

Better Approvals for Business

Supporting Victoria's Economic Recovery

BUSINESS FRIENDLY COUNCIL APPROVALS REVIEW

Reforms Summary and
Implementation Pilot

Ministerial Foreword

Victoria's small businesses are the backbone of our economy – supporting economic growth, jobs and the liveability of our metro, regional and rural communities. Small businesses make a big contribution to their communities and local economies right across Victoria.

As of June 2023 there were more than 700,000 small businesses in Victoria, making up 97% of Victoria's business population. Small businesses make a big contribution to Victoria's economy, employing over 1.3 million Victorians and generating over \$362 billion in income (2021–22 data). It's critically important that we support this sector of our economy and have the supports in place to ensure small businesses can start, grow and thrive. This includes making it easier for businesses to get the necessary licenses and approvals from local councils and State Government regulators.

Councils can support businesses in their regions, by improving their processes and helping businesses to navigate the approvals they need. Recent programs have shown what can be achieved with the Victorian Government and councils working in partnership to deliver better, more business-friendly regulatory approvals. In particular, the Better Approvals Project delivered between 2018 and 2020 provided substantial benefit for Victorian businesses and contributed to efficiencies within councils.

The Business Friendly Council Approvals Pilot aimed to capitalise on these gains and deliver better results for councils and small businesses right across Victoria. The Pilot, which was delivered between August 2022 and June 2023, is already helping more Victorian businesses to navigate approvals and open – creating increased economic activity for our State. The Victorian Government will build on key learnings from the Pilot to inform our whole of government regulatory reform program.

I look forward to further collaboration with local councils to ensure that together, we make Victoria the best place to start and grow a business.



The Hon. Natalie Suleyman
Minister for Small Business

Better Approvals for Business program

The Victorian Government is delivering regulatory reform to support the State's economic recovery and growth. A high performing regulatory system provides many benefits, including productive, confident and innovative businesses – vital to post pandemic economic recovery.

Business Friendly Council Approvals Review

The Victorian Government's Business Friendly Council Approvals Review was the second in a series of regulatory reviews delivered as part of the Better Approvals for Business Program. Program reviews were undertaken from the perspective of business and industry, focussed on improving planning and other business approvals processes to support economic recovery.

Led by the Department of Jobs, Skills, Industry and Regions, the program reforms were co-designed with businesses, industry peak bodies, regulators and local and state government to target priority issues impacting businesses as they seek to start and grow their business.

Businesses engage with their local council early in their establishment journey, when applying for the various permits required to start and run their business. Where businesses experience slow or complex approvals processes, this can delay the commencement or expansion of their business and – ultimately – slow down economic and employment growth. The COVID-19 pandemic has placed greater emphasis on the need for approval processes to support businesses and help them adapt to the current economic climate. Recognising this, council approval processes and broader culture was the focal point of the Business Friendly Council Approvals Review.

The Victorian Government has been working collaboratively with councils to improve business regulatory approval processes in recent years, and substantial improvements have been achieved (most notably through the Small Business Regulation Review program, refer [page 13](#)). At the same time, both councils and businesses recognise the need for ongoing improvements to approvals and related processes to support businesses as they seek to start and grow.

The reforms developed through this review are expected to benefit businesses of all sizes. Small businesses, which generally have fewer resources to deal with regulatory approvals compared to larger businesses, will particularly benefit from these reforms.

Small businesses are the backbone of the economy, with more than 700,000¹ across Victoria, generating about 41 per cent of private sector jobs².



Small business in Victoria 2022-23

OVER 700,000

Making up 97 per cent of Victorian businesses³

OVER 114,000

New business entries³

REGULATORY APPROVALS

Many of these new businesses will require regulatory approvals and engage with councils

1. Australian Bureau of Statistics, Counts of Australian Businesses, Release December 2023.

2. Australian Bureau of Statistics, Australian Industry 2020-21, Release May 2022. Note 41 per cent is the proportion of jobs in 2020-21.

3. Australian Bureau of Statistics, Counts of Australian Businesses, Release December 2023.

Review Consultation and Co-design process

Through co-design with businesses, industry peak bodies, regulators, and local and state government representatives, a targeted reform package and implementation approach was developed and endorsed by Government in early 2022, detailed in Table 1 on [page 5](#).

Over 20 Victorian councils and 10 small businesses participated in the Review co-design process, supporting identification of priority issues associated with council end-to-end approval processes. Considerations included council practices engaging with businesses, and the end-to-end permit approval process (including referrals to external regulators) and the impact this has on the time and effort required for businesses to understand and navigate these processes.

“There’s a lack of understanding by individual officers where their ‘part’ may fit in to the bigger picture for a business.”

“Business needs are not well understood or prioritised in councils’ service culture.”

The Review also identified important opportunities related to council culture and internal processes, including opportunities associated with optimising council resources and putting more emphasis on supporting businesses, growing capability of councils, and providing better information and support for businesses through the whole approvals process.

The agile responses of government to pandemic related challenges have increased businesses’ expectations of being able to interact more seamlessly and easily with government. For example, councils and the Victorian Government streamlined some processes and reduced timelines for some ‘low risk’ activities (e.g. outdoor dining) to meet the needs of their communities.

There is now increased expectation that this responsive approach by Government will continue and that the efficiencies and improved experiences gained from this period will be carried forward – to further reduce regulatory burden and process inefficiencies for businesses. This has become even more important as the State continues to focus on economic recovery and job creation following the impacts of the pandemic on businesses and industry.

What we heard

From a business perspective, both the number of permits required to start or grow a business and the number of agencies that can be involved (including council and external authorities) can add considerable time and costs to their approvals journey. Often the full detail of the required permits and the various steps in the approvals process, and/or the extent of the costs and time associated with these, may not be clear to a business starting up. For example, whilst some councils provide information on their website about external agency approvals required (e.g. liquor, waste, water, event structures, and road permits), this information is not consistent across all councils.

“[Costs to business] could have been avoided if the planner had given us the specific list of things that were required rather than providing updated Requests for Information every 28 days.”

“There is a lack of comprehensive education and learning opportunities for the planners and council staff.”

“Nearly 40 per cent of Victorian businesses say time is a bigger cost to doing business than money.”

VCCI Cost and Ease of Doing Business in Victoria report, January 2022.

Business Friendly Council Approvals Reforms

Through the Business Friendly Council Approvals Review, 5 key reform areas and 11 initiatives were developed.

These reforms, co-designed with councils and businesses support a continuous improvement process for councils to improve business approvals, regardless of the stage a particular council is at with their business approvals processes and systems.

The Review reforms recognise businesses' desire for consistency of information and templates across councils, whilst also allowing for adaptation and flexibility to meet the unique requirements of councils and their business communities.

Reforms aim to make the end-to-end approvals process (including those that include external referral authorities) more transparent and integrated, with a focus on optimising council's support for businesses and economic development.

Initial implementation of the reforms was delivered through the Business Friendly Council Approvals Pilot from August 2022 to June 2023 (refer details of the BFC Pilot project on [page 7](#)).

Business Friendly Council Approvals Reform Areas

REFORM AREA
A

Elevating economic development and supporting businesses as a priority across councils

REFORM AREA
B

Ensuring business applicants have the **right information at the right time**

REFORM AREA
C

Optimising point of contact with council when businesses lodge their application

REFORM AREA
D

Improving business approval times by **integrating and streamlining council processes**

REFORM AREA
E

Making processes for **external applications and referrals** more transparent and integrated

Table 1: Business Friendly Council Approvals 5 Reform Areas and 11 Initiatives

REFORM AREA A	Elevating economic development and supporting businesses as a priority across councils
1	Develop and implement a culture change program across council, to shift mindsets and increase awareness of the role of council in supporting businesses, and the benefit of businesses to the local economy and liveability.
2	Establish mechanisms and programs to improve the relationships between departments within council.
3	Enable ways for inter-council collaborations to encourage interaction, sharing of successful ideas and communication of best practice methods.
REFORM AREA B	Ensuring business applicants have the right information at the right time
4	Develop improved and accessible online resources, templates, and checklists to ensure key information is available for business applicants, in plain English and other language translations.
5	Enhance and promote the role of local council to assist business at critical decision points.
REFORM AREA C	Optimising business' first point of contact with council when they lodge their application
6	Deliver a tailored concierge service that is fit for purpose for the specific needs of each council and supports the main and emerging types of businesses in the council area.
7	Develop information material to support council staff when they engage with business applicants to navigate the end-to-end regulatory approvals process.
REFORM AREA D	Improving business approval times by integrating and streamlining council processes
8	Establish a permit pipeline review process within council to review business applications across departments, identify blockages and escalate cases as required.
9	Develop a training program for council staff to better understand the different departments and regulatory areas within council to better support business permit applications.
REFORM AREA E	Making processes for external applications and external referrals more transparent and integrated
10	Enhance and promote existing resources that can be accessed directly by applicants.
11	Develop resources and materials with external regulators that can be provided to councils to share with applicants to better support their end-to-end permit application process.

Benefits to businesses, councils and Victorian economy

The Business Friendly Council Approvals reforms are expected to result in direct and indirect benefits to businesses, councils and the broader Victorian economy and community.

Direct benefits to businesses

- ▶ Benefits to businesses will include an increased understanding of the end-to-end approvals processes, greater quality of completed applications, and improved access to council resources and support, all contributing to reduced delays.
- ▶ The estimated benefits of these reforms to new businesses on average range from \$4,700 pa to \$15,300 per business, per year through reduced time for businesses on regulatory approvals⁴.

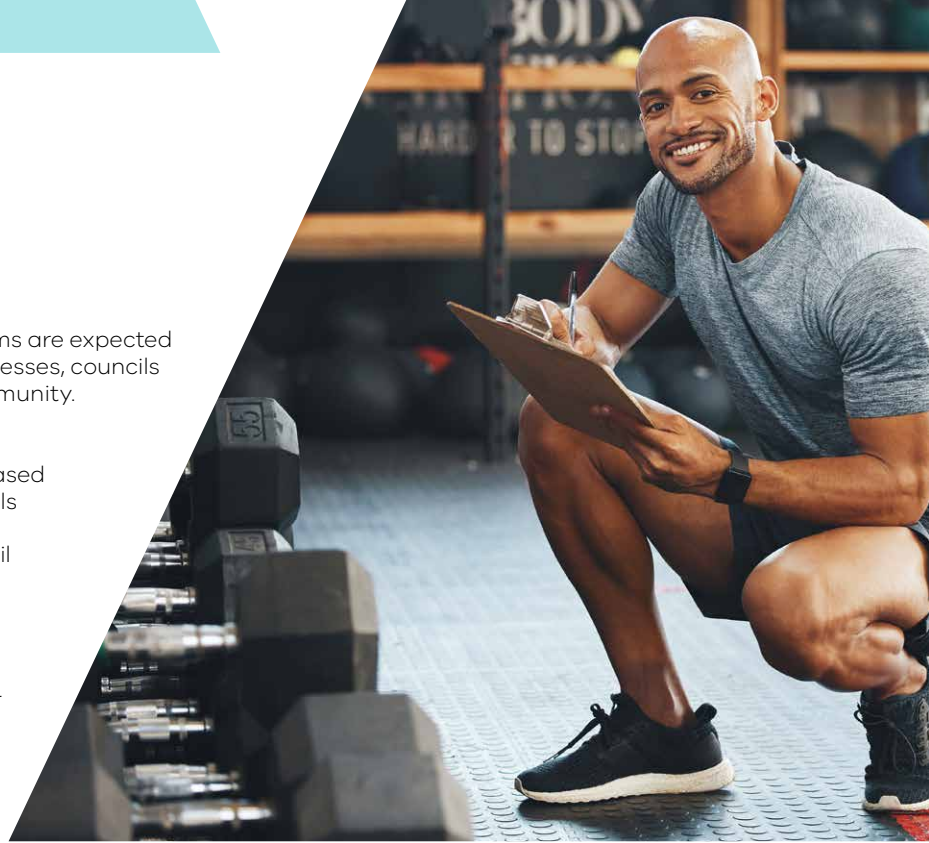
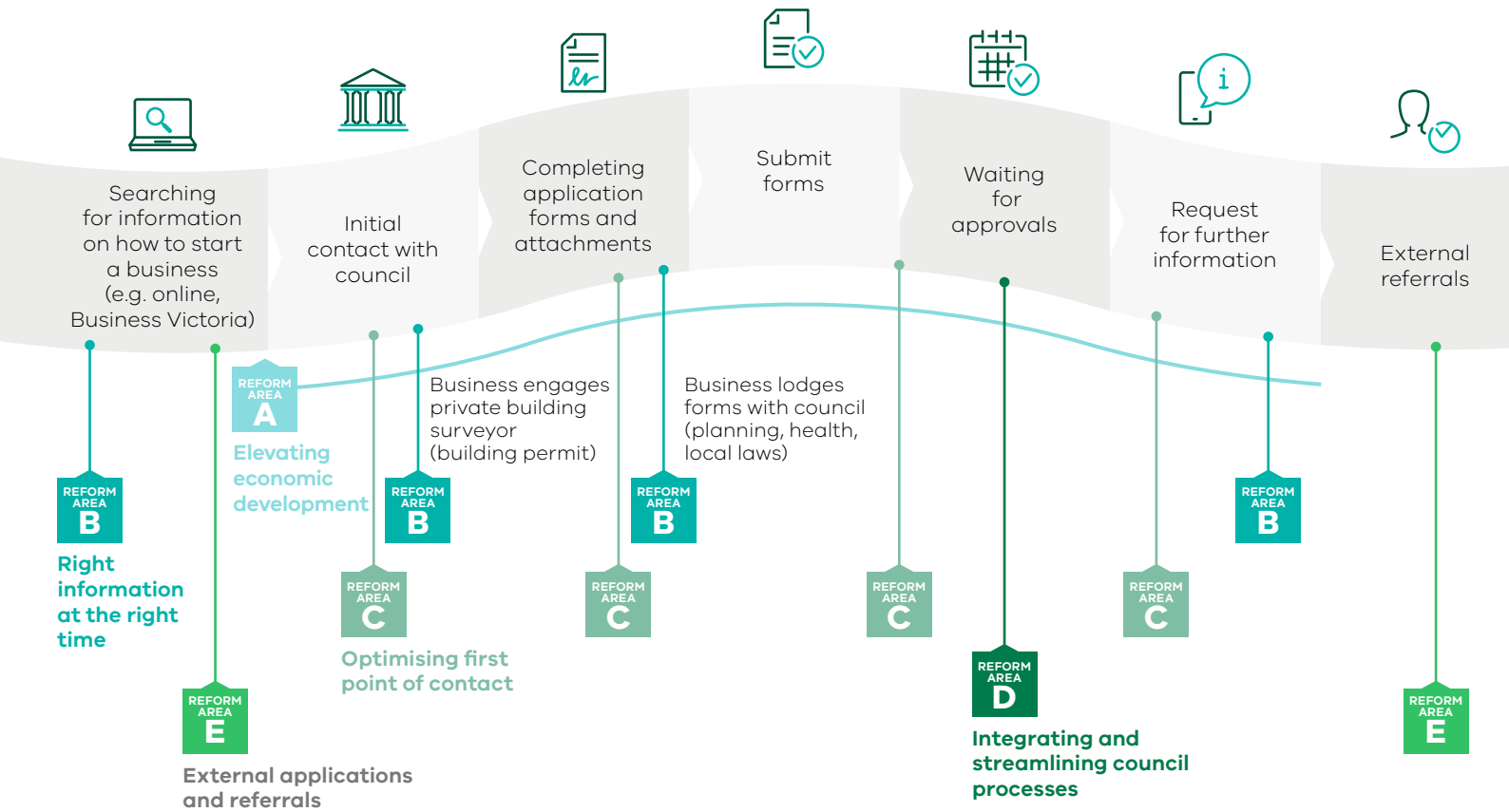


Figure 1: A typical journey of a small business owner and the benefits of the BFCA reforms on their end-to-end approvals process⁵



Expected benefits for permit applications

\$4,700 TO \$15,300
on average direct savings per business, per annum



4. BAB Program – Business Friendly Council Approvals Review, Nous Report 2022.
5. BAB Program – Business Friendly Council Approvals Review, Nous Report 2022.



Direct benefits to councils

- ▶ Increased efficiencies in council processes and more efficient use of resources (e.g. resulting from businesses submitting more completed, better quality applications that require less effort and time to process).
- ▶ Increased understanding of their business demographics and increased business satisfaction with council services.

Flow on benefits

- ▶ Increasing the productivity of Victoria's economy, including supporting an increase in overall investment across Victoria, increasing small business participation and retaining existing businesses.
- ▶ Supporting the recovery of local businesses and promoting a stronger, more resilient economy. Reducing regulatory burden on small businesses will support them to operate and grow, offering them the best chance to recover following the pandemic, contributing to economic resilience.
- ▶ Cementing Victoria as the leading place to work and live. Reducing red tape for small businesses will help support Victoria's 20-minute neighbourhood objective⁶ to achieve more inclusive, vibrant, and healthy communities.
- ▶ Promoting jobs and economic growth in regional Victoria. An increase in the number of successful small businesses will improve both the economic prosperity of regional towns and improve the sense of community sought by many who live in these areas.
- ▶ Improving the mental health of Victorian small business owners. The mental health of business owners is a growing issue across Victoria with only an estimated 1 in 5 businesses feeling supported with their mental health⁷. Reducing red tape and improving the end-to-end regulatory approvals process will help to alleviate some of the stress currently being felt by Victorian business owners.

Business Friendly Council Approvals Pilot

The Business Friendly Council Approvals reforms were piloted with 7 Victorian councils from August 2022 to June 2023.

A DJSIR project team and co-design service provider, Nous Group, worked in partnership with Pilot councils to tailor the suite of BFCA reforms to the unique needs of each council to improve the end-to-end regulatory approvals process for businesses. The Pilot focused on optimising council's support for businesses and economic development.

Participating councils included a mix of metropolitan, interface, regional and rural councils to maximise the impact of the Pilot. The delivery model also explored implementation with a cluster of councils, as well as opportunities to target priority or emerging sectors.

An expert Working Group, representing councils, peak industry bodies, government departments and regulators, was established to inform design of the BFCA Pilot reform products and initiatives. The Working Group representatives also supported alignment with other council focused regulatory reform initiatives underway across Victorian Government, such as the Better Planning Approvals program led by the Department of Transport and Planning, with the BFCA focus on the end-to-end approvals process providing an opportunity to draw these complementary resources into an integrated delivery model with councils.

BUSINESS FOCUSED PRODUCTS

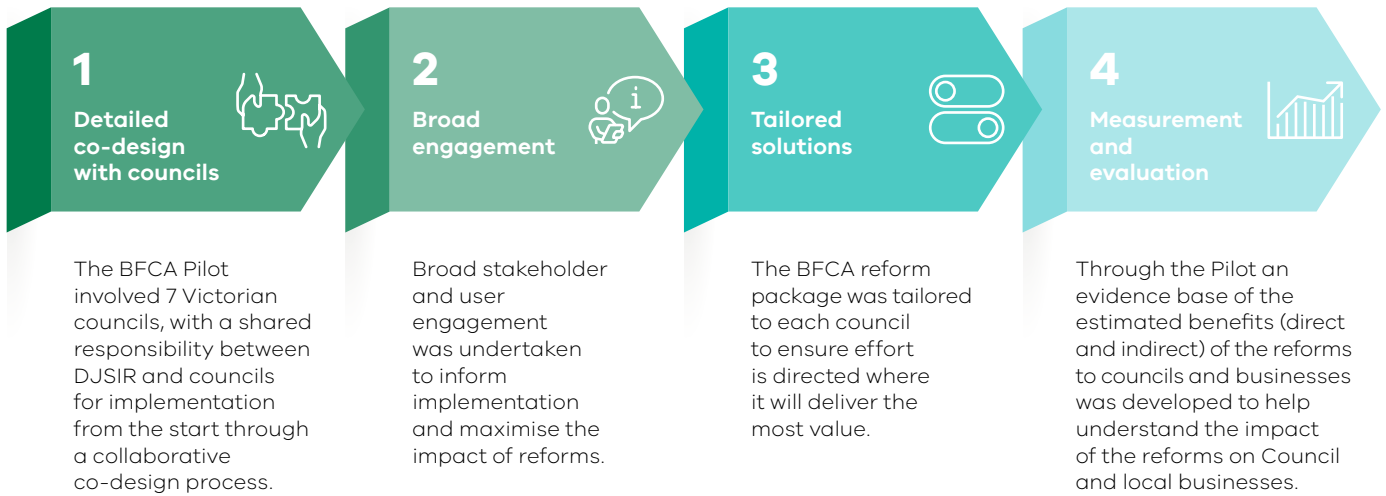
Over 200 businesses were engaged through the Business Friendly Council Approvals Pilot delivered with 7 Victorian Councils, to inform development and implementation of reform products.

6. Department of Transport and Planning, [20-minute neighbourhoods \(planning.vic.gov.au\)](https://planning.vic.gov.au) accessed on 19 March 2024.

7. Victorian Chamber of Commerce and Industry, *Cost and Ease of Doing Business in Victoria Report*, January 2022.

Delivery of reforms with Pilot Councils

Figure 2: Business Friendly Council Approvals Pilot Approach⁸



BFCOA Pilot Implementation

A human-centred, co-design approach was used to support the development and implementation of tailored resources and solutions to make business application approvals and referrals more transparent and integrated, optimising Council’s support for businesses and economic development.

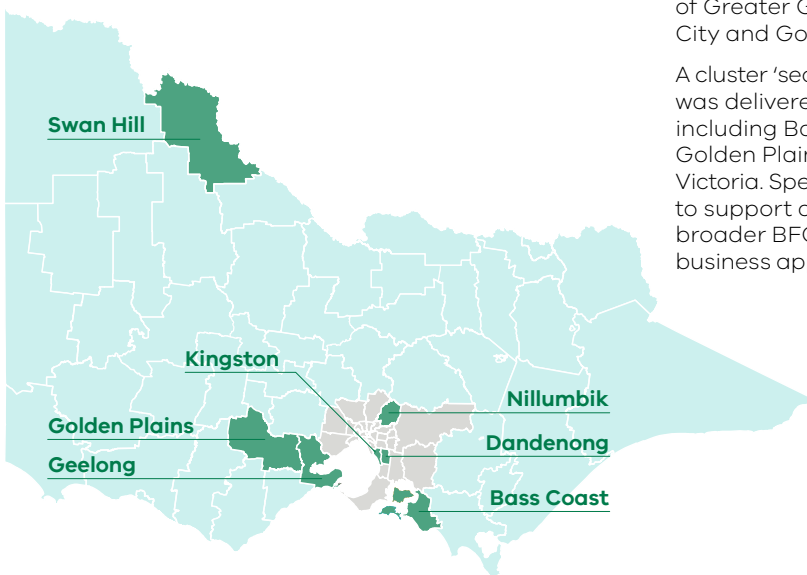
The Pilot delivery approach recognised businesses’ desire for consistency of information and templates across councils, as well as the need to allow for adaptation and flexibility to meet the unique requirements of councils and their business communities.

As such, some initiatives were developed through one-on-one design with individual Pilot councils, while others (i.e. those that are expected to share substantially common elements across councils) were developed through a collaborative design approach involving Pilot councils and Victorian Government representatives, Municipal Association of Victoria, Victorian Chamber of Commerce and Industry, and other Local Government Area councils. Interviews, workshops and on-line surveys of local businesses, industry and council staff undertaken through the Pilot provided key insights to inform reform product development.

BFCOA Pilot councils participated in either a 4 or 6 week delivery phase, working closely with consultants, Nous Group and DJSIR to deliver customised products that address their unique challenges in the approvals process. The 7 BFCOA Pilot councils included: Kingston City, City of Greater Dandenong, Nillumbik Shire, City of Greater Geelong, Bass Coast Shire, Swan Hill Rural City and Golden Plains Shire.

A cluster ‘sector-based’ approach focused on agriculture was delivered with the 3 rural and regional councils; including Bass Coast Shire, Swan Hill Rural City and Golden Plains Shire, in partnership with Agriculture Victoria. Specific sector-based products were developed to support agriculture businesses, building on the broader BFCOA products, to improve the end-to end business approvals process for agriculture businesses.

Figure 3: Business Friendly Council Approvals Pilot Councils



8. Source: Nous Group – Business Friendly Council Approvals Review 2022.

Customised BFCA product development with Pilot Councils

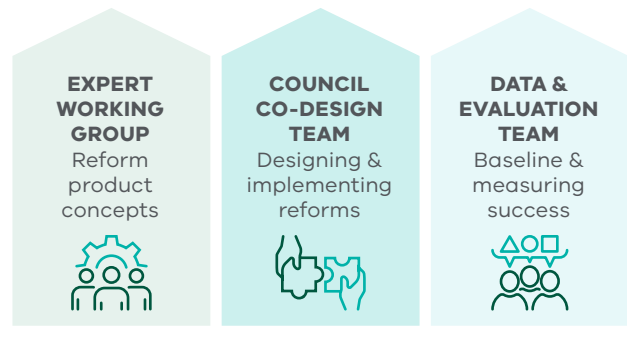
Each Pilot council selected at least 1 initiative from each of the 5 BFCA reform areas to implement (refer Table 1 on page 5). Implementation activities for each reform area varied depending on the requirements of each council. The work across the Pilot councils resulted in a suite of 16 customisable core BFCA products that help to facilitate a business friendly approvals experience. These customisable products are complementary solutions, including a suite of culture change initiatives, aligned to the 7 levers of cultural change: Leadership Commitment, Values and Behaviours, Workforce Capability, Recognition and Consequence, Practices and Procedures, Underpinning Structures, Monitoring and Evaluation.

The last stage of the delivery phase with each Pilot council involved an Executive Showcase to present and test solutions with a broader group of council staff. Over 300 council representatives attended the showcases across the Pilot councils, building momentum to embed a business-friendly culture across each council. Consistent implementation, key roles, responsibilities, and supporting governance structures were also defined for each Pilot council and will be supported by DJSIR-led monitoring and evaluation activities.

Implementation of BFCA Pilot products and solutions transform the business approvals experience through:

- ▶ Improving the end-to-end experience for businesses
- ▶ Continuous improvement mindset on building the business-friendly culture and capability of council staff
- ▶ Using data to enhance councils understanding of the needs of their businesses and better target resources
- ▶ Introducing a framework for measuring benefits to businesses and councils, to support economic recovery.

BFCA products development and delivery was supported by:



“ Council staff are now more aware of the role they can play in business permit approvals, with better awareness of business priorities and success. ”

BFCA Pilot interface council.

“ Business customers can create a viable, higher-quality application that will cost their business less money in expenses and delays and take less time for Council to process. ”

BFCA Pilot metro council

“ Enhances understanding of the Council Concierge role and collaboration across departments to reduce the number of requests for further information. ”

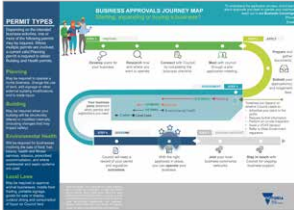
BFCA Pilot regional council



Business Friendly Council Approvals products

There are 16 core BFCA products that address different reform areas. Some of these products are stand-alone and others exist within a suite of products. Each participating Pilot Council selected and customised the BFCA products that best suited their needs and the needs of their business community.

BUSINESS-FACING



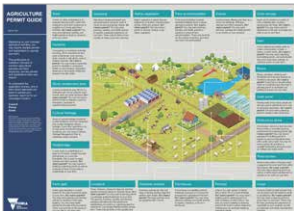
Business Approvals Journey Map

- Customised Business Approvals Journey Maps were developed with councils, specific to their Local Government Area.



Business Approvals Sector Guide

- A range of customised sector-based Business Approvals Guides were also developed including: Accommodation, Beauty, Cafe and restaurants, Gym and fitness, Domestic animal, Home-based, Liquor-licensed, Manufacturing, Medical centres, Hospitality, Personal services and Agriculture (Farm gate sales, Broiler farms, Farm Sheds, Rural industry, and Farmers' Market).



Agriculture Business Permit Visual

- A starting point overview of permits that may be required for agricultural businesses.



Optimising the First Point of Business Contact Suite:

- Business website landing page
- Permit Navigation Form
- Business Concierge Video guide.

COUNCIL-FACING



Enhance Council Inter-departmental Collaboration Suite:

- Business Concierge Information Pack
- Business Departmental Prompts-Trigger Checklist
- Business Pre-Application Meeting Agendas, internal & external
- Business Permit Pipeline Review Meeting Agenda & Service Agreement.



Business Friendly Culture Change Toolkit:

- A selection of activities to support the 7 levers of cultural change: Leadership Commitment, Values and Behaviours, Workforce Capability, Recognition and Consequence, Practices and Procedures, Underpinning Structures, Monitoring and Evaluation (e.g., Change Champions, Interdepartmental shadowing, Showcasing success).
- Business Approvals Cross-departmental meeting Terms of Reference
- Communication Guidelines.



Business Friendly Learning Modules Guide

- Learning modules designed to help council staff better support business permit applications.



Business Friendly Councils Community of Practice Guide

- A forum for Councils that have implemented the BFCA products to share best practice insights to support business friendly approvals.



Business Approvals Indicators

- Data collection tools to measure impacts of reforms.

REFORMS ARE ALREADY UNDERWAY TO BENEFIT BUSINESSES AND COUNCILS

Reforms delivered through the Business Friendly Council Approvals Pilot have been readily implemented by councils, meaning that approvals are already quicker and easier for businesses operating within the Pilot council areas.

BFCA Pilot Council feedback:

“*Response timelines have been significantly reduced. Instead of the previous 10 business days, responses [to initial business enquiries] are now being delivered within 2 business days.*”

“*Businesses now benefit from clear timelines outlined in the [Business Approvals] Journey Map and appreciate having a designated person to contact directly for any questions or further support.*”

“*Participating in the BFCA Pilot has been beneficial as it has allowed us to improve the relationships across the organisation and provide an improved customer experience for people wanting to start or expand a business.*”

The BFCA Pilot has contributed to a growing evidence base of the time taken for business approvals, and better understanding of the estimated benefits (direct and indirect) of the BFCA reforms to both councils and businesses.

Estimated benefits

Estimated benefits to businesses in the 7 Pilot Council areas are \$39.5 million to \$71 million per year. If reforms are rolled out to all 79 Victorian councils estimated benefits are \$371.4 million to \$668 million per year, equivalent to an average of \$4,700 for simple applications and \$15,300 for multiple permit applications per business in regulatory savings.



Business Friendly Council Approvals Pilot delivered with 7 Victorian Councils:

\$39.5M TO \$71M PA

Estimated savings to business

If rolled out to all 79 Victorian Councils:

\$371.4M TO \$668M PA

Estimated savings to business

On average direct savings per business:

\$4,700 PA

Simple applications

\$15,300 PA

Multiple permit applications

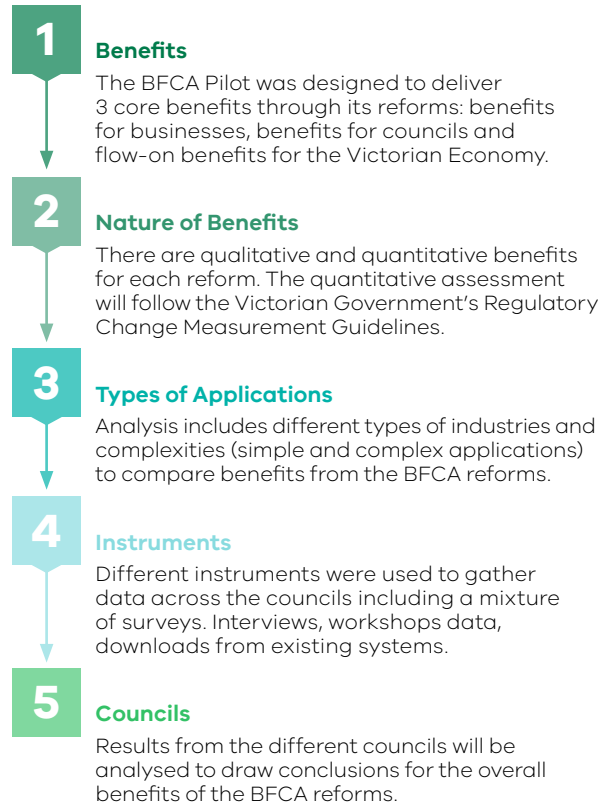
Monitoring progress

Progress achieved in implementing the Better Approvals for Business reforms will be assessed through a Monitoring and Reporting Framework. The Framework developed through the BFCA Pilot outlines the key tools to monitor the BFCA reforms outcomes and benefits to businesses and councils. Through this Framework data will be gathered through a mix of instruments, including surveys, interviews, workshops, and data extraction from existing BFCA Pilot council systems.

For more information visit:

DJSIR, Better Approvals for Business

Figure 4: Business Friendly Council Approvals Monitoring and Evaluation Framework



Small Business Regulation Review Highlights

The Better Approvals for Business program builds on the success of the earlier Small Business Regulation Review (SBRR) program, delivered by DJSIR. The SBRR program reviews of the Retail, Visitor Economy and Construction sectors were undertaken from 2016 to 2019. Key SBRR reform highlights are summarised below:

Small Business Engagement Charter for Regulators



SBRR Construction Review

- ▶ Launched in October 2020, the **Charter** facilitates best practice and promotes more consistent regulatory engagement processes across partner regulators. The published Charter clearly describes to small businesses what they can expect from regulators as they strive to meet their regulatory obligations.
- ▶ The initial signatories to the Charter are Energy Safe Victoria, Environment Protection Authority, Victorian Building Authority, WorkSafe Victoria and Small Business Victoria.

Online planner for small event and festival organisers



SBRR Visitor Economy Review

- ▶ Small Business Victoria worked closely with small event organisers and councils to develop the new **Event Planner**, providing event and festival organisers with a clearer understanding of approval requirements and helping them be better prepared to collaborate with local councils and other regulators where needed.
- ▶ The Event Planner tool streamlines the event planning process and provides up-to-date information such as: who to talk to across the various stages of the process; grants that organisers may be eligible for; event permits that may be required, and health and safety requirements.

Making it easier to understand and comply with food safety regulation



SBRR Retail Review

- ▶ The Department of Health has worked closely with stakeholders to develop improved guidance material for councils and food businesses to make it clearer and easier to understand and comply with food safety regulations and support more consistent application of requirements.
- ▶ As part of the risk-based approach to regulation, there has also been a reduction in **Food Safety Program** requirements for class 2 businesses, and removal of record keeping requirements for most Class 3 businesses without compromising food safety outcomes. The estimated savings from these changes are **\$112.4 million and \$9 million per year** respectively in reduced compliance costs. The Department of Health is also in the process of delivering an online portal for food premises.

Better Approvals Project



SBRR Retail Review

- ▶ Small Business Victoria delivered the Better Approvals Project (BAP) with councils, focussing on 4 reforms including: a business concierge service, a standard single application form, streamlined information available online, and a model for concurrent processing.
- ▶ An independent evaluation of the BAP found that the program resulted in substantial benefits in terms of time and cost reductions for business approvals and improved efficiencies for councils. This includes a 72% average reduction in the time taken to process applications (from an average of 142 days to 40 days) that require multiple permits. Around 10,000 newly established small retail and hospitality businesses are estimated to benefit from a reduction in regulatory costs ranging from **\$137 million to \$238 million per year**. This translates to direct benefits per year of \$13,500 to \$23,500 for newly established retail and hospitality businesses.

Improving Safe Work Method Statement (SWMS) guidance



SBRR Construction Review

- ▶ The new **WorkSafe SWMS guidance**, developed in consultation with small construction businesses, aims to clarify why a SWMS is an important preventative tool to ensure safety in undertaking high-risk construction work by lowering the risk of injury through safer workplaces.
- ▶ The SWMS reform provides significantly updated and easy to read SWMS guidance and an online interactive PDF form that can be completed on any device, including smartphones – supported by 3 short, easy to follow **videos** to help users prepare a SWMS.
- ▶ An independent evaluation of the SWMS Guidance reform estimates a reduction in compliance costs associated with SWMS obligations that affected small businesses and sole traders could save between **\$41.1 million and \$80.4 million per year** in total benefits from the new SWMS guidance. This translates to \$8,700 of savings per year for a small business or \$6,400 savings per year for sole traders.

More information about the SBRR program reforms can be found at:

[DJSIR, SBRR program](#)

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