



Review of Business Improvement Areas in Newcastle Implementation Report

City of Newcastle

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Introduction and Background

The Hunter Business Chamber (HBC) appreciates the opportunity to provide a submission on the ***Review of Business Improvement Areas in Newcastle Implementation Report*** (the Review). 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 HBC and local business chamber membership, the HBC represents more than 250 businesses directly and around 1,000 businesses through alliance partnerships within the Newcastle Business Improvement Area (BIA) catchments.

This review comes at a somewhat critical time for business across the BIA's and particularly those directly impacted by the ongoing revitalisation works within the Newcastle CBD. The HBC fully endorses measures being taken by Council and the State government to implement renewal in the CBD and the Chamber has no doubt the businesses and community in the city and surrounds will be the beneficiary of renewal and revitalisation initiatives.

The BIA's more distant from the CBD have demonstrably benefitted from the special benefit rate and this has been vital at a time where continued centralization of retail centres has impacted traditional strip and CBD shopping centres. The availability of funds to promote and beautify these traditional areas has played a key role in helping them maintain relevance despite the decline witnessed at various stages over the last decade or so.

In considering the Review, the 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 have a voice and play a significant role in determining how the funds they contribute through payment of the special rate levy are used to enhance the business environment in their precincts.

Unfortunately, acrimony between some BIAs and the Council has been an unfortunate by-product of this review process and HBC hopes that positive working relationships can be restored through improved communication, support and the provisions of clear guidelines that state the roles and responsibilities of both BIAs and the City.

The HBC acknowledges the many positive contributions made by the BIAs since their designation in 2011. The history and record of the various organisations that constitute the BIA's have a much longer history than 2011 and in all cases, they have had an overarching objective of improving the areas for business and the community in the areas in which they operate.

Their successes over that period include the creation and support of flagship events such as Hamilton Carnivale, Wallsend Winter Fair, the Hunter Innovation Project and Newcastle

Writers Festival, which have brought significant benefits to businesses in their respective precincts and the wider community. Successful integration and continuation of this model will not only underwrite the ongoing operation of these events but also serve to inspire new initiatives which will hopefully have the same growth potential to support activity and growth into the future.

The Chamber offers further comment on the following aspects of the Review.

Role of Local Business Chambers

The Review highlighted potential for confusion between the roles of a Chamber of Commerce and a Business Improvement Association (BIA) in instances where a single organisation performs both roles, as has been the situation with the Hamilton Chamber of Commerce/BIA. HBC believes local chambers can play a valuable role in business precinct promotion and activation, and should not be disqualified from performing the functions of a BIA. As member-based organisations, they have the benefit of established networks within the local business community and an understanding of the needs of local business.

While some functions of a chamber, such as advocacy and networking, arguably fall outside of the terms of reference for the use of BIA funds, HBC maintains that potential conflicts can be managed in relatively straightforward fashion if the organisation maintains separate reporting protocols to account for the use of levy funds as opposed to other sources of income. There are numerous precedents for this arrangement and Chambers of Commerce are just one example of an organisation often called upon to acquit government grants and ensure transparency in the process following a successful outcome for an application under a grant program. We would be happy to furnish detailed accounts of examples of this process should this be required in designing a framework under which the dispersal of BIA funds is to operate.

The Review suggests consideration be given to joint chamber/BIA having separate boards to oversee the respective areas of responsibility, however HBC believes the simultaneous operation of two boards within the one organisation is potentially unwieldy. We suggest a simpler but equally effective way to achieve this separation of powers would be to have a sub-committee of the chamber responsible for exercising BIA functions and reporting separately on the acquittal of levy funds. This would also allow the BIA committees to conscript subject matter experts without having to process through the Chamber structure. This is not uncommon and HBC can provide further details if required.

Contestable funding

Business groups that have consulted with the Chamber have expressed reservations about the allocation and expenditure of levy funds under the contestable funding model proposed by the Review. Concern arises from the lack of detail provided in the Review about who will be eligible to apply for funding and what accountabilities will be put in place to ensure funds collected from the special rate are used for purposes that provide measurable benefit to businesses in the nominated precincts.

The Chamber notes that the City of Newcastle already has a number of funding avenues open to individuals and groups for activities that provide community benefit but may not necessarily enhance business activity. Policy governing the funding program for business improvement grants should be noticeably distinct from that of other community grant programs, with criteria that emphasises benefit to business as the primary objective.

HBC has been made aware of concern among business groups that the Council will assume complete control of the allocation of contestable funds under the new model, with no opportunity for the business community to have input into evaluation of applications. HBC maintains that the perspective of business owners should be sought as part of the process and suggests that the awarding of contestable funds be decided by a panel that includes representation from the business community.

Opportunities for cross-precinct promotion

Late last year, the Hunter Business Chamber was involved in facilitating the formation of a collaborative organisation, under the working title of Newcastle Business Forum, to unite and represent the combined interests of business communities across the city of Newcastle. While that process stalled while stakeholders awaited the outcome of the BIA review, early discussions supported a need and desire by business groups to collaborate on projects across precincts where there is opportunity for mutual benefit. An event of the scale of the Supercars, for instance, offers opportunities for precincts beyond the host area to participate in promotion and place activation, as Hamilton BIA did last year by hosting a Supercars-related promotional event.

The proposed contestable funding structure should recognise opportunities for cross-precinct promotion and provide a structure that will allow for collaborative projects that deliver benefits beyond a single BIA area.

Levying of the special rate

In discussing the formation of new BIAs, the Review refers to an alternative rating arrangement that applies to New Lambton BIA, which involves the application of a special

business rate that is offset by a reduction in the ordinary rate. The Review suggests that this arrangement could be used to fund future BIA areas, including The Junction.

This suggestion throws up a question of fairness, as some business precincts stand to have their business rate offset whereas others will not. HBC sees merit in a uniform approach to rating for existing and future BIAs on the grounds of equity. The selective application of the special rate levy is based on historical boundaries that, due to substantial change in the CBD in recent years, no longer accurately reflect the business landscape. Some newly thriving areas are not captured within the BIA precincts while others that have suffered significant disruption and downturn, such as the Hunter Street Mall, continue to bear a disproportionate rating burden.

HBC supports the creation of new BIAs but believes that any reduction in the normal rate to either partially or fully offset special rate contributions should be applied across all business precincts. The idea has considerable merit in offering flexibility in determining areas as well as adjusting the cost burden depending on the circumstances and existing rate regime in particular areas. The HBC would welcome the opportunity to work with Council to investigate and implement a framework of this nature in the interests of broadening the potential for business improvement across the city.

Conclusion

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

- Chambers of commerce should be eligible to operate as BIAs, subject to the implementation of a governance process that ensures expenditure and acquittal of levy funds is managed through a separate reporting process;
- Accountabilities should be built into the contestable funding framework to ensure that funded activities return a measurable benefit to business;
- Applications for contestable funds should be evaluated by a panel with representation from the business community;
- Opportunities for cross-precinct promotion should be available through the contestable funding model;
- Funding models for funding future BIAs should reflect an equitable approach to the rating of businesses across all precincts.

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

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