

Transport
for NSW

Next steps for Business Improvement Districts

What we've heard and principles for
future policy

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1. Minister's foreword

Message from The Hon. Rob Stokes, Minister for Infrastructure, Cities and Active Transport

In 2022 we consulted on our proposed model for business improvement districts (BIDs) in NSW, drawing on the experience of global cities to build a framework that will empower and revitalise local centres across metropolitan and regional NSW.



Over the past few months we've heard strong support for BIDs from business, local government, chambers of commerce, place practitioners, and communities.

We heard what will likely work, and what we need to experiment with further to get right. This paper takes that feedback and focuses in on the core principles and frameworks that will support BIDs in NSW going forward.

The experience of BIDs across the world shows they are most successful where there is strong public support to get the first mover BID communities up and running.

That's why we're also providing funding to support willing local communities who wish to pilot becoming BIDs.

In cities, suburbs, towns and villages, we want to work with communities to give the autonomy and liberty to create great local places.

Our pilot program will also inform legislation to be introduced later in 2023 that will allow BIDs to roll out more broadly as more communities see the benefits of investing in great places.

Together we can build better local communities, and the BIDs model is the right way to achieve that future.

2. Executive Summary

This Paper follows the first White Paper on Business Improvement Districts (BIDs), “Enabling Local Business Improvement Districts” (September 2022)¹. It responds to feedback and ideas heard during the stakeholder consultation process in late 2022 and sets out next steps in the NSW Government’s BID policy.

This Paper also reaffirms the important role BIDs might play in supporting high streets and local centres across NSW. It outlines areas of general agreement on BIDs and identifies those matters of policy where further investigation and co-design is necessary.

The Paper is structured around four key principles that we believe should underpin BID policy in NSW:

1. Supporting local councils and BIDs to partner on projects that will deliver tangible benefits; and
2. Ensuring that BIDs are funded equitably and sustainably into the long-term; and
3. Enabling collaborative place-making through ongoing consultation; and
4. Providing clear, simple and effective regulation of BID entities.

The paper concludes by explaining that to support groups to establish new BIDs consistent with these principles and allow government to continue to investigate areas where there is not stakeholder consensus, a two stage BID Pilot Program will be conducted.

¹ <https://www.transport.nsw.gov.au/projects/current-projects/business-improvement-districts-new-south-wales>

3. Why BIDs?

3.1 What is a Business Improvement District?

BIDs are business-led, place-based partnerships. BIDs bring businesses together to support and grow local economies, high streets and local centres. They can operate at different scales, allowing for flexibility that suits both metropolitan and regional trading conditions. BIDs also allow business, community and government to work together to improve a local trading environment and provide place improvements.

At its core, BID policy is seeking to solve some key challenges faced by high streets and local trading environments. These include:

- Sustainably funding high-quality place-based interventions that are well supported by the local community; and
- Providing an opportunity for businesses to come together and coordinate their shared aspirations for the public domain and private properties in a place; and
- Offering economies of scale for individual businesses, particularly small businesses, to be involved in place-based decisions; and
- Providing a coordination body for government to work effectively and efficiently with local business (and other community stakeholders) on local place outcomes.

Two core elements define BID policy in most jurisdictions. The first is that they involve a base level of long-term funding from a non-government source. Most often this is achieved through a small additional charge being applied in a specific area to cover costs. This could be explored in NSW, although this Paper proposes that a focus on governance and collaboration should initially be prioritised. The second is that BIDs are democratic. They are only established once support from landowners and/or tenants has been confirmed.

BIDs remain relatively rare in Australia. While they can be established through powers under the *Local Government Act 1993* (the Local Government Act) this has been relatively rare. The NSW Government is investigating the opportunity to streamline and modernise how to establish and operate BIDs in NSW.

3.2 The NSW context for BIDs

High streets and local centres are resilient. Across NSW, traditional trading environments have weathered evolution and changes in transportation, competition, and consumer preferences. In Greater Sydney and Newcastle, for instance, many commercial hubs still cluster around tramlines and termini long removed.

The ongoing health and economic impacts of the pandemic are among the latest challenges for these trading environments. On a more positive note, stay at home orders highlighted the importance of local amenity and convenience. Hybrid work arrangements also mean more of us are staying in our neighbourhoods more days of the week.

It is too early to tell how enduring our pandemic habits will be. What we do know, is that our local centres and high streets are in a major state of flux. Businesses of all sizes are in a new trading environment with less certainty and, in some cases, less foot traffic. Online shopping, stay at home entertainment and cost of living pressures all continue to create a challenging landscape for vibrant and enduring commercial precincts.

Without stronger support and coordination, many of these destinations could stagnate in their success or slip further into decline.

The NSW Government supports the concept of BIDs because NSW needs its high streets and local centres to thrive. To date, too many have survived on the goodwill and sweat equity of a few exceptional traders or community leaders. Cities and towns across the state need an architecture like BIDs to better empower and resource place leaders.

3.3 Key benefits of BIDs in NSW

The experience in NSW and other jurisdictions has suggested some key benefits that BIDs could potentially bring to more communities across the state. These benefits are reflective of some of the key principles in the NSW Public Spaces Charter²:

Benefit 1: Support economic life and create vibrant urban and town centres

Even before the pandemic there was a need for stronger partnerships and better management of high street trading environments. Shopfront vacancies from Leichhardt to Lithgow continue to be a drag on the amenity and vitality of neighbourhood centres. Fragmented place management has also been a hindrance to success. On Sydney's Oxford Street, for instance, a fabled high street spans two local government areas with the road itself owned and controlled by neither.

BIDs provide a potential mechanism for better supporting the economic life of urban and town centres. By providing these places with a centralised point for promotion, beautification and activation they can become an efficient way of administering funds that support economic life and create vibrancy.



² <https://www.transport.nsw.gov.au/industry/cities-and-active-transport/cities-revitalisation-and-place/nsw-public-spaces-charter>

Benefit 2: Encourage well-managed and maintained public spaces

A focus on 'place' has defined the NSW Government's response to the economic impacts of the pandemic. This includes the award-winning, \$15 million 'Streets as Shared Spaces Program' that allowed NSW councils to test permanent changes that strengthen the amenity, accessibility and economic vitality of a high street and surrounding area.

BIDs are one vehicle to continue this management of public spaces. By simplifying the establishment of BIDs, the NSW Government can continue its focus on 'place' by resourcing more durable, grassroots entities in trading areas across NSW.

Benefit 3: Promote connected and resilient communities

BIDs can inspire a greater sense of place and connection within local communities. By providing an architecture for collaborative placemaking and civic improvements, BIDs can promote connected and resilient communities.

BIDs may prove particularly helpful during and after periods of climate or economic shock. In addition to being a centralised point for place management, BIDs are in their simplest form a collection of people who care about the same place.

Benefit 4: Improve safety and access at all times of the day

BIDs can provide ongoing, street-level management of high streets and local centres. In addition to supporting the economic life of these places, BIDs could also improve safety and access to these places by engaging security services, cleaning services and/or making environmental and amenity improvements.

4. What have we heard so far?

Our engagement to date has reinforced that BID policy reform is of interest to a wide range of stakeholders. The NSW Government is committed to engaging with stakeholders during the development and implementation of any new policy to support BIDs in NSW.

Between 8 September 2022 and 4 November 2022, stakeholders responded to our “Enabling Local Business Improvement Districts” White Paper. NSW Government agencies, local government (including joint organisations), peak industry and property bodies, business chambers, consultants, and the community all engaged with the NSW Government during this process.

The purpose of this engagement was to begin to investigate stakeholder sentiment and awareness of BIDs, obtain stakeholder feedback on key initial design questions arising, and understand stakeholder preferences for future engagement.

Feedback received through online survey (35 completed), interviews (8), written submissions (6), webinar (78 attendees and 54 downloads), and our project portal (387 visits) has allowed Transport for NSW to begin to progress a model for BIDs in NSW, while also identifying areas for further policy design.

4.1 Feedback on the current process for BIDs

Establishing a BID in NSW is not for the faint hearted. Although there are currently BIDs operating in NSW, proponents of a new BID must still navigate numerous layers of government approval under the *Local Government Act*. It is clear from comparisons with other jurisdictions that NSW does not have optimal legislative settings for BIDs to emerge and thrive.

In exploring the most appropriate BIDs policy position for NSW, consideration was given to whether the *Local Government Act* could be amended to support BIDs. This included consideration of whether the existing rates regime could be modified to accommodate BID payments.

Feedback from stakeholders was consistent that this was not the preferred approach. The *Local Government Act* is complex legislation – it has not been designed specifically with BIDs in mind and would be difficult to amend appropriately.

4.2 Principles for future BID policy

To continue the discussion about BIDs, this Paper proposes four principles that could guide the development of BID policy. These principles reflect what we heard from stakeholders and build on key themes identified in this Paper. They also provide a structure within which more detail can be introduced for stakeholder discussion.

We can improve trading areas for businesses, property owners and communities by:

1. Supporting local councils and BIDs to partner on projects that will deliver tangible benefits;
2. Ensuring that BIDs are funded equitably and sustainably into the long-term;
3. Enabling collaborative place-making through ongoing consultation; and
4. Providing clear, simple and effective regulation of BID entities.

Within each principle, this Paper identifies areas of general agreement among stakeholders as well as areas where further investigation and engagement is needed.

The purpose of these principles is to move the discussion about BIDs forward with clarity and certainty.

4.2.1 Principle: Supporting local councils and BIDs to partner on projects that will deliver tangible benefits

BIDs are business-led, place-based partnerships created for the purpose of supporting local economies and delivering services, projects and activities that are in addition to those provided by councils and government agencies.

The purpose of a BID is to complement, not replace, the responsibilities and efforts of other entities. This includes local councils.

Stakeholders told us they don't want to see duplication of services. Local government, business chambers and a range of other entities already provide valuable support on the ground along high streets and within local centres.

Stakeholders told us that the role of BIDs is to complement these existing activities and to support new local initiatives, provided the initiative is approved by BID members and works to achieve the agreed objectives of the BID.

A strong working relationship between BIDs and their local council(s) is essential.

Service Level Agreements (SLA) are one instrument that could help formalise this relationship. NSW BID policy could require BIDs to enter an SLA with its local council(s), ensuring that both parties understand their responsibilities and roles. **An SLA could also offer some protection against cost or service shifting.**

SLAs between BIDs and their local council(s) could also enable more meaningful collaboration. By agreeing on areas of shared interest and priority, the parties could make the most of their finite resources and achieve greater outcomes in their communities.

In cases where BIDs and local council(s) are unable to cooperate or where a BID is not meeting contractual obligations, we heard feedback on the importance that parties have effective recourse. A clear regulatory authority and system of regulation (see discussion in section 4.2.4 below) may assist with this.

4.2.2 Principle: Ensuring that BIDs are funded equitably and sustainably into the long-term

The obligation for people to pay to be members of a BID was debated in feedback received on the White Paper. While this has been a key driver for some stakeholders advocating for NSW government reform, other stakeholders have suggested that this is not necessary. We will explore this question further, in consultation with stakeholders.

Through the White Paper we also asked whether it should be tenants or property owners that contribute toward the costs of a BID. In response we received a range of views –including the potential benefits a BID might have for a property owner, the likelihood of the BID payment being passed through to the tenant (or not), the impact where the government or a council is the landlord, and the difficulty of identifying (and charging) all businesses in a location. There was no consensus view, but it was clear that this was an issue of strong interest to many stakeholders.

Some stakeholders also expressed particular concern that small businesses may not be able to afford to fund a BID, and that BIDs should not proceed without clear small business support. International experience is that small businesses can be significant beneficiaries of well-designed BIDs, but they need to be fairly represented in the BID process. There are also

examples where BIDs have either excluded some business types or provided them with discounted membership.

In addition to membership payments, it was noted that BID entities may also receive grants and other forms of assistance from government entities to support BID proposals. BID business planning will need to take this into account.

Related to these issues was also the question of who should be entitled to vote in a ballot for the establishment of a BID and what level of support would be required. The approach taken in overseas jurisdictions differs significantly, and similarly **there was no agreement on the appropriate way of determining that a BID proposal has a sufficient level of support to process.** Further investigations will be needed on what is appropriate in a NSW context, and how to demonstrate support in a way that is realistic and achievable. As the White Paper notes, a UK-style 'dual-key' approach (where multiple different stakeholder groups each need to be in majority support) might also have some merit.

4.2.3 Principle: Enabling collaborative place-making through ongoing consultation

In other jurisdictions, BIDs bring businesses together and create a forum for collaborative place-making. BID policy in NSW therefore needs to ensure collaboration and ongoing consultation. BIDs need to be democratic vehicles for the improvement of trading environments. Their establishment and success rely on strong consultation with a range of stakeholders, particularly businesses in precincts that could benefit from a BID.

NSW BID policy can help ensure this collaboration and consultation by **requiring BIDs to consult with stakeholders, including the wider community.** Memorandums of Understanding with key community groups could be one instrument that underpins their relationship with other organisations. Compulsory consultation could also be the first step towards demonstrating support among businesses to establish a BID.

Although BIDs are primarily business-led, the impact of placemaking on the built environment and public domain should also be understood and regulated. NSW BID policy will seek to clarify **the role of a BID in relation to open spaces** such as parks, plazas, and community facilities. This will offer stakeholders certainty in terms of the management and maintenance of these spaces. It would also ensure that other entities and organisations, such as local councils, are best able to collaborate with BIDs in the public domain and that the responsibility to implement or maintain programs and initiatives is well understood.

4.2.4 Principle: Providing clear, simple and effective regulation of BID entities

As Section 4.1 sets out, feedback has been clear that the current process of establishing a BID in NSW is uncertain, complex, and time-consuming. BIDs are not recognised in legislation and there is a patchwork of regulations and administrative hurdles which must be navigated before they can hit the ground running. There is also an unclear process to establish the support of businesses.

From this there appeared to be a clear consensus on the principle that **standalone BID legislation would help provide certainty on the approach for BIDs in NSW.** While there was not agreement on what such legislation should entail there was recognition that stand-alone legislation could give BIDs clear legal standing and enable a consistent, streamlined state-wide approach that ensures appropriate governance and accountability arrangements are in place across NSW.

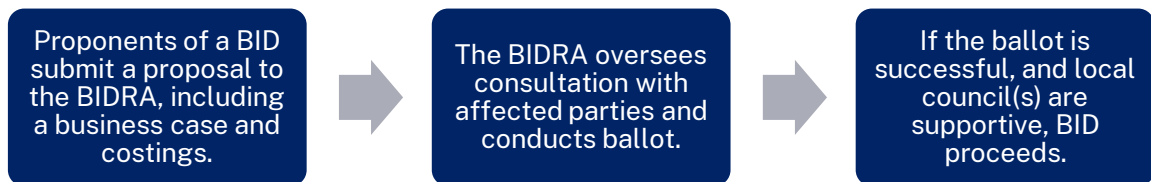
Moving towards legislation for BIDs will therefore form an important part of NSW BID policy. This legislation could create new statutory processes and systems, amend existing legislation to

better provide for BIDs, or a combination of both. Legislation is also an opportunity to enshrine the key objectives of BID policy in NSW, including how it relates to other key policy principles including Premier's Priorities and the NSW Public Space Charter.

Feedback has also reinforced the importance of clarity on the role of government in providing oversight of BID policy. While stakeholders had a range of views on who should administer BIDS, there was consensus **that transparency and good governance are key to ensuring BIDs succeed in NSW.**

In response Transport for NSW have investigated further whether **appointing a BID Regulatory Authority (BIDRA) would provide accountability for NSW BID policy.** The role of the BIDRA would be to oversee the establishment and good governance of BIDS across NSW.

Under this model the BIDRA could help proponents decide whether a BID is the most suitable vehicle for their precinct. This could include facilitating or overseeing consultation with affected parties, facilitating ballots, and ensuring that the BID would have the support of its local council(s). Proponents would also need to prepare a business case and detailed costings for consideration by the BIDRA, setting out the proposed activities, services and projects of the BID and how they would be funded.



Appointing a BIDRA might also help mitigate stakeholder concerns about what might happen if a BID were to fail or are no longer meet their contractual obligations. The BIDRA could have a role in intervening where a breakdown in relationships affects good governance or the delivery of approved projects and services. This may include relationships with local council(s). This Paper resolves debate over the administration of BIDs by proposing that a NSW Government agency would act as the BIDRA, with the potential option for interested local councils to be able to apply to also be a BIDRA in their local government area if they meet certain criteria.

Engagement on the White Paper has also reinforced that NSW BID policy needs to provide for existing BIDs across the state, including those established under the 'Mainstreets' program or that have otherwise been established under the *Local Government Act*.

Based on stakeholder feedback, it is proposed that **recognising or incorporating existing BIDs into a future regulatory framework will be addressed on a case-by-case basis.** We heard from stakeholders that there are a range of issues and opinions on the operations of existing BIDs, and it should not be presumed that these entities will immediately support, or benefit from, inclusion in a state-wide program. The future of existing BIDs should engage with those currently running these entities and only decided on after extensive, localised consultation.

5. Testing principles through a Pilot Program

While there is strong stakeholder support for BIDs in NSW, and clear international evidence on the benefits that BIDs can produce for local places, business and communities, there remain a number of design decisions that need to be resolved in order for BID policy to be fully implemented in NSW.

To harness this enthusiasm, and generate insights on appropriate BID policy in NSW, a BID pilot program will shortly commence in NSW. This pilot program will provide seed funding to groups that want to move ahead with establishing and operating a BID in NSW.

The BID Pilot Program is a 2-stage initiative led by the NSW Government, including:

- Stage 1 'Registration of Interest' (**ROI**) – Organisations can express their interest in participating in the program and to help shape the upcoming Stage 2 'Funding Round'.
- Stage 2 'Funding Round' – Formal applications for funding by eligible parties assessed by the NSW Government.

The requirements for Stage 2 will be determined following review of information from Stage 1. The Pilot Program aims to gather insights and input to inform the development of a regulatory and legislative environment supportive of BIDs in NSW.

The BID pilot program will provide eligible and competitively assessed applicants with access to grant funding support to undertake the suite of activities necessary to establish and operate a BID in NSW. This funding will not only help overcome 'first mover disadvantages' that might arise from setting up under new policy but will also provide additional support for activities that otherwise BIDs might in future be expected to self-fund.

The Pilot Program will be designed to provide insights on key issues identified through BID policy engagement to date. This includes:

- Measuring support for BID proposals across a range of stakeholders
- Ensuring effective relationships between BIDs and councils
- Determining a sustainable business model and an appropriate fee model
- Confirming what parties can be eligible to pay BID levies
- Investigating how to transition existing bodies to a new BID policy approach
- Identifying the appropriate role for BIDRA(s) in supporting new BIDs

The pilot will build an evidence base and inform Government decisions on the future direction of BIDS policy. The BID pilot program will operate concurrently with further investigations into the potential for legislation and regulation in NSW to support BID policy. In most cases it is expected that the funding will support the process of standing up a new BID. This may include business development, organisational design, out-reach, promotion and undertaking early demonstration projects.

A key principle of the Pilot will be embracing the reality that some things may or may not work. Since the purpose of a Pilot Program is to learn and refine, different types of BIDs could be encouraged so the impact and effectiveness of alternative models can be better understood. Success will be measured in the learnings and insights generated through this process.

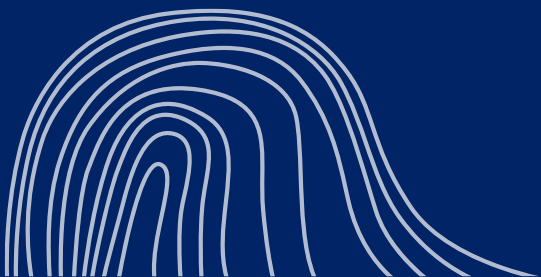
To maximise insights the BID Pilot Program will operate state-wide. Eligibility information and guidelines for the pilot program will be available in mid-2023. Existing BIDs and place-based

groups may also be eligible to apply for funding, subject to being able to demonstrate how they will use the funding to improve understanding of BID policy in NSW.

For more information about the Pilot Program visit: <https://www.transport.nsw.gov.au/business-improvement-district-pilot-program>



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