

ITEM 2. LANEWAYS BUSINESS DEVELOPMENT PROGRAM**FILE NO: S061419****SUMMARY**

On 10 March 2008, Council received and noted "The Fine Grain – Revitalising Sydney's Lanes" by Six Degrees Architects and resolved to investigate a business development grants program to encourage the activation of laneways and report back to Council.

In response to this resolution, the Economic Development Unit has undertaken an investigation of comparable business development grants programs including the City of Melbourne's Small Business Grants. As a result of this investigation the Laneways Business Development Program has been developed that provides a mechanism for attracting and supporting small business within the laneway precincts across the central business district (CBD).

The development of this new grant program will be incorporated into the City of Sydney's Grants and Sponsorship Policy.

The aim of the program is to support businesses that contribute to developing a 'Lively and Engaging City Centre' and enhance 'A Globally Competitive and Innovative City' in line with the objectives of Sustainable Sydney 2030. The Laneways Business Development Program is open to small businesses that can demonstrate their activities will contribute to the program objectives and deliver the characteristics of 'finegrain' activity in the laneways precincts.

In addition to matched cash grants, the City will refer business operators to the Business Enterprise Centre (BEC) for training and development courses and learning opportunities.

RECOMMENDATION

It is resolved that Council:

- (A) approve the Laneways Business Development Program as shown at Attachment A to the subject report; and
- (B) approve the changes to the City of Sydney Grants and Sponsorship Policy to include small businesses and enterprises as eligible applicants and; the approval to use grant funding for capital expenditure above \$5,000 for the purposes of Laneways Business Development.

ATTACHMENTS

Attachment A: Laneways Business Development Program (Policy)

BACKGROUND

1. The City currently has 16 grants and sponsorships programs which provide funding or revenue forgone support across a range of activities that contribute to community, cultural, economic and environmental. The funding and support provided through these Programs supports a diverse range of services and projects that directly benefit the community.
2. As the Grants and Sponsorship Policy is intended to support the work that is occurring in and for the City of Sydney community, it is important that the Policy remains responsive and flexible. This requires a regular review of all the Programs, the introduction of new programs (when relevant) and a continual process of refinement and change in response to new areas of need or to assist organisations to apply for, administer and use City funding. The policy was last reviewed on 10 March 2008.
3. It is recommended that the City approves a Laneways Business Development Program, modelled on the experience and success of comparable grant and business development programs including the City of Melbourne Small Business Grants, and the Australian Government Clothing, Footwear and Textile Industry Scheme.
4. The Laneways Business Development Program will be incorporated into the City of Sydney Grants and Sponsorship Policy. The inclusion of the Laneways Business Development Program requires change to the policy eligibility and exclusions in regard to:
 - (a) inclusion of businesses and for profit enterprise as being eligible for funding;
 - (b) inclusion of individuals in general exclusions, to accommodate sole trader business entities;
 - (c) extension of approved capital expenditure above \$5,000; and
 - (d) inclusion of 'for profit' commercial organisations.

All of the above changes will be referenced in the Grants and Sponsorship Policy in the context of Laneways Business Development Program.

5. The Laneways Business Development Program is a competitive grant program providing business mentoring assistance and matched cash funding up to \$30,000 as a means of delivering structured business development support.
6. The Laneways Business Development Program focuses on 'finegrain' business activity in the CBD. 'Finegrain' businesses are small scale, diverse and innovative businesses that are likely to be engaged in specialist retail, hospitality and entertainment or will otherwise encourage activation of under-used spaces in city laneways and plazas with business activity that is currently undersupplied or non-existent in the city centre.

7. The Laneways Business Development Program is one of the elements in a co-ordinated revitalisation strategy for laneways within the CBD. The program is supported by a number of complementary programs, projects and initiatives including capital and public domain works, cultural and creative development programs, transport management and shared zone reviews and a review and mapping of Council approval and applications processes.
8. The assessment of applications will be based upon a framework that considers what stage of development the business proposal is currently at. The level and degree of support provided is dependent on these stages which include Concept, Business Ready and Growth.
9. Matched cash grants will only be supplied to businesses demonstrating the Business Ready or Growth stages of development. Concept businesses will be provided with advisory services and referrals to the Business Enterprise Centre as a means of developing sound business plans and operating frameworks.
10. Only one matched cash grant will be provided to any one business. The Laneways Business Development Program is not a rolling funding program and businesses are not eligible to reapply at a subsequent stage of their development.
11. The program will assist business with the costs associated with the establishment of the business, as such; there is no cap on the amount of the grant that can be used for capital expenditure under this program. Funding can be used for capital expenditure items such as internal fitout, façade improvements, equipment and specialist IT equipment. Up to 10% of the grant may be used for marketing and promotion activities. Cash funding cannot be used for general operating costs, including but not limited to rent, utilities, payroll, and vehicle expenses.
12. The program will be run on an ad-hoc basis with applications being accepted throughout the year.
13. Assessment of applications will include an independent panel member, such as a representative from the Business Enterprise Centre or other identified specialist.
14. Grant recipients will be required to participate in a mentoring program during the 12 months of the funding agreement.

KEY IMPLICATIONS

15. The Laneways Business Development Program is aligned to the objectives of the Sustainable Sydney 2030 plan in relation to program aims to support businesses that contribute to developing a Lively and Engaging City Centre and enhance a Globally Competitive and Innovative City by:
 - (a) strengthening existing or developing new finegrain precincts around specialised retail, hospitality, entertainment or other appropriate activities;
 - (b) enhancing the fine grain of the city in streets and lanes as a means of drawing more people and life to the city centre;
 - (c) activating existing blank edges in streets, laneways, empty plazas or other city spaces with new uses and/ or creating new activities in the fine spaces of the city centre;

- (d) providing a specialised retail product that is undersupplied or non-existent in the city centre and that will attract people to the city centre;
 - (e) utilising temporarily or long-term vacant space for new and creative uses; and
 - (f) providing support to new and emerging businesses through support services or low-cost incubator-style space.
16. The Laneways Business Development Program also delivers community requests and shared visions outlined in the Local Action Plan Strategy - CBD, in relation to the activation of laneways.
17. The 2008/2009 budget includes a provision for the temporary appointment of a Laneways Business Development Coordinator. The purpose of this position is to provide business advice, manage stakeholder relationships, develop long-term sustainable precinct teams (providing a liaison point between the private sector and City of Sydney and other stakeholders) and provide assistance to businesses in accessing community, government and private resources. This position will also work with the internal Laneways Project Control Group (PCG) toward the delivery of the overall laneways strategy.
18. The Laneways Business Development Program will assist small businesses locate and thrive in the fine-grain precincts of Sydney's city centre and therefore enhance the diversity, vitality and economic vibrancy of these areas.

BUDGET IMPLICATIONS

19. Grants and Sponsorship funding to the value of \$150,000 has been included in the 2008/2009 Economic Development budget as part of the 2008/09 Corporate Plan for the Laneways Business Development Program. This level of funding was based on the program being up and running for only the latter six months of the financial year and thus be reviewed in subsequent budget bids.
20. An operating budget provision of \$100,000 is also included in the 2008/2009 Economic Development Unit to support the implementation, delivery, promotion and administration of the Laneways Business Development Program.

RELEVANT LEGISLATION

21. Local Government Act 1993, s356.
22. The changes to the NSW Liquor Act are likely to generate significant interest in the establishment of Small Bars in the laneway precincts of the city centre which may lead to interest in this program.

CRITICAL DATES / TIME FRAMES

23. Timeframes for the Proposed Laneways Business Development Program are set out below:
- (a) appointment of Laneways Business Development Coordinator – August 2008;
 - (b) launch of Laneways Business Development Program – August 2008;

- (c) Laneways Business Development Grants will be awarded on an ad-hoc basis; and
- (d) integration of the Laneways Business Development Program into the City of Sydney Grants and Sponsorship Policy – Next scheduled review February 2009.

PUBLIC CONSULTATION

- 24. Consultation processes associated with the Local Action Plans and Sustainable Sydney 2030 raised the opportunity and desire to promote and activate the City's laneways.
- 25. The City's announcement on laneways initiatives in late 2006, the Art and About Program Live Laneways in 2007 and By George scheduled for 2008 have generated significant positive media response.
- 26. Future public domain concept development, art work proposals and development applications regarding business start ups will be accompanied with appropriate public consultation.
- 27. The recent changes to the NSW Liquor Act which came into effect on 1 July 2008 have generated significant positive media and public response.
- 28. The City has consulted as part of the Late Night Trading Development Control Plan as a means of complementing the changes to the liquor licensing laws to support a more diverse and vibrant evening economy in the city centre.

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