



Small Business  
Development Corporation

Our Ref: D21/7740

Review Team  
Local Government Act Review  
Department of Local Government, Sport and Cultural Industries  
[actreview@dlgsc.wa.gov.au](mailto:actreview@dlgsc.wa.gov.au)

To the Review Team

### **REVIEW OF LOCAL GOVERNMENT ACT 1995**

The Small Business Development Corporation (SBDC) welcomes the opportunity to provide feedback to the Department of Local Government, Sport and Cultural Industries (DLGSC) on the Review of the *Local Government Act 1995*.

The SBDC is an independent statutory authority responsible for the provision of small business support services and works collaboratively with regulating agencies to help improve the operating environment.

Partnerships with the local government sector have been a strategic focus of the SBDC for over five years, primarily through its *Small Business Friendly Local Governments* initiative and stakeholder outreach program. As a consequence, the SBDC has considerable insight into the role of local government in regulating small business activity and is pleased to share with the review team – refer the attached submission.

For further information on any of the matters raised within this submission, please liaise with Lauren Westcott, Approvals Program Manager, on 6552 3307 or [lauren.westcott@smallbusiness.wa.gov.au](mailto:lauren.westcott@smallbusiness.wa.gov.au).

Yours sincerely

David Eaton  
**SMALL BUSINESS COMMISSIONER**

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## **1. Role of the Small Business Development Corporation**

The SBDC is an independent statutory authority established in 1984 to assist the growth and development of small businesses in Western Australia (WA). The SBDC's mission is to facilitate relevant, practical support to small businesses and advocate on their behalf.

The SBDC provides a range of services to assist small businesses as they establish and grow. In particular, a number of services are relevant to small business' interactions with local governments, and include:

- Business Licence Finder;
- Commercial tenancy advisory service;
- Business advisory service;
- Workshops, including those related to tendering;
- Alternative dispute resolution and mediation service for small business disputes with another business or government organisation; and
- Whole-of-government small business advocacy.

The Small Business Commissioner also has the ability to investigate any matter impacting on the commercial interests of small businesses – including the actions of local governments.

An important dual role of the SBDC is to work with government stakeholders to increase understanding of the importance of small businesses to the economy, and improve the operating environment for small businesses.

The SBDC recognises the important role that local governments have in supporting the growth of local economies, and in regulating those businesses within their jurisdictions. For this reason, the SBDC has prioritised its relationships with local governments in recent years, and has seen marked improvements for small businesses and the economy as a result.

This collaboration has been established primarily through the SBDC's *Small Business Friendly Local Governments (SBFLG)* initiative, which was established in August 2016. There are now 51 member local governments participating in the SBFLG initiative<sup>1</sup>, which are home to 80% of all small businesses in Western Australia (181,316 small businesses).

The SBDC has been able to further assist select SBFLGs to streamline their approval processes and improve the overall experience for their business customers through delivery of the *Small Business Friendly Approvals Program* (Approvals Program). As at 1 January 2022, the SBDC has partnered with 14 local governments throughout the State to deliver this program.

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<sup>1</sup> As at 1 January 2022.

Through the SBDC's work with local governments, it has observed that there are many opportunities to improve how local governments operate and interact with their small business customers. These opportunities include:

- Improving the information available to customers prior to them submitting an application;
- improving how applications can be lodged;
- reducing duplication when multiple applications are required across local government directorates;
- digitising services;
- increasing transparency of application processing and decision timeframes;
- improving internal processes and workflows to create a faster, more efficient process;
- adopting a risk based approach to regulation;
- improving data collection for applications; and
- greater collaboration and harmonisation with neighbouring local governments.

The SBDC has incorporated these insights into this submission and is able to provide additional information to the DLGSC upon request.

## **2. Focus of this submission**

The SBDC has reviewed all proposed reforms to the *Local Government Act 1995* and has elected to comment on a selection of reforms within the following themes:

- Theme 1: Early Intervention, Effective Regulation and Stronger Penalties
- Theme 2: Reducing Red Tape, Increasing Consistency and Simplicity
- Theme 4: Stronger Local Democracy and Community Engagement.

The DLGSC's submission template has been utilised for ease of reference – refer pages 3-8.

The SBDC has also identified additional information it believes would be valuable to the DLGSC related to how local governments interact with small businesses. These additional topics relate to procurement, local laws and streamlining processes; and have been included in this submission.

### 3. Early Intervention, Effective Regulation and Stronger Penalties

Table 1: SBDC comments in relation to proposed reforms to *Local Government Act 1995*.

CURRENT PROVISIONS	PROPOSED REFORMS	COMMENTS
<b>1.7 Minor Other Reforms</b>		
<ul style="list-style-type: none"> <li>Other minor reforms are being considered to enhance the oversight of local government.</li> <li>Ministerial Circulars have traditionally been used to provide guidance to the local government sector.</li> </ul>	<ul style="list-style-type: none"> <li>Potential other reforms to strengthen guidance for local governments are being considered.</li> <li>For example, one option being considered is the potential use of sector-wide guidance notices. Guidance notices could be published by the Minister or Inspector, to give specific direction for how local governments should meet the requirements of the Local Government Act and Regulations. For instance, the Minister could publish guidance notices to clarify the process for how potential conflicts of interests should be managed.</li> <li>It is also proposed (see item 1.1) that the Inspector has the power to issue notices to individual local governments to require them to rectify non-compliance with the Act or Regulations.</li> </ul>	<p>Based on feedback from local government officers, the SBDC understands there is a desire for clearer guidance around what they can and cannot do across a number of legislative instruments, including those related to planning.</p> <p>The SBDC believes there would be value in guidance notes being provided to local governments on a range of broader topics, not necessarily related to the <i>Local Government Act 1995</i>, including the use of online forms, use of electronic signatures, procurement and collaboration. This guidance would help to provide local government officers with a level of certainty without each local government required to seek legal advice.</p> <p>For example, in delivering the Approvals Program and encouraging local governments to streamline processes, the SBDC heard differing opinions on what a local government can, or cannot do, in relation to using online forms and accepting electronic signatures (for example for planning and building). This uncertainty is restricting local governments from being able to provide exceptional service to their business ratepayers. The SBDC subsequently sought advice from the Department of Planning, Lands and Heritage that clarified local governments can indeed accept electronic signatures and use online forms; and has forwarded this on to local governments.</p> <p>Another topic where guidance notes may be helpful is in the area of procurement, including best-practice approaches to</p>

CURRENT PROVISIONS	PROPOSED REFORMS	COMMENTS
		engaging with suppliers, collaborating with neighbouring local governments to establish regional procurement policies and run coordinated supplier forums. The benefits of buying locally, supporting small businesses and local multiplier effect are well known, especially in regional locations.

#### 4. Reducing Red Tape, Increasing Consistency and Simplicity

Table 2: SBDC comments in relation to proposed reforms to *Local Government Act 1995*.

CURRENT REQUIREMENTS	PROPOSED REFORMS	COMMENTS
<b>2.2 Standardisation of Crossovers</b>		
<ul style="list-style-type: none"> <li>Approvals and standards for crossovers (the section of driveways that run between the kerb and private property) are inconsistent between local government areas, often with very minor differences.</li> <li>This can create confusion and complexity for homeowners and small businesses in the construction sector.</li> </ul>	<ul style="list-style-type: none"> <li>It is proposed to amend the <i>Local Government (Uniform Local Provisions) Regulations 1996</i> to standardise the process for approving crossovers for residential properties and residential developments on local roads.</li> <li>A Crossover Working Group has provided preliminary advice to the Minister and DLGSC to inform this.</li> <li>The DLGSC will work with the sector to develop standardised design and construction standards.</li> </ul>	The SBDC supports the proposed reforms as they would reduce the regulatory burden on small design and construction businesses that work across different local government boundaries.
<b>2.3 Introduce Innovation Provisions</b>		
<ul style="list-style-type: none"> <li>The <i>Local Government Act 1995</i> currently has very limited provisions to allow for innovations and responses to emergencies (such as the Shire of Bruce Rock Supermarket).</li> </ul>	<ul style="list-style-type: none"> <li>New provisions are proposed to allow exemptions from certain requirements of the <i>Local Government Act 1995</i>, for: <ul style="list-style-type: none"> <li>Short-term trials and pilot projects</li> <li>Urgent responses to emergencies.</li> </ul> </li> </ul>	<p>The SBDC supports the proposed reforms.</p> <p>While not aware of the <i>Local Government Act 1995</i> proving a barrier to innovative pilot projects from occurring across local governments, including the Simplified Trading Permit for mobile food vendors operating across the City of Canning,</p>

CURRENT REQUIREMENTS	PROPOSED REFORMS	COMMENTS
		City of Gosnells and Town of Victoria Park, the SBDC supports all measures to increase innovation.
<b>2.4 Streamline Local Laws</b>		
<ul style="list-style-type: none"> <li>Local laws are required to be reviewed every eight years.</li> <li>The review of local laws (especially when they are standard) has been identified as a burden for the sector.</li> <li>Inconsistency between local laws is frustrating for residents and business stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>It is proposed that local laws would only need to be reviewed by the local government every 15 years.</li> <li>Local laws not reviewed in the timeframe would lapse, meaning that old laws will be automatically removed and no longer applicable.</li> <li>Local governments adopting Model Local Laws will have reduced advertising requirements.</li> </ul>	The SBDC shares the view that the inconsistency of local laws frustrates small business operators and strongly supports the proposed reforms.
<b>2.5 Simplifying Approvals for Small Business and Community Events</b>		
<ul style="list-style-type: none"> <li>Inconsistency between local laws and approvals processes for events, street activation, and initiatives by local businesses is frustrating for business and local communities.</li> </ul>	<ul style="list-style-type: none"> <li>Proposed reforms would introduce greater consistency for approvals for:               <ul style="list-style-type: none"> <li>alfresco and outdoor dining</li> <li>minor small business signage rules</li> <li>running community events.</li> </ul> </li> </ul>	<p>The SBDC supports the proposed reforms, particularly where they include 'as of right' provisions not requiring approval.</p> <p>While greater consistency and a risk based approach to regulation would benefit small businesses, the SBDC believes that there is an opportunity to take this even further to make it easier for local governments to collaborate with neighbouring local governments. This would include establishing centralised information and approval registers.</p> <p>For example, the City of Canning is hosting the repository of information related to mobile food operators that have applied for the Simplified Trading Permit. Officers from the City of Gosnells and the Town of Victoria Park are able to access this information rather than asking the customer to resubmit proof of insurance and health registration. The problem with this model is that other local governments now wish to participate in this collaborative endeavour, however it is not appropriate or preferred for the City of Canning to be</p>



CURRENT REQUIREMENTS	PROPOSED REFORMS	COMMENTS
		<p>the repository of information for potentially all local governments in the metropolitan area, or the state.</p> <p>The SBDC has engaged with the Department of Health in relation to its Mobile Food Vendor Centralised Register, which when launched will become the repository for food registration information. The SBDC believes that this register should be adapted to incorporate information related to trading at public events, enabling businesses to provide information only once, rather than to each local government they wish to trade within.</p> <p>This model could then be expanded to other industries that trade across local government boundaries, including personal trainers and stallholders.</p> <p>Another opportunity the SBDC has been advocating for is a single online application process for a business type (such as a restaurant) that would incorporate local government approvals across planning, health and building; and state government approvals, such as liquor licensing.</p> <p>This would result in consistency, efficiencies and greater transparency for business customers. The SBDC has been liaising with the DLGSC to progress this reform and would welcome ongoing collaboration to make it a reality.</p>

CURRENT REQUIREMENTS	PROPOSED REFORMS	COMMENTS
<b>2.7 Regional Subsidiaries</b>		
<ul style="list-style-type: none"> <li>Initiatives by multiple local governments may be managed through formal Regional Councils, or through less formal “organisations of councils”, such as NEWROC and WESROC.</li> <li>These initiatives typically have to be managed by a lead local government.</li> <li>In 2016-17, provisions were introduced to allow for the formation of Regional Subsidiaries. Regional Subsidiaries can be formed in line with the <i>Local Government (Regional Subsidiaries) Regulations 2017</i>.</li> <li>So far, no Regional Subsidiary has been formed.</li> </ul>	<ul style="list-style-type: none"> <li>Work is continuing to consider how Regional Subsidiaries can be best established to:               <ul style="list-style-type: none"> <li>Enable Regional Subsidiaries to provide a clear and defined public benefit for people within member local governments</li> <li>Provide for flexibility and innovation while ensuring appropriate transparency and accountability of ratepayer funds</li> <li>Where appropriate, facilitate financing of initiatives by Regional Subsidiaries within a reasonable and defined limit of risk</li> <li>Ensure all employees of a Regional Subsidiary have the same employment conditions as those directly employed by member local governments.</li> </ul> </li> </ul>	<p>The SBDC supports enabling increased collaboration across local government boundaries, particularly when it results in benefits for small businesses, specifically through harmonisation or standardisation of processes, including through procurement of goods and services.</p>



## 5. Stronger Local Democracy and Community Engagement

Table 3: SBDC comments in relation to proposed reforms to *Local Government Act 1995*.

CURRENT REQUIREMENTS	PROPOSED REFORMS	COMMENTS
<b>4.1 Community and Stakeholder Engagement Charters</b>		
<ul style="list-style-type: none"> <li>There is currently no requirement for local governments to have a specific engagement charter or policy.</li> <li>Many local governments have introduced charters or policies for how they will engage with their community.</li> <li>Other States have introduced a specific requirement for engagement charters.</li> </ul>	<ul style="list-style-type: none"> <li>It is proposed to introduce a requirement for local governments to prepare a community and stakeholder engagement charter which sets out how local government will communicate processes and decisions with their community.</li> <li>A model Charter would be published to assist local governments who wish to adopt a standard form.</li> </ul>	<p>The SBDC supports this reform.</p> <p>All local governments that participate in the <i>Small Business Friendly Local Governments</i> initiative commit to undertaking regular and targeting consultation with small businesses, but in practice this is being done to varying levels of success across member local governments. Requiring local governments to prepare a community and stakeholder charter (which specifically recognises small businesses as one of these key groups) that sets out how the local government will communicate with the community is an important first step for local governments to take.</p> <p>It would be valuable for the DLGSC to provide associated guidance to local governments (in addition to the model Charter) to outline what best practice engagement and consultation looks like. For example, simply posting notice of a proposed development/amendment to local law etc. on a local government website can be ineffective at reaching time-poor small business owners most impacted by the proposal. Whereas, complementing web articles with face-to-face engagement and other communications mediums (including social media, emails and more traditional approaches where appropriate) would be a more effective approach.</p> <p>The SBDC offers to work with the DLGSC to develop the model Charter and guidelines.</p>

CURRENT REQUIREMENTS	PROPOSED REFORMS	COMMENTS
<b>4.2 Ratepayer Satisfaction Surveys (Band 1 and 2 local governments only)</b>		
<ul style="list-style-type: none"> <li>Many local governments already commission independent surveying consultants to hold a satisfaction survey of residents/ratepayers.</li> <li>These surveys provide valuable data on the performance of local governments.</li> </ul>	<ul style="list-style-type: none"> <li>It is proposed to introduce a requirement that every four years, all local governments in bands 1 and 2 hold an independently-managed ratepayer satisfaction survey.</li> <li>Results would be required to be reported publicly at a council meeting and published on the local government's website.</li> <li>All local governments would be required to publish a response to the results.</li> </ul>	<p>The SBDC supports the proposed reform.</p> <p>Surveying local businesses can be an invaluable tool to increase transparency and help a local government identify areas for improvement, particularly in relation to customer service, communication and processes. It will also be important to keep the local government accountable in relation to implementing its proposed responses, particularly small business customer service.</p>

## **6. Local laws**

The SBDC has gathered considerable insight into the matters causing frustration and delays for small business operators when dealing with local governments. This includes through direct feedback from small business operators and their representative bodies, complaints to the Minister for Small Business, market research data, and the SBDC's SBFLG network.

The SBDC has observed that policies, practices, customer service and culture have a greater impact on small business customers than local laws. There are examples in place where a local government has streamlined a process to great benefit to small businesses in spite of a local law – refer to the City of Vincent's alfresco trading policy and associated application process.

Throughout the delivery of the Approvals Program, the SBDC has worked with 14 local governments, and over 100 local government officers involved in the working groups. As a result, there have been a small cohort of local governments that have identified, and committed to, updating a local law that governs signage or alfresco trading.

In the vast majority of cases however, opportunities to reduce approval timeframes and improve the overall customer experience have been in relation to better communication, streamlining processes, automating approvals and implementing a business concierge function. None of these reforms involve amending local laws.

While this is the case, a poorly drafted local law – or one that has not taken into consideration all affected parties in a balanced manner – can have a detrimental impact on small businesses and the local economy. By way of example, the SBDC recently assisted an aggrieved small business operator within the agricultural sector who was impacted by amendments to a Health Local Law governing the use of bird scaring devices to protect fruit crops. In adhering to the new law, which severely restricts the use of these devices, significant effort is required (including costly consultancy reports) to not only apply for the use of the devices, but also in the ongoing management of crops. For well-established business operators who had been utilising this method of pest deterrents for some time, it is understandably frustrating when the regulatory environment changes to such a degree. While the local government in question has subsequently agreed to assess each application with due regard to the maturity of the business, it does not negate the significant barriers that have now been established.

The SBDC acknowledges the tension that local government officers have in balancing the needs of residential and commercial ratepayers, and the interests of elected members. As such, the SBDC advocates for a balanced and reasonable approach when amending or developing a new local law that seeks to regulate the activities of a business.

Through the Approvals Program, the SBDC is actively working with local governments to influence how they interpret and administer local laws, however this could be further supported by the DLGSC providing guidance on best practice behaviour, policies and processes.

## 7. Procurement

### 7.1. Recommendations from Expert Panel

Access to government supply chains is a continual source of frustration for many small businesses. The inconsistency in procurement policies and insurance levels, lack of collaboration across local governments and difficulties in understanding how to respond to a tender request can pose challenges for small business operators. Once a small business has secured work with a local government, the timely payment of invoices can often then become a primary source of concern.

The SBDC notes that in May 2020, the Local Government Act Review Expert Panel made a number of recommendations related to procurement – refer Box 2.

#### **Box 2: Recommendations of Expert Panel**

**Recommendation 45:** The Panel recommends that local government procurement thresholds, rules and policies are, where applicable, aligned with the State Government, including (but not limited to):

- a. Tender threshold (currently \$250,000);
- b. Procurement rules and methods for goods and services under the tender threshold;
- c. Procurement policies, including sustainable procurement, procuring from disability enterprises, buy local (where 'local' refers to Western Australia or a specific region of the state determined by the local government) and Aboriginal businesses; and
- d. Using TendersWA as the primary tender platform.

The Panel agreed that procurement needs to be open, transparent, fair and ensure adequate market testing, value for money and local consideration.

The Panel supported aligning local government and State Government procurement frameworks, including the tender threshold, procurement rules under the tender threshold and the publication of tenders and high value contracts on TendersWA. By increasing consistency between State and local government, and transparency of procurement rules and processes it creates a business-friendly environment and increases confidence in the process.

Local governments should be able to advertise tenders on other platforms, in addition to TendersWA, if they so choose.

**Recommendation 46:** The Panel recommends the development of a model procurement policy for all local governments. If a local government chooses to deviate from the policy it should be required to explain its reasoning to the responsible State Government agency.

In keeping with the recommended alignment to the State procurement framework, a model procurement policy should be developed that is consistent, as much as practicable, with the State rules that apply for purchasing goods under the tender threshold. The Panel believed development of a model procurement policy would assist local governments with the procurement process and increase consistency between local governments. If a local

government chose to deviate from the model, local governments should have to justify the deviation by explaining their reasoning.

**Recommendation 47. The Panel recommends enhancing legislation to regulate and guide the establishment and management of panel contracts.**

It was acknowledged that local government preferred supplier panels are important and need to be retained; however, their establishment and operation needs to be regulated. The Panel supported the continuance of the WALGA Preferred Supplier Panel, subject to regular oversight and checks and balances to ensure that it is constituted correctly and there is accountability.

**Recommendation 48. The Panel recommends a requirement for local governments to have an open register of local businesses with local governments determining what is considered 'local' to their community.**

The Panel recommended the introduction of an open register of local businesses where local businesses can register with the local government and outline the services and goods they provide. This will assist local governments to support local businesses when procuring goods under the tender threshold, and in informing them of open tenders. Local governments should determine what is considered 'local' to their community.

It is unclear whether the Government has endorsed the recommendations outlined by the Expert Panel. In this regard, the SBDC wishes to express its support for recommendations 45 to 48. The SBDC's specific comments in relation to each recommendation are outlined below.

- **Recommendation 45. Alignment of local government procurement thresholds with State Government.**

The SBDC is aware that each local government adopts its own quotation thresholds for low value contracts (i.e. under \$250,000). At a regional level where a single catchment of small businesses are supplying to multiple local governments, the use of different thresholds in neighbouring local governments can cause considerable confusion and extra work for businesses.

To this end, the SBDC has been working with a group of seven local governments in the Wheatbelt to examine their individual procurement policies and practices, with the aim of increasing small business access to the local supply chain. This will be achieved through harmonisation of thresholds and templates, coordination of supplier databases and forums, as well as a regional definition of 'local'. When undertaking a review of all the purchasing thresholds across the seven local governments, there was significant disparity in the thresholds used - refer Table 4.

Analysis of the transactions across the seven local governments revealed that more than 75% of all transactions (and therefore effort) were under \$2,000. Lifting the threshold for direct purchasing and verbal quotes (even to \$10,000) would save these local governments considerable time and effort, enabling a redirection of effort towards larger, higher risk contracts. Work to achieve agreement on the revised thresholds, and their adoption across all seven local governments, is progressing.

The SBDC acknowledges that smaller, regional local governments face unique challenges related to supplier availability and smaller operating budgets, and this impacts on the council's risk appetite. In this context, there may be some reluctance to adopt the State Government purchasing rules (i.e. direct contact up to \$50,000).



Table 4: Purchasing thresholds for selection of neighbouring regional local governments.

Purchasing thresholds	Local government #1	Local government #2	Local government #3	Local government #4	Local government #5	Local government #6	Local government #7
No quotes required				\$2,000		\$5,000	\$3,000
One verbal quote			≤\$2,000	\$2,000-\$5,000			
One written quote			\$2,001-\$5,000			Local supplier exemption	
One verbal or written quote	\$0-\$5,000	\$0-\$5,000			\$0-\$7,500		
Two verbal or written quotes						\$5,001-\$30,000	
Two written quotes			\$5,001-\$30,000	\$5,000-\$10,000		\$30,001-\$50,000	\$3,001-\$10,000
Three verbal or written quotes	\$5,001-\$20,000	\$5,001-\$20,000					
Three written quotes	\$20,000-\$50,000	\$20,000-\$50,000	\$30,000-\$249,999	\$10,000-\$249,999	\$7,501-\$50,000	\$50,000-\$249,999	\$10,001-\$50,000
Formal request for quote	\$50,001-\$249,999	\$50,001-\$249,999			\$50,000-\$100,000		\$50,001-\$249,999
Formal request for quote for approval by Council					\$100,001-\$249,999		
Public tender	≥\$250,000	≥\$250,000	≥\$250,000	≥\$250,000	≥\$250,000	≥\$250,000	≥\$250,000

- **Recommendation 46. Model procurement policy.**

A model procurement policy would result in greater consistency across local governments, greatly benefitting suppliers. It would be valuable if this model policy (or associated guidance) encouraged regional collaboration (i.e. with neighbouring local governments).

This collaboration could extend to:

- Supplier databases/directories, so suppliers need only sign-up to one directory to then be considered for purchases and quotes from a specified group of local governments.
- Supplier forums/information sessions for potential suppliers to understand all upcoming work across the group of local governments.
- An agreed regional buy local policy.

The inclusion of relevant case studies would be helpful to include in this guidance material. The SBDC is aware that the South East Corridor Councils Alliance is working towards a harmonised and collaborative approach to procurement, and would be a valuable case study to feature.

- **Recommendation 47. Panel contracts.**

The SBDC acknowledges the benefit to local governments through the use of WALGA's Preferred Supplier Program, which pre-qualifies businesses to supply local governments without the local government required to undergo a publicly advertised tender.

Small businesses can benefit from being on the Program, both through visibility to local governments and only having to go through one pre-qualification process rather than multiple local government tenders. The SBDC understands that pre-qualified suppliers selected by a local government are required to pay a fee to WALGA, which equates to a maximum of 2% of the contract awarded. Depending on the job type, scope of works and size of business, it may not be financially viable for small contractors to register with the Program.

Given that not all suppliers are listed on the Program, the SBDC encourages local governments to support local suppliers where possible. This can be achieved through an updated procurement policy and registers of local businesses.

- **Recommendation 48. Register of local businesses.**

Registers of local businesses are maintained by some local governments and business representative groups and can be a means of increasing visibility of local suppliers to local government officers. Ideally, these registers would be advertised broadly to the small business community and local government officers, easy for a business to sign-up and regularly reviewed by local governments.

It would be beneficial if registers were maintained for a region, or group of neighbouring local governments, rather than individual registers that the same cohort of businesses are required to sign-up to. Taking a regional approach to business registers would ideally also extend to supplier information sessions,

whereby suppliers can understand the procurement requirements and upcoming works schedule for all local governments rather than having to be aware of, and attend, information sessions for each individual local government.

## **7.2.SBDC Preliminary Inquiry into Professional Indemnity Insurance**

After receiving several complaints from small business owners relating to the amount of professional indemnity insurance (PI) cover sought by local governments, the SBDC undertook a preliminary inquiry into this matter last year. This preliminary inquiry made a number of observations that the SBDC believes is pertinent to this review.

The inquiry examined the specified insurance levels of a randomly selected sample of 17 local governments from around the State. Based on an assessment of each local government's Generalised Terms and Conditions, it was observed that there is significant disparity in regards to the minimum levels of PI cover sought from suppliers, with the minimum of \$1 million ranging to a maximum of \$10 million. An assessment of public and product liability insurance showed more consistency, with either \$10 million or \$20 million specified.

From a small business perspective, these differing levels of insurance required across local governments can be confusing, frustrating and in some cases preclude a business from supplying to one local government over another. Anecdotally the inquiry heard that some local government officers are willing to discuss and reduce the specified PI levels after an assessment of a supplier's overall suitability, however this was not able to be verified.

Another significant finding was that publicly available Generalised Terms and Conditions are not being reviewed or updated on an ongoing basis, which can misrepresent a local government's requirements and deter prospective businesses from responding to a quote or tender.

For example, one local government had publicly available information calling for \$10 million PI insurance, however a local government representative advised that in practice they only require \$2 million. The local government has subsequently updated its website to rectify this change. Two other sampled local governments listed \$2 million PI insurance, whereas in reality they required \$5 million in cover from their suppliers.

In light of these findings, the Department may wish to consider the provision of guidance to local governments around the need to regularly review and update their Generalised Terms and Conditions, and consider harmonisation with neighbouring local governments.

In terms of the guidance provided to local government officers, the preliminary inquiry heard that there certainly is a desire for more support and guidance, particularly in the subject of procurement. While the SBDC recognises that WALGA provides templates and guidance to its member local governments, the DLGSC may wish to consider the provision of complementary support and guidance.

## 8. Streamlining processes

As has been previously mentioned by the SBDC, it is overwhelmingly the policies, practices, customer service and culture of a local government that have the greatest impact on small business operators when establishing or expanding their businesses. All of these factors can contribute to lengthy approval timeframes and a sub-optimal experience for business customers.

The SBDC raised examples of red tape concerns as part of Phase One of the Local Government Act Review – many of which are still relevant today. To help address these areas of concern, the SBDC has been working closely with local governments through its Approvals Program.

As previously mentioned, there are common areas of improvement that have been identified throughout the Approvals Program. There are many local governments that have not yet participated in the initiative that could benefit from its learnings. To this end, the SBDC is currently refining its methodology to better suit the resource constraints facing smaller, regional and remote local governments. This methodology is likely to be complemented by the provision of guidance, case studies and templates.

The SBDC welcomes the involvement of the DLGSC in the development and dissemination of this guidance material. An ongoing role by the DLGSC in clarifying common questions facing local government officers or highlighting better practice behaviour (particularly in relation to streamlining processes) is likely to be well-received and beneficial to local governments.

A central component of the Approvals Program is mapping the approvals process for a business customer from idea inception to the determination of the relevant application (such as planning, building or health). A common cause of delay for customers is when a referral or additional approval is required from a State Government agency – for example the Water Corporation, Main Roads, Department of Fire and Emergency Services, and DLGSC (Liquor Licensing).

Prior to the delivery of the Approvals Program with local governments, the SBDC partnered with the DLGSC (Liquor Licensing) in October 2020 and developed a suite of 26 reforms designed to streamline the approvals process for business customers applying for a liquor licence. During this project, the overlap and duplication of information requirements by local governments was identified.

In addition to four specific reforms directly related to better alignment with local governments<sup>2</sup>, a representative from Liquor Licensing (Mr Daryl McLauchlan, Premises Manager) has been generously donating his time to attend the local government workshops to discuss ways the approvals process could be streamlined and information duplication reduced. This information sharing has been extremely valuable, with some local governments making changes to their website information, fee structure and processes as a result.

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<sup>2</sup> Reform numbers 1.11, 1.13, 2.6, 3.4

The DLGSC may wish to consider adopting a similar approach in regard to how approvals or referrals to other agencies could be streamlined to benefit business customers.

## **9. Concluding remarks**

The SBDC appreciates the opportunity to contribute feedback to the DLGSC's Review of the *Local Government Act 1995*. As has been outlined in this submission, the SBDC has considerable insight into the interaction between local government and small businesses, and would like to offer its assistance to the DLGSC in the preparation of guidance material or discussing further any of the matters raised in this submission.

[REDACTED]