Department of Foreign Affairs and Trade.

32. Meetings and direct consultation with chambers/associations (including follow up letters):
- (a) Prior to and following the three chamber/association workshops, individual meetings were held and letters exchanged between chambers/association representatives and City staff. The meetings were intended to discuss what was needed by businesses in the local government area.
 - (b) In May and June 2016, the Chief Executive Officer, Director City Life and Manager City Business and Safety met with representatives from NSW Business Chamber, Glebe Chamber of Commerce, Pyrmont Ultimo Chamber of Commerce, Haymarket Chamber of Commerce, Surry Hills Creative Precinct, Chippendale Creative Precinct, and as a group, with Walsh Bay Precinct Association, Potts Point Partnership, South Sydney Business Chamber and Newtown Business Precinct Association.
 - (c) Whilst feedback differed between the groups, generally, the support they were seeking fell into the four categories below:
 - (i) working with Council on behalf of local business to ensure that Council-related services were available/appropriately allocated for local businesses and precincts;
 - (ii) promotion of local places;
 - (iii) capacity building for local businesses; and
 - (iv) leveraging events in local precincts.
 - (d) In addition, chambers/associations generally noted:
 - (i) membership was difficult to increase / attract;
 - (ii) financial sustainability and administration of their organisations was challenging;
 - (iii) some advocated for a Business Improvement District, while others advocated for an Independent Advisory Group (to administer funding); and
 - (iv) that while there were commonalities between chambers/ associations and local precincts, there were also valuable and unique characteristics and needs for each.
33. In March 2017, two letters were received by the City:
- (a) Haymarket Chamber of Commerce wrote to provide a formal response to previous meetings and the workshops to reiterate their appreciation of the City's support for their organisation, and to encourage the City to continue to invest in local precincts to ensure they are sustainable for their growing communities.

- (b) Newtown Business Precinct Association, on behalf of their organisation and Darlinghurst Business Partnership, Potts Point Partnership and South Sydney Business Chamber, provided formal written feedback about the review and workshops:
 - (i) chambers/associations were confused about the workshop objectives;
 - (ii) inability to identify the role that chambers play in the economic development strategy of the city;
 - (iii) concerns about transparency in regard to the review and their preference to deliver services/projects themselves or for another agency/organisation to do it;
 - (iv) the group self-assessed their areas of strength, areas for improvement and how to move forward in a solution based environment;
 - (v) a desire to formalise a chamber working group (for those in the City of Sydney local government area) moving forward;
 - (vi) seeking a sustainable chamber model that includes common and bespoke activities (including 50 per cent funding from the City of Sydney); and
 - (vii) the formation of an alliance of agencies, NSW and local chambers to administer City of Sydney funding and share information.

- 34. In May 2017, a presentation was sent to the City from Newtown Business Precinct Association, on behalf of their organisation and Darlinghurst Business Partnership, Potts Point Partnership, Walsh Bay Arts & Commerce, CBD Sydney Business Chamber, Surry Hills Creative Precinct and South Sydney Business Chamber, regarding the group's activities and priorities. The group is called the Sydney Chamber Alliance, and the initial priorities for the group are to:
 - (a) engage with all City of Sydney local chambers;
 - (b) provide a forum for all local chambers to connect;
 - (c) promote the value of local chambers by telling the good news stories;
 - (d) create efficiencies by sharing information and resources;
 - (e) assist in growing local chamber engagement with the businesses in their precinct;
 - (f) connect with like-minded organisations to support the alliance; and
 - (g) provide 'one voice' to advocate for greater support of each individual local chamber.

35. Business owners:

- (a) As part of the business as usual dealings staff have with local business owners, some general feedback during the review period has included:
 - (i) a strong sense of connection and desire to engage with or give back to their local community;
 - (ii) some confusion about how to approach the City for support, including time to look out for opportunities and implement them;
 - (iii) requests to improve navigation of the City's website about business related information and improved links to other agencies/services; and
 - (iv) mixed feedback about being a member of a local chamber/association and confusion about their relevance and role.

36. Agencies and NSW Business Chamber:

- (a) In addition to representation by Department of Industry, Destination NSW and NSW Business Chamber at the three local economies workshops, individual meetings have also been held with NSW Business Chamber.
- (b) Some of the local chambers/associations located in the City of Sydney local government area are Alliance members of the NSW Business Chamber, but others are not (it is not compulsory). Being an Alliance member entitles the member organisation (and their members) to access a range of services and products offered by the NSW Business Chamber.
- (c) The City will continue to work with the NSW Business Chamber where appropriate to encourage and support their work with local chambers/associations.

37. Other Council work with local chambers/associations:

- (a) Staff have consulted with City of Melbourne, City of Brisbane, Lake Macquarie Council and other Sydney metropolitan Councils.
- (b) Many noted similar issues to those experienced by the City and the local chambers/associations in regard to their varying levels of capacity and capability, difficulty in finding a model of support that is successful (regardless of the amount of money involved) and lack of membership. Generally, other councils were surprised at the amount of funding the City provides to chambers/associations and the level of associated support.
- (c) In addition, how local chambers operate and are supported in Europe and the United States of America has also been considered.
- (d) Generally, there are three different models:
 - (i) Business Improvement Districts (or similar), where businesses agree to become members and provide funding support for local chambers;
 - (ii) no government support, where membership and philanthropy provide support for local chambers to operate; and

(iii) grant funding, where local chambers are supported through government grants and other income streams (sponsorship, advertising revenue from owned assets etc.).

(e) There was no best practice model that could be applied locally by the City.

The City's strategic objectives

38. The review considered the strategic commitments and priorities of the City.
39. Endorsed in 2013, the City's Economic Development Strategy, the City is committed to being a globally competitive and innovative city, the premier place in Australia to live, work and visit. In delivering the Economic Development Strategy, the City has created Action Plans – Retail, Tourism, Eora Journey Economic and Tech Startups Action Plans. These plans include a number of actions including supporting others through grants and sponsorships, specifically designed to catalyse activity and assist organisations and individuals in delivering initiatives in their area.
40. Local economies, outside of the City's global centre (the CBD), play a vital role in the City's economy – collectively generating a quarter of the city's economic output. They are also integral to the culture, community and liveability of the city. They are employment hubs and each has a distinctive economy. The industry mix and dominant industry varies in each precinct and it is therefore critical to support development of industry clusters and activities. In addition to the City's identified priority industry sectors, the City is committed to the long-term sustainability of the small business sector and the development of places.
41. Endorsed with the Economic Development Strategy, the Retail and Tourism Action Plans highlight the importance of these sectors to the city's economy. Retail represents the largest portion of businesses in the city, are the foundation of our main streets, and are a key attractor for visitors. The focus of the City's support includes the delivery of programs and services that build skills and expertise in small business operators and investment in high quality places and infrastructure. Similarly, the City's role in tourism is to enhance the quality of the visitor experience to maximise visitation.
42. In 2013, Council adopted the OPEN Sydney Strategy and Action Plan (OPEN Sydney), a 17-year strategy that aims to develop a vibrant, safe and sustainable night time economy for Sydney. OPEN Sydney has a range of goal areas, which are interdependent and aim to ensure that Sydney is a truly global city that is vibrant, safe and sustainable. OPEN Sydney states the City will:
- (a) establish Sydney as an internationally recognised leading night time city;
 - (b) establish an effective governance framework to facilitate coordinated action on night time economy issues;
 - (c) connect businesses with events, opportunities and each other;
 - (d) encourage growth in a wide range of leisure and entertainment options; and
 - (e) encourage an improved drinking culture to reduce anti-social behaviour.

43. OPEN Sydney recognises that truly great global cities have excellent choices at night for all ages, lifestyles, cultures and family types. These choices include public and private attractions both indoors and outdoors such as retail, later dining, recreation and cultural experiences.
44. Research commissioned by the City in 2016 identified a range of actions the City could undertake that would encourage later trading. The primary barrier identified was uncertainty about the level of patronage and cost to extend trading hours.
45. The City's Grants and Sponsorship Program makes an important contribution by incentivising business to program diverse night time activities and encourage non-licensed business to trade later. The City also delivered enhanced nightlife destination marketing, provision of footfall and customer information to better inform decision-making and streamlining of planning and regulation processes.
46. In 2014, the City's Live Music and Performance Action Plan was endorsed. Action 4.3.1 of the Plan states "Based on best practice models from other sectors, consider options to develop a financial assistance program that provides incentives to new and existing venues to invest in infrastructure and capital costs associated with live music and performance."
47. This commitment was made as one part of an overarching body of work designed to contribute to Sydney's live music and performance industry, and that also includes regulatory policy reform, advocacy, research and strategic projects.
48. The extent of the support available to local business in our local government area includes:
 - (a) In 2017/18, the City of Sydney is forecasting \$6.53M in staffing and operational costs to directly support the economy and business in the local area. Some of the programs to be delivered include:
 - (i) Capacity building for small business – City Thought Leaders Seminars (10 per year attracting more than 1,100 businesses each year); funding for specialist seminars (currently four seminars in digital knowledge and skills and four in market insights into Asia).
 - (ii) Tools and resources – dedicated business section of the City's website with local area profiles, tools and resources including 'How To' development application guides and the recently launched Event Leveraging Tool Kit.
 - (iii) Communications to business – a bi-monthly e-newsletter is distributed to nearly 4,000 businesses promoting funding and capacity building opportunities, as well as services for small business that are delivered by a range of agencies and providers. The City is focused this year on growing the City Business database by gaining consent from businesses through the Floor Space and Employment Survey currently being undertaken across the local government area.
 - (iv) Business awards – recognising small business in a variety of categories across the local government area.

- (v) Targeted funding – across creative, environment and knowledge grants; these include more than \$115,000 to support the Tech Startup ecosystem and more than \$585,000 provided under the Commercial and Creative Events Sponsorship program to support major events including Vivid and Business Events Sydney.
 - (vi) General Funding – in addition to targeted programs, other grants and sponsorships programs that support business include the Commercial and Creative Events Sponsorships, Cultural and Creative Grants and Sponsorships, Festivals and Events Sponsorship, Knowledge Exchange Sponsorship, Matching Grant, Street Banner Sponsorship (VIK), Venue Hire Sponsorship (VIK) and Accommodation Grant (VIK).
 - (vii) Smart Green Business – assists small to medium enterprise improve their environmental performance and has helped over 600 leading local businesses save \$8,000 per year on average in water, energy and waste bills.
 - (viii) Retail Advisory Panel – brings together the retail industry and relevant agencies to work on issues of common interest, provide strategic advice, identify and create opportunities for retailers (for example with Destination NSW and Business Events Sydney).
 - (ix) Specialist programs – the City continues to work with partners and retailers to enhance the Christmas program with the aim of making Sydney one of the top international destinations at Christmas.
 - (x) Destination marketing – promotion of local economies as part of the City’s ongoing annual marketing program includes free event listings for business on the City of Sydney What’s On website (2 million visitors a year), monthly e-newsletter (36,000 subscribers) and hero events are featured across the City’s social media channels (approximately 500,000 followers across Facebook, Instagram and Twitter). The City is currently devising a Destination Marketing Strategy to be delivered in partnership with relevant agencies to ensure consistent key messaging about the different experiences in the Sydney CBD and villages.
 - (xi) Research – customer intercept surveys are undertaken in our local economies on an annual basis and this data is shared with businesses to assist their understanding of the different customer profiles across our local government area.
- (b) NSW Government Department of Industry (programs specifically relevant):
- (i) Business Connect
 - a. Personal business advisory service and business skills training delivered by 10 independent service providers across NSW. The training is focused on supporting digital readiness, resilience and productivity.
 - b. Workshops, seminars and roadshows including: ‘Getting Your Business Online’ and ‘3 Ways to Grow Your Business Online’.

- c. Back-to-Business Week to celebrate small to medium businesses and promote the critical role they play in local communities.
 - (ii) Innovation and Research
 - a. Jobs for NSW grants for high-potential new businesses and partnerships with incubators and accelerators (minimum viable product grants, accelerating growth loan, gazelle loan guarantee and building partnership grants).
 - (iii) Assistance and Support
 - a. Women Entrepreneurs Online Network (WON), a one-stop-shop connecting aspiring and existing entrepreneurs with the resources, knowledge and people that can help them create and grow their business.
 - b. NSW Austrade also provides export information, advice and support for local businesses.
- (c) NSW Small Business Commissioner supports dispute resolution, provides business advice and advocates on behalf of small business within government.
- (d) The Federal Government offers a range of support services for small business including:
 - (i) Australian Small Business Ombudsman:
 - a. Low cost small business dispute resolution service alongside information, tools and resources.
 - (ii) Department of Industry, Innovation and Science provides:
 - a. 'Starting your business checklist' to assist with starting new businesses.
 - b. Digital business program to support the development of an online presence.
 - c. Provides information for setting up and running a home based business (advice, support, planning, registration, taxation and insurance).
 - d. Insurance, workers compensation and intellectual property information.
 - e. MarketMyBiz (marketing plan template), MyBizPlan (business plan) and MyBizShield (emergency management and recovery plan).
 - (iii) Australian Securities and Investments Commission provides MoneySmart for self-employed people to assist with cash flow, tax and income protection.
 - (iv) Austrade has significant resources available including education tools, export information and funding, market insights and resources.

- (e) The Destination NSW website sydney.com features an overview of local areas and highlights businesses within the local government area, including Inner East, Sydney North, Sydney South and Sydney East. Features include events and experiences, suggested itineraries and recommendations on seasonal activities. Other channels include paid advertising campaigns, ongoing promotion of Sydney through social media including Sydney.com Facebook (2.5 million followers), Instagram (410,000 followers) and Twitter (260,000 followers), and famils with visiting domestic and international journalists.
- (f) NSW Business Chamber – offers services to Association Alliance Members (i.e. local chambers) including specialist advice across a number of areas including industrial relations, human resources, work health and safety, business strategy and planning, and business operations and processes.
- (g) Independent Providers – increasingly, independent media and local business are themselves augmenting the promotional and service offer for local businesses. For example, many co-share and co-working hubs offer tailored business seminars and workshops for their users and other local businesses, while others are promoting precincts and featuring small businesses such as Urban Walkabout (local precinct guides), Culture Scouts (tours of local businesses and public art) and increasingly large organisations like Air BNB (local tour guides and area profiles).

BUSINESS IMPROVEMENT GRANTS REVIEW

- 49. The Business Improvement Grant Program was introduced in December 2010 as the Redfern Shopfront Improvement Matching Grants Program (funding up to \$6000 cash). The Program was established to encourage business owners or tenants to make improvements to their shopfronts in Redfern and Darlington.
- 50. The program was originally an initiative of the Roll Up Redfern group that comprised the City, Sydney Metropolitan Development Authority (formerly Redfern Waterloo Authority), South Sydney Business Chamber, REDWatch residents' action group and South's Rabbitohs.
- 51. The program was very successful in the original target precinct (Redfern/Darlington). In September 2014, Council endorsed its expansion to the Kings Cross precinct as part of a number of focussed activities in Kings Cross at the time to counter some of the unintended consequences of the introduction of the lock out legislation, and it was noted that interest from businesses in Redfern/Darlington had declined.
- 52. In September 2014, Council endorsed a second category of funding to support costs associated with acoustic audits to encourage venues to offer live music and performance programming.
- 53. Significant promotion throughout the local government area and direct to businesses was undertaken between 2015 and 2017. Despite this, there has been little take up, with four shopfront grants and two acoustic audit grants awarded between 2015 and 2017.
- 54. While the original shopfront program addressed a specific problem in a specific area, business in other areas are not as responsive as the problem is either minimal or not seen as a priority.

55. The introduction of funding for acoustic audits or consultancy advice associated with live music and performance has confirmed that venues require support for both acoustic advice and capital improvements, or acquisition of assets that may arise from such advice that can help them manage noise.

RECOMMENDED PROGRAM CHANGES

56. Based on the review outlined above, the following changes are recommended to the City's Economic and Business Grants programs:
- (a) the discontinuation of the Village Business Grant Program and the Business Improvement Grant Program;
 - (b) the establishment of a new Business Support Grant Program with three categories of support:
 - (i) Place and Industry (capacity building);
 - (ii) Live Music and Performance (capital improvements); and
 - (iii) Night Time Diversification (programming).
57. The recommendation to discontinue the Village Business Grant and the Business Improvement Grant programs is supported by the review analysis and consultation which identified that the current programs:
- (a) do not respond to the current needs of local business;
 - (b) fund projects that duplicate those provided by other agencies/entities;
 - (c) add limited to no value to business support programs offered by the City and other agencies/entities;
 - (d) do not align well with the City's current strategic priorities – specifically, to incentivise and accelerate the actions contained in OPEN Sydney and the Live Music and Performance Action Plan and support the delivery of the Retail and Tourism Action Plans;
 - (e) do not support projects with measurable outcomes that enable the City to evaluate if the support offers good value for money;
 - (f) do not provide an appropriate mechanism for local business and chambers/associations to meet the needs of their business and community stakeholders (including members, patrons, customers and workers); and
 - (g) do not respond to demand (in the case of the Business Improvement Grant Program).
58. The analysis and consultation also identified the challenges facing some (but not all) of the local chambers/associations in the City of Sydney local government area. Of considerable concern is:
- (a) the variance between chambers in capacity and capability, with some having little clarity about the role, purpose and value proposition (shared or individual);

- (b) significant deficits in capability and capacity for some of the chambers/associations;
 - (c) reliance on the City as the primary/sole source of funding; and
 - (d) lack of engagement with the broader Chamber movement, specifically, the NSW Business Chamber (who offer local chambers, and their members, a range of support services).
59. The analysis and consultation demonstrates the significant contribution the City has made to chambers/associations over many years in recognition of their role:
- (a) in being a conduit for local business to connect with information, services and to each other; and
 - (b) as advocates for the needs of their local members.
60. The new Business Support Grant Program (the new Program) will contribute to strong and sustainable local economies by supporting initiatives that stimulate business and economic activity. The proposed program:
- (a) responds to direct feedback from local business about their needs;
 - (b) provides a mechanism to the City to optimise support for business through industry associations (membership base of approximately 41 per cent of all local business);
 - (c) supports local chamber/association core purpose, to provide support to local business, understand their needs and advocate for these to be met/addressed;
 - (d) supports and encourage diversity of business offer and programed activities in local economies at night; and
 - (e) provides support for businesses to undertake capital improvements that enable live music and performance.
61. The Business Support Grant Program categories include:
- (a) Place and Industry – for chamber/association and Industry Association capacity building and member communication.
 - (i) Chamber/associations and industry associations will be able to apply for funds to support events that enable the sharing of business support information, upskill members and provide networking opportunities.
 - (ii) Chambers/associations will also be able to apply for funds to enable effective communication with members. This includes communication with members about available business support services and other information relevant to them at a local level, and to gather information from their members to understand their needs and issues to enable effective advocacy.

- (iii) The program will only be open to chambers of commerce, precinct associations and Industry Associations that are active in the local government area and have a verifiable membership base, and for Industry Associations, provide support to the City's priority sectors (for example retail, live music, night time economy etc).
 - (iv) Applicants will be required to demonstrate matched funding in the form of cash or value-in-kind contributions.
- (b) Live Music and Performance – this program will support capital projects that improve venue acoustics and the in-venue health and safety of audiences, performers and venue staff.
 - (i) This could include a broad range of activities such as minor capital improvements or installation of sound baffling materials to manage sound transfer to neighbouring properties or improve internal acoustics, introduction or improvement of sound equipment or projects or venue improvements to improve venue patron and staff health and safety.
 - (ii) Applicants will be required to provide evidence of the need either by the community or within a specific venue. For example, if a venue seeks support to address issues associated with sound transfer to neighbouring properties, evidence such as a history of noise complaints or previous acoustic advice will be required. Similarly, if a venue is seeking support to undertake safety initiatives such as sexual harassment training for staff, applicants will be required to demonstrate their understanding of sexual harassment as an issue, as well as best practice methods for addressing it within live music and performance venues.
 - (iii) Applicants must be the property or business owner and matched funds must be in cash (rather than value-in-kind).
 - (iv) If the project, works or assets being applied for will require a new or amended development consent for the property, the applicant will be required to demonstrate that they have a detailed understanding of the process they will need to undergo in order to receive development approval. If the applicant is a business owner but does not own the property where they are located, they will also need to provide evidence of property owner's consent.
- (c) Night Time Diversification – this program will support new or expanded programming in businesses at night time.
 - (i) This could include activities such as live music and could be an individual business or a group of businesses.
 - (ii) Programming in non-licenced and non-traditional premises is encouraged and the criteria will consider the component of the matched funding made by the business to ensure safety is maintained for customers and patrons.
 - (iii) The category will be open to non-profit and for-profit organisations and the matched funding component must be in cash (rather than value-in-kind).

- (iv) While funds can be multi-year, the grants are intended to be one-off seed funding to catalyse new or expanded activities.
62. Funding for all three categories will be matched up to \$30,000 cash (excluding GST) and will be open for funding twice per year.
63. The existing budgets for the Village Business Grant (\$650,000) and Business Improvement Grant (\$80,000) and an additional \$75,000 for Live Music and Performance will provide for a total funding pool of \$805,000 (excluding GST). This will be allocated to the categories as follows:
- (a) Place and Industry – \$355,000;
 - (b) Live Music and Performance – \$250,000; and
 - (c) Night Time Diversification – \$200,000.
64. The first round of applications will open in July/August 2017, with recommendations made to Council by the end of 2017. The second round of applications will be undertaken in early 2018 and will then fall into line with other City biannual funding programs.
65. Staff will work directly with recipients of the discontinued programs and eligible applicants for the new program to ensure they are aware of and understand the changes and the new opportunities. In addition, targeted communication including fact sheets, direct approaches, meetings and information sessions will be held with potential applicants to the new program to ensure awareness, understanding and encourage high quality, competitive applications.
66. It is expected that the projects funded under the new Business Support Grant Program will contribute to one or multiple outcomes including:
- (a) increased engagement with local businesses by local chambers/associations and industry associations;
 - (b) local businesses have access to small business and industry/sector specific information, upskilling and networking opportunities;
 - (c) active local chambers of commerce and precinct associations can advocate effectively on the behalf of their members;
 - (d) increased business offerings and programing at night;
 - (e) increased quantity and quality of live music and performance programming; and
 - (f) improved acoustic performance and suitability of live music and performance venues.
67. The proposed changes enable the City to deliver on business, stakeholder and community needs and the Council's strategic commitments and priorities across local economies and small business, night time economy and live music and performance.

68. The new Program enables the City to encourage the diversification of the night time economy. Supporting new or expanded programming in businesses at night time will increase the business offer and depth of programming for visitors and locals in the city's precincts at night. Businesses will be required to ensure that safety and amenity is both considered and factored into their planning of any improved or new activities.
69. The new Program will also enable property owners and tenants to introduce or expand live music and performance programming, improve the acoustic performance of live music and performance venues and undertake projects that increase the health and safety of venue staff and patrons.
70. The proposed new Program (Place and Industry) builds on the successful elements of previous business / village funding programs by maintaining a mechanism of support for chambers of commerce and precinct association, while ensuring this support responds to their challenges and opportunities as well as the support that small business needs. The program will enable chambers/associations to support their membership, connect members with opportunities, facilitate networking and ensure that chambers/associations understand their constituents to enable effective advocacy and responses to local issues.
71. The proposed new Program also maintains an opportunity for the City to support small business capacity building through partnerships with industry associations, a key finding of the City's small business research that identified that 41 per cent of local business are members of industry associations, and that local business need improved / tailored services from industry associations to run their business.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

72. *Sustainable Sydney 2030* is a vision for the sustainable development of the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - A Globally Competitive and Innovative City – considers Sydney's role as Australia's premier international tourism and business gateway. It outlines the steps to strengthen business competitiveness and enhance tourism infrastructure, assets and branding of the city.
 - (b) Direction 6 - Vibrant Local Communities and Economies – is focussed on building communities and local economies by supporting diversity and innovation in the city's villages.
 - (c) Direction 7 - A Cultural and Creative City – recognises the arts and cultural activities as fundamental to liveability, diversity and quality of life in our cities, as well as their contribution to economic development.
 - (d) Direction 10 - Implementation through Effective Governance and Partnerships – recognises the City's role in partnerships across government, business and community; and leadership in local, national and global city forums.

Economic

73. Support for the delivery of projects that build capacity of small business in the City's Villages supports the delivery of the City's Economic Development Strategy. The village economies generate a quarter of the city's output (\$25 billion per annum); provide almost 35 per cent of jobs (more than 151,000); and are integral to the culture, community and liveability of the city, enhancing the wellbeing of residents and workers.

BUDGET IMPLICATIONS

74. Funding of \$805,000 cash (excluding GST) has been provided in the draft Grants and Sponsorships Program budget for 2017/2018.

RELEVANT LEGISLATION

75. Section 356 of the Local Government Act 1993.

CRITICAL DATES / TIME FRAMES

76. Council approval of the changes to the Grants and Sponsorships Policy is required as soon as possible to enable the new Program to open for application in July/August 2017. Some organisations that receive funding under the program currently will expire in the coming months and this may impact business continuity and service levels.

CRITICAL DATES / TIME FRAMES

77. As outlined above, extensive consultation has been undertaken for the review of this Policy.

ANN HOBAN
Director City Life

Kate Murray, Manager City Business and Safety