



2016 BUSINESS PERFORMANCE SENTIMENT INDEX (PSI) FOCUS GROUP RESULTS



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1.0 INTRODUCTION

In March 2016, on behalf of The Hills Shire Council and the Sydney Hills Business Chamber, McCrindle surveyed responses from a range of one hundred and sixty four (164) Business Owners and Managers across the Hills Shire region as part of the 2016 Business Performance Sentiment Index (PSI) to track the local economic conditions, performance and sentiment.

The PSI measures twenty one (21) Indicators. The 2016 PSI resulted in six (6) Indicators being in negative territory. The six (6) negative PSI Indicators were:-

o **Conditions**

• **Regulatory Settings**

- **Red tape & regulation requirements (C3)** **2016 PSI Score -45** (2015 PSI Score -64)

PSI Survey Question: How do the time and cost requirements related to compliance, legislation and regulations in your sector compare to 6 months ago?

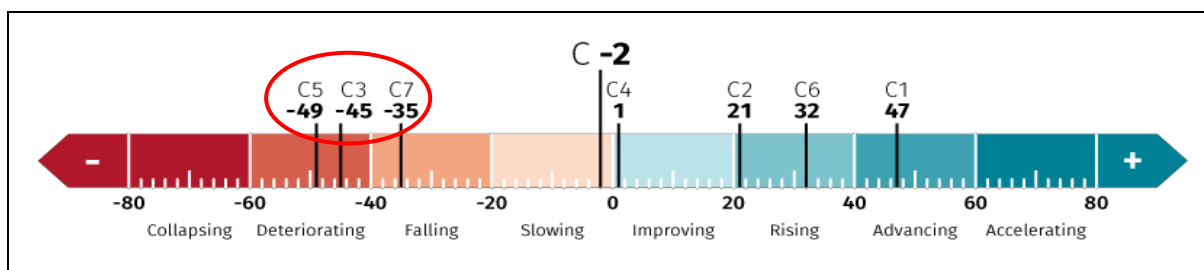
• **Infrastructure & Locale**

- **Local infrastructure provision (C5)** **2016 PSI Score -49** (2015 PSI Score -32)

PSI Survey Question: How does the provision and performance of public transport, traffic and roads, parking availability and telecommunications compare to 6 months ago?

- **Infrastructure & locale outlook (C7)** **2016 PSI Score -35** (2015 PSI Score -27)

PSI Survey Question: How will the provision and performance of public transport, traffic and roads, parking availability and telecommunications compare in 6 months' time?



o **Performance**

• **Expenses**

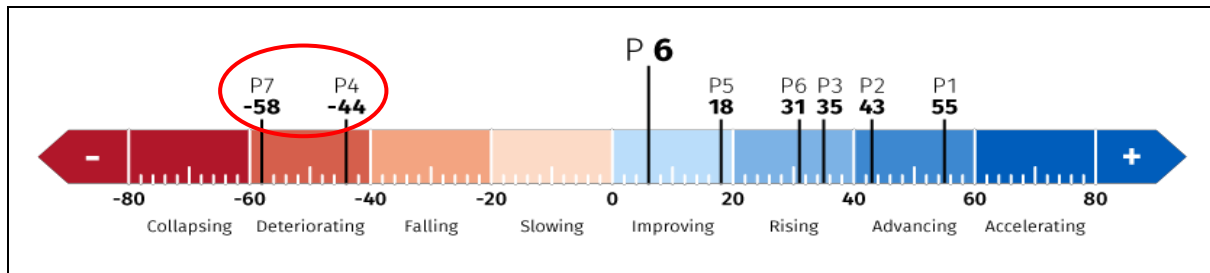
- **Business costs (P4)** **2016 PSI Score -44** (2015 PSI Score -26)

PSI Survey Question: How does your business cash flow compare to 6 months ago?

• **Employment**

- **Staff wages & on-costs (P7)** **2016 PSI Score -58** (2015 PSI Score -45)

PSI Survey Question: How do your staff wages and on-costs compare to 6 months ago?



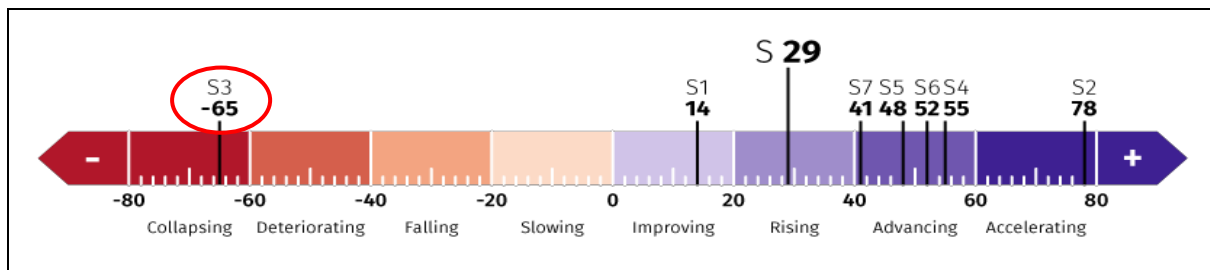
o **Sentiment**

• **Cost forecast**

- **Expense forecast (S3)**

2016 PSI Score -65 (2015 PSI Score -68)

PSI Survey Question: How do you think your business expenses (input, staffing, materials, & sales) will compare in 6 months' time to today?



To identify and delve further into the specific issues behind each of the six (6) negative PSI Indicators, three (3) Focus Groups were conducted in late May 2016.

Each of the Focus Groups consisted of approximately ten (10) Business Owners and Managers from varying industries and business sizes from within the Hills Shire, as summarised in Table 1 on the following page.

Participants of the Focus Groups answered and discussed a range of questions in relation to each of the six (6) negative PSI Indicators, including:-

- What is the real issue?
- What are the implications associated with the issue?
- What are the costs and opportunity costs associated with the issue?
- What can be done to resolve the issue?
- What would you be prepared to pay to resolve the issue?

In addition, participants of the Focus Groups were also asked the following questions:-

- What is the most significant challenge that your business is currently facing?
- What is the one way that The Hills Shire Council could most assist in the success of your business?
- Are there any ways that the Sydney Hills Business Chamber could better support your business?

Company	Number of Employees
360HR	5 - 19
Awards & More	1 - 4
Busiconnect IT	Sole Trader
C & M Consulting Engineers	20 - 50
Choice Home Loans	Sole Trader
Elderton Group	51 - 99
Entrax	5 - 19
Geotron	1 - 4
GPT Group	100+
Gradwell Design	1 - 4
House 2 Home Realty	1 - 4
ibanQ	1 - 4
iConnect Financial	Sole Trader
Iris Group	1 - 4
JC Travel	20 - 50
Key Directions	Sole Trader
Kuranda Wholefoods	1 - 4
Lead Your Industry	Sole Trader
Nautitech	20 - 50
Pendragon	51 - 100
Penguin Management Services	5 - 19
Pretium Solutions	Sole Trader
PWC	100+
Richard Wolff	1-4
SAI Marketing Counsel	Sole Trader
Smoothstream Business Intelligence	1 - 4
Vision Personal Training Castle Hill	5 - 19

Table 1 - Focus Group Participants

2.0 RESULTS

The responses from the Focus Groups are summarised within this section of the Report.

2.1 CONDITIONS

2.1.1 Regulatory Settings - Red tape & regulation requirements

Issues	Impacts	Ideas
<ul style="list-style-type: none"> • Work Health and Safety (WHS) - keeping up to date with changes in legislation. • Compliance costs. • Costs to put systems in place (WHS system etc.) • Multiple levels of approvals and multiple levels of authorities. • Access and knowing where to find information on what approvals are required. • Conflicting advice /opinions from authorities. • PAYG for businesses with only 1 employee (e.g. working Director). • Restrictions on ageing people in the workforce, i.e. over 65 years of age. • Compliance issues relevant to large business put onto small business. • The amount of documentation required, often same information required by various authorities and departments. • Hard to get the necessary information - getting to the right person in Government departments. • People giving the advice over the telephone are based often in call centre overseas and give inconsistent information or do not fully understand the issue. • Advice given by authorities can often vague and non-informative. • Not getting issues resolved. • Lack of understanding and sense of urgency on matters. 	<ul style="list-style-type: none"> • Legal costs and time. • Costs and cashflow whilst approvals are being sought. • Delays in production / work. • So many authorities overlapping. • Costs and cost low-outs associated with time delays. • Time to chase appropriate approvals. • Redundant work (e.g. 2 different answers from 2 different people). • Too much information, information overload. • Stress, confusion and frustration. • Stopping business whilst waiting for approvals. • Waste of time, going around in circles. • Opportunity cost of time. • Court actions taken to resolve matters. • Negative perception of government, authorities and The Hills. • Does not present well for residents. • VISA documents for workers - rubber stamping delayed. • Disincentive to grow your business. • Anxiety caused around what is right and/or wrong way. • Delays equal cost increases. 	<ul style="list-style-type: none"> • Assign a Coordinator who is responsible for you application and single point of contact. • Develop standardised systems, documentation, formats and procedures to be used across all Councils and authorities. • Improve education (e.g. what happens when a development application is submitted). • Clear and simplified information, such as factsheets. • DA tracking, to make the process more transparent. • Public servants to provide service not a barrier. Improved customer service training could assist. • Provide human interface. The "Service NSW point" is a good example as to what other authorities could be providing. • Governments need to ask the experts and business owners with regards to the issues re red tape, and want to make required improvements. • Better engagement, communication and collaboration across all levels of business. • Not just seek advice from "big players" ask SME's, as they are the backbone of business in Australia.

2016 PSI FOCUS GROUP RESULTS

<ul style="list-style-type: none"> • Where to navigate to get the information and who to contact? • Internal issues within government staff and departments. • Online processes – need to be able to have face to face interaction if required. • Award rates not suited to certain industries. • Different legislation, registrations, licences, documentation, qualifications and requirements in various states. • Application costs. • Understanding who makes what decisions. • Who is responsible for what land and assets? Lack of clarity and little accountability/ownership, causes frustration (E.g. Urban Growth, Sydney Water, Council and RMS). • The lack of willingness for Authorities to change. • Authorities aren't moving with the times - in regards to utilising technology and are still paper based, rather than email. • Local government approval delays - delays up to and over 1 year. • Unreasonable / practical safety requirements. • Effects of potential litigation - Who is really being protected - customers, business or council? • Lack of resources allocated to major developments. • Complicated processes. • Delays in the registering of land. • Kneejerk reactions to issues that adopt tougher or more red tape (e.g. travel industry changes without consideration or research of the greater industry, rather than a few incidents). 	<ul style="list-style-type: none"> • Increased costs and loss of profit due to price increases and holding costs on projects. • Have had to reduce opening hours or there are big implications to have staff available more hours. 	<ul style="list-style-type: none"> • Local governments all need to consistently seek local business's input then put forward data - make undertaking PSI a rule for all Councils. • Better training of government staff to give them a better understanding of the processes and systems.
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2.1.2 Infrastructure & Locale - Local infrastructure provision

Issues	Impacts	Ideas
<ul style="list-style-type: none"> • Lack of fast broadband (NBN). • Black hole spots for internet and regular connection dropouts e.g. Hospital, Kellyville. • Lack of car parking. • Major events at Hill Song – illegal and unsafe parking. • Congestion and traffic in peak hours, on roads including Norwest Boulevard. • Lack of visitor car parking throughout Norwest Business Park. • Roundabouts on Norwest Boulevard are dangerous during peak hour. • Lack of communication about disruption to infrastructure (e.g. Kellyville, currently 3 roads half closed). • Housing developments and population growth is greatly impacting and putting strain on local infrastructure. • Parking is not located close to public transport. • Traffic flow from Windsor Rd to Showground Road. • No scooter or motorbike parking in The Hills. • Children at school / day care must be collected therefore staff unable to work extra hours. • Not enough buses to make public transport viable and not enough parking for the people who do use it. • Safety for pedestrians crossing Norwest Boulevard. • Need to get the NBN on the other side of Windsor Road in Castle Hill. • Visibility issues around Rouse Hill Town Centre - bridge, machinery, safety fencing all blocking the visibility of the centre to customers. • Rouse Hill is one way in and one way out - if blocked there is no access. • Train and more buses will help but culture in this country is a "car culture. Part of business in the Hills is that you need a car. • The speed and consistency of current internet. 	<ul style="list-style-type: none"> • Lost productivity costs. • The cost of the utility itself. • Accessibility to cloud based services. • Lost business. • Traffic & Roads - loss of income for staff and business due to deliveries not coming on time due to traffic. • Traffic – time loss, extensive delays, customer challenges to access business / Business hours are really 10am -3pm due to peak hours. • Stress, frustration and anger associated with traffic, congestion and unable to find a parking spot. • Traffic congestion. • Employers and/or employees will choose and different locality to set up their business/employment. • Harder to attract employees. • Customers not wanting to come to The Hills due to their frustrations with the parking and traffic, also affects the timing of appointments. • Increased wages to attract employees. • Time, lost opportunity and lost productivity whilst travelling (i.e. time is money). • Lack of parking not attractive for potential new staff and clients. • Appointments missed, due to being stuck in traffic. • Quality staff will come to work in the area. • Fines – people forced to park illegally to find a parking spot. 	<ul style="list-style-type: none"> • Parking elsewhere - regular buses e.g. Hill Song and Showground. • Park and Ride from Showground (e.g. Circa Retail bus and "red buses" in Melbourne and Fremantle). • Encourage new residents to The Hills to take up employment in the local area. • Better utilisation of taxi network for local transport. • More pay for service options. • Encourage and provide education in the use of technology more by employers and employees. • Encourage employers and employees to adopt Working from Home. • Increase hours of operation of child care centres • Provision and promoting of carpooling. • Provision of more parking facilities. • Provide incentives to Park and Ride – i.e. discounted train ticket (rail and parking permit). • Strata to pay Council for Rangers. • Propose shifts / flexitimes / staggered working hours for staff - early/late starting times. • Provision of a Loop Bus - Could be provided free to users. Is an opportunity for a bus company to sponsor. • Provide scooter and/or motorbike parking. • Lobby Norwest Market town to build a multi-storey carpark as part of their proposed new redevelopment.

2016 PSI FOCUS GROUP RESULTS

<ul style="list-style-type: none">• Power outages in the Carlingford area.• Need to match infrastructure with populations and business growth.• Gridlock during peak times – bad planning.• Norwest office space is expensive.• Lack of and limited available parking.	<ul style="list-style-type: none">• Unable to use various forms of computer communication (e.g. skype) due to lack of internet speed and dropouts.• Hard to attract employees from outside The Hills area.• Takes extra time to find a parking spot – have to allow extra time to get to an appointment on time.• May take meeting away from The Hills area e.g. Parramatta meeting instead of the Hills - so other businesses miss out.• Have to pay for parking in order to attract staff, which makes cost of employment higher.	<ul style="list-style-type: none">• Need a shuttle bus and a big multi-storey carpark.• Provide cycling lanes.• TWAY – public use of the Transit lane at certain times of the day.• Utilise the “go - gets” car service better within The Hills.
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2.1.3 Infrastructure & Locale - Infrastructure & locale outlook

Issues	Impacts	Ideas
<ul style="list-style-type: none"> • Public transport – safety issues. • Increased population/land development • Increased size of shopping centres (e.g. Castle Towers and Rouse Hill Town Centre) and associated parking and traffic congestion issues. • Population growth and proposed apartment/housing densities. • Frequency of buses (more convenient to drive). • Lack of public transport for locals. • Who is really going to use the train and parking at the train stations? • Are we underestimating the number of carparks being built with train line etc.? • What kind of traffic are we expecting from the train? 	<ul style="list-style-type: none"> • Restrictions on start and finish times. • Slower traffic and increased time in car. • Increased cost of living in The Hills. 	<ul style="list-style-type: none"> • Completion of Sydney Metro Northwest rail project in 2019. • Promote and use apps such as Movit app and NextThere app. • Increase car parks near public transport. • Increase education and communication around the issues. • Businesses to provide and run their own transport. • Provide incentives for employees to Work from Home. • Provide the NBN to all areas. • Increase the frequency of buses/shuttlebuses to transport hubs. • Employers to provide Flexitime and Work from Home arrangements for employees. • Change in culture at work. • Council to add bike and motorbike lanes and parking. • Shuttle bus – from station to Business Park (e.g. Parramatta - Citibus – runs from one side of Parramatta to the other side). • Provision of bikes at stations. • School busses to stop in off-road areas to avoid the drop-off congestion. • Think about and plan for how to shift out of the car culture.

2.2 PERFORMANCE

2.2.1 Expenses - Business Costs

Issues	Impacts	Ideas
<ul style="list-style-type: none"> • The economy has slowed down. • Government policy and regulations. • Cost of government – is the government size warranted? • Amalgamation of councils. • Increased rent costs and purchase prices for office space. • Increased staff costs. • Hard to attract talent to work in The Hills. • Skills Shortage – partly due to focus on tertiary education rather than skills and experience. • Cost and increase in the number of required computer software subscriptions to run a business. • Hard to get Tradespeople. • Annual recurring costs • Disruption - F2F Online has impacted. • Increased postage and logistics costs. • Investment in IT to get take home technology. • Added parking packages and e-tags. • Parking and tolls to travel from The Hills to the Sydney CBD. • Investing time to catch public transport. • Slow payments of invoices in January – February. • Pre-election and slowdown in government spending. • Increased business costs is a sign of a growing business. • Carrying the expenses until the money comes in – red tape also impacts this. • Increase demands from subcontractors charging higher costs due to the demand. • Market won't accept increases but business costs are always going up. 	<ul style="list-style-type: none"> • Increase in wages and salary packages to attract staff / talent to work in the Hills. • Loss of income/profitability. • Paying more to attract people to live and work in The Hills. • Cashflow. 	<ul style="list-style-type: none"> • More talent with increased population. • Focus on trade training. • Outsource services and send services offshore. • Change cultural view in regards to not going to university and trade skills. • Older interns/employees – grants etc. • Market to local business re: government Skills Industry funding programs. • Greater use and education in the use of technology. • Small businesses collaborating and sharing services. • Outsourcing and offshoring of services.

2016 PSI FOCUS GROUP RESULTS

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| <ul style="list-style-type: none">• Delays constantly cost business money.• Increases in costs due to approval and/or project delays – rice increases in subcontractors, materials and equipment all reduces business profit margins for businesses.• Online trend – changes and expectations of end consumer - instant gratification.• Impacts on overseas markets and exchange rates. | | |
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2.2.2 Employment - Staff wages & on-costs

Issues	Impacts	Ideas
<ul style="list-style-type: none"> • Compliance with employment – payroll tax for large businesses, smaller businesses don't want to increase. • Not enough margins to reward staff. • Higher cost for quality employees. • Training costs. • Cultural challenges. • Will need to continue to invest more to attract and retain staff. • Increased cost of sales. • Rent or buy commercial space. • A sign of a growing business. • Expanding = higher costs = delay with return on investment. • Political uncertainty – driven from customers (retail) concern and therefore a halt on spending money. • Impact of low real estate sales. • Risk of unemployment – creates issues. • Trying to get finance for growth - How to get funding, e.g. hard to get in the mining industry. • Carrying staff wages while projects on hold or waiting for approvals. • Increased salary expectations of candidates applying for jobs. • Lack of skills in certain areas, such as in the Trades. 	<ul style="list-style-type: none"> • Attracting and retaining good staff. • Not financing/refinancing. • Increased costs of employment and equipment. • Reduced margin in sales. • Cost of tools of the trade increasing. • Increasing the cost of rentals. 	<ul style="list-style-type: none"> • Change perceptions towards formal / trade qualifications, skills and experience. • Create innovations and incentives to reward employees. • Partnerships with Universities and other RTO's to develop appropriate and relevant training programs. • Scrap Permanent Residency (PR) approvals unless people come for a job (the 457 Visa is a better and more efficient process). • More information and education regarding investments/cash. • Virtual office space/co-working space.

2.3 SENTIMENT

2.3.1 Cost Forecast - Expense Forecast

Issues	Impacts	Ideas
<ul style="list-style-type: none"> • Increase in tolls, electricity, fuel, price increases of products and services and maintenance. • Australian economic conditions have slowed down – election, uncertainty for last 12-18 months. • Performance of businesses - less likely to spend on improvements and other products and services - lack of money available to invest in, there will be a flow on effect from business to business. • Office space cost in The Hills is high. • Growth in staff numbers will increase expenses. • Growing pains. • Higher cost in outsourcing services. • Service costs are going up. • Look at rationalising and consolidating services and expenses to be more efficient. • Scalability costs. • Will need to continue to invest more to attract and retain staff. • Contracts linked to CPI – businesses are locked into these contracts. • Expenses growing due to inflation. • Fixed and variable costs changing over time. • Increase in land tax, electricity costs down but usage is up. • Increasing insurance premiums. • Increased accounting and legal costs, is a function of growth. • Increase in rent costs due to lack of availability. More buying than renting. • Trying to make allowances for changes in growth and costs is difficult. 	<ul style="list-style-type: none"> • Decrease in business and profit. • Increase employment opportunities. • Decrease in available office space. • Increased rent. • Increase in wages for high quality staff. • Inconsistency of politicians takes confidence away and lack of trust in political parties. • Questions whether “Do you want to grow in the Hills”? • The Sydney Metro Northwest rail line will assist in drawing high quality staff. • Consolidate and rationalising of business operations. 	<ul style="list-style-type: none"> • LGA rent subsidy. • Increase shared workspaces (incubator). • Share workspaces. • Utilise unused Council rooms. • Market to local business re: government Skills Industry funding programs. • Better sharing information and technology. • Greater collaboration between businesses to work together to reduce expenses of services and equipment. • Offer bonuses to staff. I.e. offer staff incentives instead of forecasting higher salary bases.

2016 PSI FOCUS GROUP RESULTS

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| <ul style="list-style-type: none">• It is literally impossible to forecast expenses and get it right for 12 months in advance. | | |
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2.4 WHAT IS THE MOST SIGNIFICANT CHALLENGE THAT BUSINESS IS CURRENTLY FACING?

- Quality staff - attracting and retaining staff with the right skills sets.
- Aligning the Rouse Hill Town Centre vision with The Hills.
- Marketing, business development and sales skills.
- Time management.
- Development of staff – time and costs.
- Planning business expansion and the diversification of services.
- Accountability of staff - owning their mistakes.
- Cash flow pressure.
- Scalability to business growth.
- Government policy in relation to investor lending.
- Quantity of emails received.
- Attracting and retaining quality staff.
- Lack of tradespeople.
- Being the key person within a business.
- Low entry barriers to business. Inadequate regulation in Personal Training industry - too much "training" being offered without monitoring standards. Mortgage Broking qualification is now open to Accountants.
- The growth phase – building business, clients and staff.
- Capital equipment purchase – when to buy or not to buy / rent.
- The outcome of the Election.
- Utilising social media effectively and monitoring engagement in posts on social media.
- Updating websites to be mobile friendly and keeping up with trends / requirements.
- An exit strategy - when and how to implement exiting business in a cost effective way.
- Keeping up with the constant shift in technology – change in business model, investment in computers and software.
- The 457 Visa process - VISA (457) applications taking more than 6 months from engagement to actually starting the 457.

2.5 HOW CAN THE HILLS SHIRE COUNCIL MOST ASSIST IN THE SUCCESS OF BUSINESSES?

- Create a precinct where people can live, work and play. Like "The Nest" in Crows Nest.
- Promote attractions in the area, including tourism, accommodation and things to do.
- Continue to make The Hills more business friendly.
- Address the parking issue.
- Provide a "Health" campaign / message / program, to assist in increasing the productivity of staff.
- Provide access to relevant staff within Council to discuss projects - not just related to development, such as computer apps etc.
- Continue with the PSI, provides good value and information.
- Undertake campaigns, such as "buy and sell in The Hills".
- Provide a logo (I'm in the Hills) to provide credibility / exposure for being in The Hills.
- Greater engagement and communication from Council - what information can Council offer and is it valuable?
- Provide more Information on Grants available to small business.
- Introductions and connections for local business with large local projects e.g. Sydney Metro Northwest rail project.

- Improved processing of Development Applications (DAs).
- Provide access to business information, databases, and customised data.
- Opportunity for small business to use Council facilities for a work space for short periods with internet access.
- More workshops, focus groups, seminars and training for small business.
- Address the parking issue.

2.6 HOW CAN THE SYDNEY HILLS BUSINESS CHAMBER BETTER SUPPORT BUSINESSES?

- Continue the good connection with business and council.
- Push Council to think more like a business.
- Host a Shark tank style event.
- Have other levels of MyBoard to cater for both sole operators and larger businesses.
- Increase affiliation with home based businesses.
- Attract the trades to join the Chamber.
- Provide a demonstration MyBoard meeting for potential new members and existing members to expose more people to how MyBoard works.
- Collaboration with Council to provide
- Continue to expand and increase chamber membership.
- Provide some free events to members and new members.
- Repeat the Q&A event with Council.
- Promote "shop local / buy local" for larger businesses.
- Create an offering to increase the percentage of larger businesses in the Chamber.
- A revised MyBoard program and / or CSR program may attract larger businesses to the Chamber.
- Plan for a Chamber 25year anniversary event.