12.1 Business Groups Funding Review

Department	Communications, Advocacy and Investment Manager Communications, Advocacy and Investment
Confidential	This report is designated as Confidential Information in accordance with section 3(1) (g)(i) and g(ii) of the *Local Government Act 2020*, on the basis that it contains private commercial information, being information provided by a business, commercial or financial undertaking that relates to trade secrets and private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage. This ground applies because the matter concerns a future expression of interest that provides information relating to a current provider. The report, and any discussion relating to it, remain confidential, except where disclosure is required by law, by Council resolution, or by the Chief Executive Officer, or their delegate, to give effect to this resolution.

Attachment

SUMMARY

This report presents the findings of a comprehensive review of Council's funding to business groups, with a particular focus on the long-standing funding arrangement with the Whitehorse Business Group (WBG).

The review was undertaken to assess the effectiveness, governance and value of the current model, and to identify future funding approaches that are aligned with government funding best practice, Council's strategic priorities and the changing business landscape. An external consultant was engaged in May 2025 to provide an independent review and recommendations.

Council has funded the Whitehorse Business Group for more than 25 years through an annual funding agreement, which is renewed in line with the financial year. There are a number of funding objectives in the agreement, which include supporting local businesses through networking, business support activities and the annual delivery of the Whitehorse Excellence in Business Awards.

Over time, the number of business and precinct groups operating in the municipality has increased and there is a desire to continue the delivery of business awards in Whitehorse and explore the delivery of an Eastern region awards program through the Eastern Region Group (ERG) of Councils

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and/or other Councils. Furthermore, the review considered a range of factors including there has not been a formal review of funding for more than 25 years including the amount and the practice, in addition to measuring effectiveness and aspirations.

The review included many different elements including current state assessment, a market scan, financial assessment and extensive consultation with various stakeholders. While there is value in externally delivered networking, advocacy and business awards, the review found that improvements are recommended to funding governance, transparency and performance measurement. Stakeholders expressed support for a more competitive, outcome-focused approach, with clearer expectations, strengthened reporting and greater collaboration across business and precinct groups.

Taking into account the consultation findings, the proposed funding models and options address the delivery of both business networking activities and business awards. Options were assessed against their strategic impact, internal staffing and resource requirements, customer and community impact, financial implications, and associated risks.

The recent Investment and Economic Development Service Review also reviewed the needs of businesses, the business representation of Whitehorse and the value of networking. The Service Review concluded that the provision of a networking service is critical to Whitehorse's economy, providing important connections to Whitehorse's solo operators and small businesses, which represent 99% of Whitehorse's business community.

The preferred approach is Option 1: Continuing to outsource business group funding for networking and business development opportunities through a new expression of interest process. It is proposed that the awards format would be explored and altered to fund a biennial local (Whitehorse only) business awards and a biennial regional awards program delivered through an Eastern Region Group (ERG) shared services model and/or other interested Councils. This option delivers strong strategic alignment with Council's plans, supports best-practice grants administration, reduces risk and enables broader access for business groups operating within Whitehorse. Additional options are explored in the report including an approach should regional awards not gain significant momentum and commitment from ERG for 2027-2028.

Council has continued to fund the Whitehorse Business Group for the 2026-2027 financial year to deliver networking and awards, for the current amount of $60,000. KPI's were added to the agreement to assist in measuring the value of the service and success again strategic outcomes including Council objectives. Subject to budget approval and regional partner commitment, officers will progress preparations for an expression of interest process from 2027 and explore delivery of a regional awards model in partnership with neighbouring Councils.

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RECOMMENDATION

That Council:

1. Supports funding model option 1 for future business group funding commencing in 2027/28. This comprises:
    a) Outsourcing Business Group Funding for a 2-year period via Expression of Interest process. After the two-year period, a review will be conducted.
    b) Delivering biennial local business awards and carry out business networking events to occur throughout the 2-year period, as part of the above Expression of Interest process, and
    c) Exploring the delivery of a biennial Regional Awards program, in partnership with other Councils and the Eastern Region Group; in the instance that Regional Awards do not go ahead, then revert to the delivery of annual local (Whitehorse only) business awards.
    d) Notes that from 2027/28, Council will no longer stipulate mandated Council appointments to the Whitehorse Business Group as part of its Council Committee appointments.
2. Defers the once-off approved Budget allocation of $60,000 for the Regional Business Awards from the 2026/27 financial year to the 2027/28 financial year.
3. Notes that Attachments 1, 2, 3 and 4 contain Confidential Information within the meaning of section 3(1)(g)(ii) of the *Local Government Act 2020*.
4. Resolves that Attachments 1, 2, 3 and 4, and any discussion relating to the Confidential Information contained within those attachments, remain confidential except where disclosure is required by law, by Council resolution, or by the Chief Executive Officer or their delegate to give effect to this resolution.
5. Authorises the release of the report and minutes on the Friday following the Council meeting:
    a) excluding Attachments 1, 2, 3 and 4; and
    b) incorporating the confidential minutes into the open minutes for publication on Council's Transparency Hub.

KEY MATTERS

For over 25 years, the Whitehorse Business Group has received Council funding administered through an annual funding and service agreement.

The inception of the group was a Council-led initiative with the initial formal proposal (for the Whitehorse Business Council) placed forward in a Council

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meeting on 29 January 1996. Documentation indicates that initial funding support commenced in 1998.

This annual funding agreement has evolved, with minor updates made periodically to reflect changing needs and requirements.

The objective of the funding is to bring together local businesses to encourage and develop economic stability and business growth within the City of Whitehorse. The current funding agreement provides the WBG with $60,000 (excl GST) per year paid in quarterly instalments and outlines objectives and requirements.

The funding agreement stipulates that the WBG delivers a range of networking and business support activities, as well as the annual Whitehorse Business Awards which is conducted on behalf of Council. It highlights that the group's activities should support actions in accordance with the Investment and Economic Development Strategy 2024-2028 and Council plan.

In addition, Whitehorse City Council has historically been a category sponsor of the Whitehorse Excellence in Business Awards, currently valued at $2,500 (incl GST). Council Officers also provide in-kind support to the group (e.g. board participation, event support, marketing assistance, town hall office accommodation and venue hire at a reduced rate etc).

There are several business groups and associations in the municipality that benefit from a range of in-kind support from Council.

Drivers for Change

Changing Business Landscape and Business Awards

- increase in business groups/trader groups.
- exploration of different business award formats (e.g. cocktail casual event, formal gala style).
- consideration of biennial awards and interest in ERG shared services model for regional awards.

Process and Governance

- No formal review of funding (amount or practice) for over 25 years.
- The amount provided to one external group not increasing significantly over an extended period and the groups capacity to respond to substantial cost escalations and remain viable.
- Aligning the process with contemporary best practices in grants administration.

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Effectiveness and aspirations

- Reviewing effectiveness of funding to the wider business community.
- Aim for best-practice grants and effective evaluation process.

Funding Governance

IBAC's Operation Watts included a special report outlining one key finding comprising of grants to community organisations.

IBAC and the Ombudsman recommend that *"local government funders of community organisations continue to improve their management of grants, in accordance with evolving best practice, and make sure that monitoring and reporting practices are risk-informed and sufficiently prioritised to be implemented effectively".* (IBAC, Operation Watts Special Report, https://www.ibac.vic.gov.au/operation-watts-special-report).

Considerations should be given to good governance and best practice for distributing Council funds.

These include best practice principles identified from IBAC's Operation Watts, VAGO's Fraud Control over Local Government Grants and the Commonwealth Grants Rules and Principles 2024. Such principles emphasized that:

- Strong Governance is Essential
- Conflict-of-Interest Controls
- Clear Eligibility and Assessment Criteria
- Separate Assessment and Decision- Making Functions
- Comprehensive Decision Documentation
- Rigorous Acquittance
- Regular Program Evaluation

Council funding administered to community groups, in this case business groups, can create governance and reputational risks if it is not managed in line with best practice and with appropriate oversight.

Findings from Operation Watts and reviews by the Victorian Auditor-General's Office highlight the importance of clear decision-making, proper financial controls, and managing conflicts of interest when public funds are involved.

Council also needs to ensure the funding provides best value and is aligned with its strategic objectives.

This review has incorporated the integrity agency recommendations.

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Council representation on the Whitehorse Business Group Board

The Whitehorse Business Group has historically had Whitehorse Councillors involved as part of its Board. This process is governed by Council's Councillor Committee Appointments. Board representation has been considered as part of the review, detailed under Option 1.

Business Group Funding Review Methodology

In May 2025, an external consultant was appointed to undertake an objective review of the funding provided by Council to business groups. The review included a current state, future state (including funding options) and recommendations.

The objective of the review and engagement of the external consultant was to make clear, informed recommendations on the funding model, including consultation and other elements associated with the distribution of public funds to business groups in the municipality that are in-line with the projects scope and recommendations associated with IBAC's Operation Watts special report.

Aspirational State

There were several key elements that comprised of aspirational state for business groups funding as part of the review and how this could benefit Council and the wider business community.

For the future state, the below elements were identified as what the funded group would be striving to achieve.

- Deliver value for the business community in business-to-business networking and events
- Support to achieve the Council Plan and Investment & Economic Development Strategy Objectives
- Financial sustainability and growth
- Active connector of Business Associations and Precincts
- Build an engaged business community
- Be an advocacy partner to Council
- Represent the business community

Consultation for the Review

Consultation occurred through the external consultant and was part of the process to assess the current state and consider recommendations for the future state. The engagement format ranged from in-person workshops, meetings and surveys which explored themes associated with preferred support types (beyond cash), current risks and challenges and reporting and accountability.

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Key Findings and Insights from the Review

In order to establish current state, a detailed analysis and evaluation of the group that currently receives business groups funding occurred exploring key statistics, membership composition and a range of other considerations.

Furthermore, as part of the evaluation and findings, key observations were also compiled in relation to the value of the service, delivery model and business awards.

Value of Service

There is value in providing networking, business awards and connection to the business community. Business Awards provide genuine recognition and celebration of businesses. Return on investment is difficult to measure without meaningful KPI's in agreements with funded groups, presenting an opportunity for improvement. Business- to-business networking is valuable for creating new and building existing connections, reducing isolation and building a stronger local economy. With over 99% of businesses in Whitehorse being non-employing or small businesses (1-19 employees) this is a beneficial service for information sharing and the community.

BUSINESS BY EMPLOYMENT 2021

	Non employing	1-19 Employees	20-199 Employees	200+ Employees
Businesses (no.)	11,720	6,951	270	18
Businesses (%)[29]	62%	37%	1%	0.1%

Source: ABS Counts of Australian Businesses 2022

(source: Whitehorse Economic Analysis Report, 2023 Update)

Delivery Model

External networking and awards delivery is a highly cost-effective way for Council to deliver this service to the community with limited groups that exist in the municipality which can deliver the same service. As an organisation, Whitehorse Council is compelled to test the market to satisfy best practice principles with a requirement to incentivise and enable external business groups to be self-sustainable.

Business Awards

Business awards are becoming more saturated with the emergence of state business awards, and re-establishment of neighbouring councils' local awards. It may not be necessary to deliver local awards year-on-year, with feedback being received that the same businesses / patrons attending the event.

There is appetite to deliver regional awards which has strong alignment with ERG's shared services initiative. Annual awards is a resource-heavy commitment to deliver every year on a local level.

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DISCUSSION, OPTIONS AND ANALYSIS

There are a range of different funding models and options which can be explored.

Several future options were developed through the exploration of funding options and approaches, drawing on both engagement findings, the external consultant input and Councillor and Council officer input.

The future options have considered strategic impact, internal staff/resourcing, customer and community impact, financial impact and risk.

There are six options that were developed. All options considered business awards and the scheduling of a regular business networking and development program. The recommended option includes the below elements:

Option 1

- Outsource Business Group Funding for networking and business development via EOI from 2027-2028 for a two-year period
- Deliver biennial local Whitehorse business awards, as part of the above EOI process
- Deliver a biennial Regional Awards program, in partnership with ERG Councils and/or other Councils

Other options are:

Option 2: Outsourcing to Multiple Groups via a Grants Program

Option 3: In-house Funding Model

Option 4: Regional Funding Model

Option 5: No funding at all

Option 6: Re-distribute funding

Analysis of options:

Option 1: External business group funding through an EOI process, including biennial local awards, business networking and development and biennial regional awards

Option 1 involves setting up a separate fund for business networking and development and the biennial Whitehorse business awards which would be distributed through an EOI process for a fixed term and a regional award model through a shared service with participating ERG Councils and/or other Councils.

In relation to the business networking, development and local awards fund component, it is the most comparable option to the current model and reliant on the continuation of an independent incorporated business group that represents the interests of businesses in Whitehorse. There are benefits to this option including minimal impact to internal staffing resource, high

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community and customer impact given an independent groups independence and remit as a local voice of business. The financial impact has been classified as low to medium as it represents the better value for money. Risk has been identified as low to medium if the funding allocation is covered through a funding agreement and with the relevant controls including governance and procurement.

In this option, due to the funding going through a market-based process, this report recommends that Council, from 27-28, no longer mandates that Councillors be part of the Whitehorse Business Group Board as part of its Councillor Committee Appointments.

In relation to business awards, it is proposed that a biennial regional awards approach is explored through a shared service model with participating Eastern Region Group Councils (and/or other Councils) and a Whitehorse-only awards in the alternative year. This Whitehorse only awards would be bundled as part of the business networking and development fund.

	Year One (2026/2027)	Year Two (2027/2028)	Year Three (2028/2029)	Year Four (2029/2030)
Regional Business Awards		*2 x Councils $60,000 per Council		*3 Councils, approx. $40,000 per Council
Whitehorse Business Group Annual Funding	$60,000 (Whitehorse Awards)	N/A	N/A	N/A
Business Networking/ Development Fund through EOI process		$40,000 **No** Whitehorse Awards, Business Networking and Development	$60,000 Whitehorse Awards, Business Networking and development	TBC - $40,000 Reassess funding amount. **No** Whitehorse Awards, Business Networking fund
Total Whitehorse Funding ^	**$60,000**	**$100,000**	**$60,000**	**$80,000**

*Cost TBC – based on the number of Council's committed

^ Total only includes Whitehorse funding

An overall assessment of option 1 was conducted with the strategic impact classified as high, as it would align with multiple interests/ Council plans and be subject to regional engagement and approvals. Depending on how the regional awards are structured, the set-up resource implications could be

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medium for this initiative, in engaging and possibly overseeing an employee however in relation to the networking component, this would be classified as low for internal staffing implications.

The customer impact is high, as businesses can be serviced through the networking/development fund from an external group (with intended referrals and collaboration with Council) and have the opportunity to partake in a local and a regional awards program, which may in- turn provided greater opportunities throughout the region. The cost would be shared through multiple Councils subject to the relevant approvals and the business networking component would be conducted through an external business group. Noting, that this is dependent on the number of Councils that wish to commit to regional business awards. Due to the large number of stakeholders and there is greater uncertainty when regional awards may be agreed to be implemented.

If the funding allocation for business networking is covered through a funding agreement, with the relevant controls including governance and procurement, then the risk for the business networking component is low to medium.

Option 1 would require a phased transition of funding from the current group receiving funding (Whitehorse Business Group) with the Group continuing to receive the annual funding for the 2026-2027 financial year.

In this option, Council would conduct a market-based EOI process. EOI would include the delivery of business networking and biennial Whitehorse only business awards starting from 2027-2028. The EOI process would commence at the start of 2027 and it is envisaged that the successful provider will be awarded by the end of March 2027 (this timeline is subject to changed) so that the new 2-year funding agreement would start from 1 July 2027. Funds would be distributed to a business group that is accessible and available to all members of the business community with the funding agreement including KPI’s to assist in the measurement of return on investment.

It is envisaged, pending agreement and commitment from another or multiple ERG Council’s (or other Councils) that regional awards would be delivered in the 2027-2028 financial year.

It is proposed that the amount for the business networking and development fund and awards, which is currently $60,000 would reduce over time in the following phases and after a review occurred, see more in financial considerations below. The goal would be to aim back towards a $60,000 investment in this service.

Regional Awards Not Supported by other Councils

Should the regional awards not gain momentum and regional support, it is proposed that $20,000 will be allocated to year 2 to support the successful expression of interest recipient to deliver Whitehorse only awards.

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	Year One (2026/2027)	Year Two (2027/2028)	Year Three (2028/2029)	Year Four (2029/2030)
Whitehorse Business Group Annual Funding	$60,000 (Whitehorse Awards)	N/A	N/A	N/A
Business Networking/ Development Fund through EOI process		$60,000 (Whitehorse Awards and Business Networking)	$60,000 (Whitehorse Awards and Business Networking)	Reassess funding amount and regional awards appetite.
Total	**$60,000**	**$60,000**	**$60,000**	**TBC**

Option 2: Outsourcing to Multiple Groups via Grants Program

Option 2 involves outsourcing to multiple groups via a grants program model. The strategic impact has been identified as low to medium due to the possibility of having a diluted strategic impact should funding be outsourced to multiple groups in addition to managing strategic objectives of multiple groups. The internal resource imposition would be high in delivering and administering a program with multiple entities and engaging with groups to attract sufficient interest.

The customer and community impact depends on what is being proposed by the business groups which could fluctuate, similarly to the strategic impact, if funding was to be distributed to multiple groups, the community impact may be diluted. The grants would be focused on networking, business connection, capacity building and business resilience. This option does not guarantee the delivery of local awards, as the type of activities would be subject to the nature of the grant submission. The financial impact is medium, as some of the funding would need to be absorbed into administration of the funding. The risk is high, as there is no certainty regarding business groups pursing this opportunity or delivering on our desired objectives.

Option 3: In-house delivery of networking and business events

Option 3 considers all networking and business awards being conducted in-house at Whitehorse Council. The option is regarded as having medium strategic impact given the extent of control Council would have in the delivery of the initiatives. Consequently, the internal resource imposition would be high. Operating and labour costs are higher with an in-house model compared to an outsourced business awards model due to external groups being largely volunteer run with lower labour costs and overheads. Risk is low to medium, due to conflicts that may arise from the Council delivering business awards.

Option 4: Full regional funding model for business awards and events

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Option 4 is a regional funding model for business awards and events. The strategic impact wouldn't be as high as the other options, as it would need to align with multiple interests/ Council plans and be subject to regional engagement and approvals. Depending on how it's structured, the set-up resource implications could be high for both business awards and networking business events, as it will most likely require engaging and possibly overseeing an employee. The customer impact isn't as high, as there may be less engagement with business events and workshops due to the broad approach as there is quite a difference between sector compositions for Councils in the ERG. The cost would be shared through multiple Councils subject to the relevant approvals. The risk is medium, as Council may not have as much control with the administration possibly being outsourced to regional entity such as the ERG or a combination of other Councils. Due to the large number of stakeholders and local considerations, there is greater uncertainty when this may be agreeable to be implemented. However, there is ERG support to explore this further.

Option 5: No funding at all for business awards and business events delivered by an external business group

Option 5 considers providing no funding for business events and networking and no contribution to awards, which is not recommended. The pros would be that cost savings however the disadvantages are significant with reduced business-to-business networking and business development opportunities for the community, loss of access to an 'ear to the ground' regarding what is working well for businesses, the current challenges and hurdles that they are experiencing. It also could result in a large section of the Whitehorse business community (non-employing businesses) not having the opportunity to be serviced and risk that that these businesses will re-locate to another area therefore networking is critical. Strategically, this option does not support theme 3.1 in Whitehorse's Integrated Council Plan which focuses on a thriving economy, specifically to provide support and enable partnership opportunities for businesses and business associations.

Furthermore, with no funding allocated to business awards, there is a risk that business awards for Whitehorse and the region may not be viable. The disadvantages are notable, including potential reputational impacts for Council as a visible supporter of the local business community. It may lead to reduced confidence from established and potential businesses in the community and limit future collaboration opportunities. The absence of business awards reduces the opportunity for recognising and celebrating business achievement, which may affect business morale and engagement. Over time, this could reduce Council's ability to maintain strong connections with the business community and its role as an active economic development partner.

Option 6: Redistribute funding from business awards and business events delivered by an external business group

Option 6 encompasses funding to be redistributed from business events and networking towards investment and attraction activities. This option is not

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recommended due to the Investment and Economic Development service review that was recently conducted, the new operating model already provides a significant uplift and focus on investment attraction and investment.

One of the key future directions of the Investment and Economic Development Service Review included a recommendation to increase resourcing towards investment attraction and faciliation using other existing operating resources. By identifying other existing operating activities to cease, Council has already identified ways to adequately fund and boost resourcing in the investment and attraction space. There are already funds of up to $50,000 identified to re-direct towards the investment attraction and facilitation function in the new operating model. These funds will be used to run investment attraction activities which will include a) engaging a specialist with established property, development and investment networks to facilitate introductions to developers, institutional investors, operators and occupiers and b) packaging investment opportunities including site profiles, demographic and economic information, planning context, major projects and investment rationale and facilitating an attraction/marketing campaign to support.

If Council decided to re-direct the $60,000 Business Groups Funding towards investment and attraction, it would be *in addition* to the already-funded new investment attraction and facilitation program and increase the amount of effort to the above activities.

This option is not recommended. Re-direction would diminish the offering of business events and networking opportunity to the Whitehorse and eastern region business, which is extremely important to small and solo-operator businesses who make-up 99% of the Whitehorse business community. There would be no Business Awards under this option, which would create a gap in business recognition and celebration.

Detailed recommendations for Option 1

As stated above, the preference is option 1 and comprises of the following elements.

1. Continue an externally delivered model for business networking and development. This model is cost-effective and valued by the business community and aligned to Council's priorities.
2. Continue to deliver the Whitehorse Business Awards externally but change to biennial. Model provides businesses in Whitehorse an opportunity for involvement and alignment with Strategic direction.
3. Explore the delivery of an alternative year Regional Awards program, through ERG shared services model, pending commitment from participating Councils and/or other Councils.
4. Conduct an EOI process to provide Business Group funding from 2027-2028.
    - Initiate EOI process in line with IBAC and best practice recommendations

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- The EOI will include the delivery of business networking and biennial Whitehorse business awards.
- Ensure that funds are distributed to a business group that is accessible and available to all members of the business community. A group that does not have eligibility criteria and one that is not closed (ie: by invitation only).
- Length of the agreement to be 2 years (to align with the biennial delivery of awards)
- Note: The current recipient of the business groups funding will be eligible to apply through the EOI process.
- Note: Should there be no commitment from ERG Councils or other Councils for regional awards, an additional $20,000 will be allocated to the successful recipient of the delivery of Whitehorse only awards for year 2.
- No Councillor or Council officer representation mandated on the board of the Group that is awarded the Business Groups Funding. This option recommends that this Business Group Funding undertakes a market-based process to appoint the funds. Therefore, Council cannot mandate Council appointments on to an independent organisation/association, which is recommended as part of this report.

5. Review funding and effectiveness of funding prior to year 2029-2030 to determine if reduction or amendment of amount is appropriate.
    - Measurements based on self-sustainability, reach, effectiveness.

Option 6: Redistribute funding from business awards and business events delivered by an external business group

Option 6 encompasses funding to be redistributed from business events and networking towards investment and attraction activities. This option is not recommended due to the Investment and Economic Development service review that was recently conducted, the new operating model already provides a significant uplift and focus on investment attraction and investment.

One of the key future directions of the Investment and Economic Development Service Review included a recommendation to increase resourcing towards investment attraction and investment using other existing operating resources. By identifying other existing operating activities to cease, Council has already identified ways to adequately fund and boost resourcing in the investment and attraction space. There are already funds of up to $50,000 identified to re-direct towards the investment attraction and facilitation function in the new operating model. These funds will be used to run investment attraction activities which will include a) engaging a specialist with established property, development and investment networks to facilitate introductions to developers, institutional investors, operators and occupiers and b) packaging investment opportunities including site profiles, demographic and economic information, planning context, major projects

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and investment rationale and facilitating an attraction/marketing campaign to support.

If Council decided to re-direct the $60,000 Business Groups Funding towards investment and attraction, it would be *in addition* to the already-funded new investment attraction and facilitation program and increase the amount of effort to the above activities.

This option is not recommended. Re-direction would diminish the offering of business events and networking opportunity to the Whitehorse and eastern region business, which is extremely important to small and solo-operator businesses who make-up 99% of the Whitehorse business community. There would be no Business Awards under this option, which would create a gap in business recognition and celebration.

Overarching Governance Principles and Supporting Report Details

Strategic Alignment	Economy, We are prioritising a resilient and dynamic economy, with support for local businesses, diverse opportunities, and job and investment attraction. Business Groups and Associations are featured in various Whitehorse strategies and plans including: **Investment and Economic Development Strategy 2024-2028** Key theme *Supporting a Productive & Innovative Business Community* with one of the associated initiatives including *Business Support: Continue to support Business Groups and Chambers of Commerce to facilitate b2b connections, which will facilitate information sharing and provide business support.* **Whitehorse Integrated Council Plan** Strategic Direction 3 in the plan is Economy, "we are prioritising a resilient and dynamic economy, with support for local businesses, diverse opportunities, and job and investment attraction". Objective 3.1 "A Thriving local economy" specifically highlights to *provide support and enable partnership opportunities for businesses and business associations*. In the year 1 action plan, the following action was highlighted. *partner with Business and Trader Associations in Whitehorse to deliver initiatives for the business community to network and celebrate and recognise business excellence*

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	Small Business Friendly Charter Council has signed the Victorian Small Business Commission's Small Business Friendly Charter. The Charter, a joint commitment to small businesses, outlines six commitments that council will strive to deliver. The commitments include: • Prompt payments to small business suppliers • Streamlining approvals • Supporting local business networks. • Managing and minimising disruption to small business • Sharing helpful information and guidance with small business • Active engagement with the Victorian Small Business Commission Business group funding is linked to the commitment that supports local business networking. **Eastern Region Shared Services** The Eastern Region Shared Services (ERSS) initiative, led by the Eastern Region Group of Councils, brings Councils together to identify and implement shared services and joint procurement opportunities. The program aims to improve efficiency, reduce duplication, and deliver better value for communities. It forms part of ERG's broader strategy to strengthen regional collaboration and optimise council resources. Economic Development has been identified as a key pillar in the Memorandum of Understanding (MOU).
Financial and Resource Implications	$60,000 per year would be retained in business groups funding, together with the current levels of in-kind support continued. **Expression of Interest Process** Additional consideration in relation to resourcing required to design and implement the EOI expression of interest process, including administration, stakeholder engagement and assessment activities and reporting. It is envisaged that the successful provider will be awarded by the end of March 2027 – this timeline is subject to change.

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	Regional Awards Should commitment be achieved by some ERG Council or other Councils for regional awards they may require further budget considerations depending on the number of Councils and level of commitment from other ERG Councils. Noting that budget allocation for the regional business awards from the 26/27 Financial year of an additional $60,000 to the 27/28 financial year budget. **Whitehorse Only Awards** In the instance that regional awards do not gain support, an additional $20,000 will be allocated to the successful recipient of the delivery of Whitehorse only awards for year 2 (2027-2028).
Legislative and Risk Implications	IBAC's Operation Watts included a special report outlining one key finding comprising of grants to community organisations. IBAC and the Ombudsman recommend that *"local government funders of community organisations continue to improve their management of grants, in accordance with evolving best practice, and make sure that monitoring and reporting practices are risk-informed and sufficiently prioritised to be implemented effectively".* (IBAC, Operation Watts Special Report, https://www.ibac.vic.gov.au/operation-watts-special-report). Considerations should be given to good governance and best practice for distributing Council funds. These include best practice principles identified from IBAC's Operation Watts, VAGO's Fraud Control over Local Government Grants and the Commonwealth Grants Rules and Principles 2024. • Strong Governance is Essential • Conflict-of-Interest Controls • Clear Eligibility and Assessment Criteria • Separate Assessment and Decision- Making Functions • Comprehensive Decision Documentation • Rigorous Acquittance

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	• Regular Program Evaluation Council funding administered to community groups, in this case business groups, can create governance and reputational risks if it is not managed in line with best practice and with appropriate oversight. Findings from Operation Watts and reviews by the Victorian Auditor-General's Office highlight the importance of clear decision-making, proper financial controls, and managing conflicts of interest when public funds are involved. Without best practice principles followed and adhered to, there is an organisational reputational risk including perceived or actual misuse of funds, which may impact the reputation of Council. **Whitehorse Business Group Rules of Association** Furthermore, the current Whitehorse Business Group rules of association specifies that the Executive to include two nominees of the City of Whitehorse who shall not be elected by the business group but shall be appointed by the City of Whitehorse.
Equity, Inclusion, and Human Rights Considerations	It is considered that the subject matter does not raise any human rights issues.
Community Engagement	Consultation was conducted through the appointed external consultant as part of the current state assessment and outlined in the report.
Innovation and Continuous Improvement	The business groups funding review has provided the opportunity to reflect and improve governance processes and controls over the allocation and monitoring of council funding.
Collaboration	Business Associations and Precinct Groups were consulted as part of the current state assessment. The current Business Group Funding Agreement is between Whitehorse Business Group and Whitehorse City Council. Preliminary discussions with the Eastern Region Group of Councils regarding Regional awards did not result in sufficient support to progress beyond initial discussions, with no commitment from other ERG councils at this stage, however the option

12.1 (cont)

	remains open should regional support emerge and it will be further explored.
Conflict of Interest	The *Local Government Act 2020* requires members of Council staff, and persons engaged under contract to provide advice to Council, to disclose any direct or indirect interest in a matter to which the advice relates. Council officers involved in the preparation of this report have no conflict of interest in this matter.

ATTACHMENT

1 Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Consultation Findings

Attachment 1 - Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Consultation Findings is designated as Confidential Information in accordance with Section 3 (1) g(ii) of the *Local Government Act 2020*, on the basis that it contains private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage

This ground applies because the matter concerns private commercial information if released could expose financial undertaking to disadvantage.

The attachment, and any discussion relating to it, remain confidential, except where disclosure is required by law, by Council resolution, or by the Chief Executive Officer, or their delegate, to give effect to this resolution.

If discussion of the confidential information contained in the attachment is required for Council to make a decision, Council may resolve to consider the matter in a confidential session or defer consideration of the matter to the confidential section of the agenda.

2 Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Evaluation of WBG

Attachment 2 - Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Evaluation of WBG is designated as Confidential Information in accordance with Section 3 (1) g(ii) of the *Local Government Act 2020*, on the basis that it contains private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage

12.1 (cont)

This ground applies because the matter concerns private commercial information if released could expose financial undertaking to disadvantage.

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3 Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Financials

Attachment 3 - Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Financials is designated as Confidential Information in accordance with Section 3 (1) g(ii) of the *Local Government Act 2020*, on the basis that it contains private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage

This ground applies because the matter concerns private commercial information if released could expose financial undertaking to disadvantage.

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4 Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Business Groups Landscape and Assessment

Attachment 4 - Business Groups Funding Review - Council Meeting 13 July - Key Findings Current State - Business Groups Landscape and Assessment is designated as Confidential Information in accordance with Section 3 (1) g(ii) of the *Local Government Act 2020*, on the basis that it contains private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage

This ground applies because the matter concerns private commercial information if released could expose financial undertaking to disadvantage.

12.1 (cont)

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