

## **Revised 2019/20 Operational Plan - Adoption**

**File No: X020943**

### **Summary**

The World Health Organisation has declared Coronavirus (Covid-19) a global pandemic, and its impacts on the health of the Australian community and economy have become acute.

The City of Sydney is the epicentre of the Australian economy and cultural and creative institutions, and this Council continues to bear a responsibility to the health and wellbeing of our community – our residents, business, artists and creatives living and working in our city, and the institutions that support them. We also bear a responsibility to the most vulnerable and marginalised members of our community, and to the organisations that continue to support them during this difficult time.

Our community faces a very serious public health crisis, and the City of Sydney continues to work with NSW Health to ensure we respond urgently and effectively, including through implementing physical distancing measures.

At the Council meeting held on 30 March 2020, Council resolved a range of support measures to assist the community and businesses across the City, including the introduction of new grant programs.

As part of the NSW Local Government Act and Integrated Planning and Reporting requirements, the City is required to exhibit changes to grants program. A draft Revised Operational Plan 2019/20 was exhibited, including the proposed grants program and revised budget for 2019/20, from 2 April 2020 to 29 April 2020.

Three submissions on the draft Revised Operational Plan 2019/20 were received on three issues, and all assessed through internal review. The details of the issues raised in the submissions, together with responses and staff recommendations, are included in Attachment A.

The draft Revised Operational Plan 2019/20 annual budget and financial schedules as placed on exhibition, have not been amended.

This report recommends the adoption of the exhibited draft Revised Operational Plan 2019/20, including revised 2019/20 budgets and revised grants programs, in accordance with the requirements of the Local Government Act 1993. It also recommends the establishment of a new category for the waiving or reduction of fees and charges in the current circumstances, as facilitated by recent changes to the Local Government (General) Regulation 2005.

## Recommendation

It is resolved that:

- (A) Council note the submissions received from the community on the exhibited draft Revised Operational Plan 2019/20 as included in Attachment A to the subject report;
- (B) Council adopt the draft Revised Operational Plan 2019/20 and budget, incorporating:
  - (i) the revised grants program for 2019/20; and
  - (ii) the revised Budget for 2019/20;
- (C) Council adopt a new category under which fees and charges can be waived or reduced, referred to as “COVID-19”, that enables the waiving or reducing fees or charges for the remainder of 2019/20 in response to the COVID-19 situation as it evolves;
- (D) Council note that the revised 2019/20 budgets include a reduction in the 2019/20 budgeted Operating Result from \$112.9M to \$77.9M and the Net Surplus from \$36.5M to \$1.5M, resulting from the increase to the CEO's Operating Expenditure budget by \$35.0M; and
- (E) authority be delegated to the Chief Executive Officer to approve any minor editorial corrections prior to publication and authorise the relevant staff to implement any such corrections.

## Attachments

- Attachment A.** Public Exhibition - Revised Operational Plan 2019/20 - Submissions and Responses

## Background

1. The Covid-19 pandemic is an unprecedented public health crisis which is causing an economic crisis. Unemployment is forecast to rise, with job losses impacting sectors particularly concentrated in our city community, such as accommodation and food services, retail trade, arts and recreation services, construction and professional services.
2. In response to this crisis, the City of Sydney has revised its Operational Plan to reflect changes to our current year budget arising from the City's support and stimulus package, including new grant programs responding to the pandemic.
3. The proposed grants programs were supported at an extraordinary council meeting on 30 March 2020 and include immediate and future support for business, our cultural and creative industries and our community.
4. In the 2019/20 financial year, the City budgeted \$10.4 million for existing grants programs to support cultural, creative, business, and community organisations. These existing grants will be honoured, regardless of whether the organisation is able to deliver its program due to the effects of Covid-19, to support the viability of the various sectors supported. The revised budget proposes to increase that figure by \$8.5 million including the establishment of new grant funding initiatives, as well as several donations to support vulnerable communities.
5. The proposed new grant programs and donations are:
  - (a) The Cultural Sector Resilience Grant Program, valued at \$2.25 million. This program will provide immediate financial support to not-for-profit organisations and sole traders working in the cultural sector who are often reliant on individual grant rounds and project-based funds to maintain their minimal staff and pay their artists. Institutions can apply for funds, including to curate creative development programs with groups of artists.
  - (b) The Sector-Led Crisis Support Donations, valued at \$250,000. This will provide direct donations to existing, locally operated, online platforms Support Act NSW, the Artists Benevolent Fund and the Actors Benevolent Fund, who are raising funds to provide emergency relief and mental health support to local cultural workers in crisis.
  - (c) The Creative Fellowships Fund, valued at \$1 million. This fund will support artists to engage in creative development of works and initiatives driven by the cultural sector, and to purchase materials and equipment. The works can be presented during or after the crisis has passed. Cultural and creative organisations who receive an Accommodation Grant, including artists in LiveWork Creative spaces, will receive additional support with the waiving of all rent for the next six months.
  - (d) The Small Business Grants Program, valued at \$2 million will support businesses with innovation and adaptation grants.
  - (e) Increasing the Community Service Grants by \$1.5 million to assist organisations to meet the current priority areas of digital inclusion and social connection to support our vulnerable residents.
  - (f) Increasing the Quick Response Grants by \$500,000.

- (g) Making a direct donation to Oz Harvest of \$1 million to maintain staffing levels and adapt their service model to meet food security needs of vulnerable communities.
6. The Revised Operational Plan 2019/20 includes the amended budget and grants program for the 2019/20 financial year only. Several other measures have been approved by Council including:
- (a) waiving fees for Health and Building compliance activities on hardship grounds;
  - (b) reviewing rents in conjunction with tenants in City premises for those tenants that require support on a case-by-case basis;
  - (c) waiving standard contractual terms and return venue booking and banner fees to people and organisations who have booked City of Sydney venues and banners are now unable to proceed with their bookings;
  - (d) waiving footway dining, market permit and filming fees on the grounds of hardship;
  - (e) a flexible approach to parking and other infringements;
  - (f) establishing a small business, creative and community concierge service to assist small businesses, not-for-profits and charity groups to access support available to them via the City, state or federal governments;
  - (g) establishing a community hotline that handles inquiries and provides concierge services to residents and community groups seeking information and support;
  - (h) bringing forward future years capital works projects;
  - (i) providing additional rental support for our Accommodation Grant Program tenants, childcare services, by waiving all rent for the next six months;
  - (j) amending the Draft Central Sydney Development Contributions Plan 2020 to adopt a sliding scale for developer contributions;
7. Council also approved in principle, a one-off payment as a contract variation to Belgravia Health and Leisure Group Pty Limited of \$413,000 (excluding GST), to pay for the salaries and wages of permanent and casual staff employed to work at the City's aquatic centres for a period of two weeks commencing from Saturday 21 March to Friday 3 April 2020 inclusive, with the payment only to be made if Belgravia is not granted assistance from the Commonwealth Government under the package of measures announced on 29 March 2020. The details of the latest developments regarding this matter are the subject of a separate report to Council in this reporting cycle.
8. Council will also consider waiving or reducing fees in response to the Covid-19 situation as it evolves. The Local Government (General) Regulation 2005 was amended on 17 April 2020 to enable councils to determine a waiver category relating to Covid-19 without undertaking the process of public exhibition which is usually required under s 610E(2) of the Local Government Act 1993. It is recommended Council adopt this new category to provide greater flexibility to the City in waiving or reducing particular fees and charges to respond to the situation as it evolves. A similar category is proposed to be included in the draft Operational Plan for 2020/21.

9. The financial impacts from Covid-19 were still being assessed at the time of the 30 March Council meeting, so there were no other major changes to the current or future years' budgets at that stage. The Operational Plan Quarter 3 Review and draft 2020/21 Operational Plan and budget reports, will provide an update on the current and future years' financial impact respectively, both reports are submitted to Council in this reporting cycle.
10. Council endorsed the exhibition of the Revised Operational Plan 2019/20 at the Council meeting held on 30 March 2020. The draft document was placed on public exhibition for a period of 28 days on 2 April 2020. Public notices were placed in The Sydney Morning Herald on 7 and 14 April 2020.
11. Electronic copies of the documents were made available to the community through Council's Sydney Your Say website, which had 292 unique visits and 69 downloads of the document.
12. Council received three submissions on three issues through the Sydney Your Say website, covering several topics. Topics in the public submissions included: a submission regarding noise associated with parks maintenance, a request to consider expanding cycling networks, and feedback on the current year budget assumptions and results.
13. These submissions have all been internally reviewed, with staff recommending that the exhibited content of the draft Plans remain unchanged from that exhibited in response to the submissions received. The three issues raised in the submissions, together with the responses and staff recommendations, are included in Attachment A.
14. This report recommends the adoption of the draft Revised Operational Plan and budget in accordance with the requirements of the Local Government Act 1993. The revised Operational Plan will be referred to as an appendix to the current Operational Plan 2019/20 on the City's website.

## **Key Implications**

### **Strategic Alignment - Sustainable Sydney 2030 Vision**

15. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. The 2019/20 Operational Plan identifies the activities and projects that will be undertaken to deliver against all 10 strategic directions.

### **Organisational Impact**

16. The revised Operational Plan and budget has no additional positions. City staff continue to revise functional operations to determine where opportunities arise to improve effectiveness and efficiency of service delivery, to ensure the organisation as a whole remains financially sustainable.

## Budget Implications

17. In order to address this crisis and provide important financial support, the CEO's Operating Contingency budget has been increased by \$35M, which has the effect of increasing the overall Operating Expenditure budget by the same amount. This adjustment decreases the budgeted Operating Result by \$35 million, from \$112.9 million down to \$77.9 million and the budgeted Net Surplus of \$36.5M down to \$1.5M.
18. Amending the Operating Contingency budget will ensure the Chief Executive Officer and management have sufficient approved budget capacity to continue to procure goods and services in accordance with their authorised delegations for the remainder of the year. The CEO will allocate funds to support those divisions across the organisation as required.
19. The proposal to bring forward a further \$23 million of capital works from the forward estimates into the 2020/21 financial year, is for works budgeted in future years. These amendments will be incorporated into the draft 2020/21 Operational Plan for Council's review and determination.
20. As noted above, the revised 2019/20 budget delivers an Operating Result, prior to interest income, depreciation, capital project related costs and capital contributions, of \$77.9 million. The adjustments due to Covid-19 are a significant change from the current approved Long Term Financial Plan and will require Council to face difficult decisions on the City's budget and 10 year long term financial plan, which allocates available funds to operational and capital expenditure commitments.
21. The proposed additional operating and capital expenditure budgets will reduce the City's available cash reserves, which are forecast, as shown in detail in the 2019/20 Quarter 3 Review of the Delivery Program 2017-20 (the subject of a separate Council report), to be \$561.3M by 30 June 2020.

## Relevant Legislation

22. The Local Government Amendment (Governance and Planning) Act 2016 was assented to on 30 August 2016. The aim of the Integrated Planning and Reporting framework is to improve integration of various statutory planning and reporting processes undertaken by councils as required by the Local Government Act 1993, the Office of Local Government's guidelines and the Environmental Planning and Assessment Act 1979.
23. Sections 402 to 406 of the Local Government Act 1993 outline the requirements that a council must undertake when preparing a community strategic plan, underlying delivery plan and strategies with respect to the council's activities.
24. Section 356 of the Local Government Act 1993 describes how councils may financially assist others.
25. Section 610E of the Local Government Act 1993 enables councils to waive or reduce fees and charges where it has determined that a category of cases in which waivers or reductions are appropriate. Public exhibition of a category related to the Covid-19 pandemic is not required under the new cl 413J of the Local Government (General) Regulation 2005.

**Critical Dates / Time Frames**

26. Section 405 of the Local Government Act 1993 requires that Council must adopt an Operational Plan, including a statement of the council's revenue policy for the year covered by the operational plan, before the beginning of each year.
27. Council is required to place proposed new documents related to the Integrated Planning and Reporting legislation on public exhibition for 28 days. The Local Government Act 1993 requires that the draft budget, and revenue pricing policy for rates, annual charges and fees, be incorporated within that exhibition and consultation process.

**Options**

28. Council has the option to vary budget allocations, and Operational Plan items prior to, and after the 28 day exhibition period, prior to final approval.

**Public Consultation**

29. The draft Revised Operational Plan containing the revised budget and grants programs were publicly exhibited from 2 April 2020 to 29 April 2020.
30. During this period, the community were invited to make comments and submissions regarding the plans. The City used the Sydney Your Say community engagement platform to seek responses on all of the draft plans. All submissions received by the City have been considered and assessed against the draft planning documents. More details are provided in Attachment A.

**BILL CARTER**

Chief Financial Officer

Geoff Burton, Business Planning and Performance Manager

Bob Wallace, Manager Financial Planning and Reporting

# **Attachment A**

**Public Exhibition - Revised Operational  
Plan 2019/20**

**Submissions and Responses**

## **ISSUE 1**

### **SUBMISSION RELATING TO NOISE IN PARKS**

#### **Issue**

Noise associated with parks maintenance.

#### **Background**

A submission was received during the exhibition period from a member of the public regarding noise arising from the use of mechanical devices by the City undertaking maintenance at Bicentennial and Jubilee Parks.

The submitter made several requests: introducing a directive for City truck and plant operators to turn engines off when not in use; introducing a term of contract to City contractors, Skyline, to turn engines off when not in use; and to transition to electrical powered blowers and whipper snippers.

#### **Response**

The City's parks contractor, Skyline, use a combination of electric and petrol equipment.

One third of Skyline's maintenance teams use battery powered equipment. Petrol powered equipment is still required as they are more powerful and efficient than battery powered equipment.

Unless operating the garbage compactor, Skyline staff are not permitted to have a vehicle idling, which is monitored using a fleet tracking system. City staff will work closely with Skyline to ensure vehicles are not idling.

#### **Recommendation**

That the submission is noted with no change to the document as exhibited.

## **ISSUE 2**

### **SUBMISSION RELATING TO PEDESTRIAN AND BICYCLE ACCESS**

#### **Issue**

Pedestrian areas and bike access in the city.

#### **Background**

A submission was received during the exhibition period from a member of the public regarding pedestrian areas and bike access in the city. The submitter requested the City increase pedestrian areas and bike access in the city.

#### **Response**

The City of Sydney is committed to making bicycle transport easier and safer, so it's an attractive option for more people.

The City is building a safe bike network connecting people and destinations. Our network features separated cycleways, shared paths, bike lanes and light traffic streets.

We have constructed separated cycleways along high priority regional routes this financial year along Epsom Road, Wilson Street, and Burren Street.

The NSW Government funded projects under construction this year are Saunders and Miller Streets, Liverpool Street western link, Chalmers Street link and Lawson Street. We have improved bicycle safety, access and amenity through small scale infrastructure changes and improved on-street facilities throughout the local government area. This includes two raised priority crossings for people walking and riding in Alexandria and Forest Lodge. Construction of another two capital works projects will commence this financial year. These projects will provide significant safety and access improvements to riders on key cycle routes.

In terms of walking across the city, we continue to work with the NSW Government to decrease waiting time and journey time for people on priority routes in the city centre, and Liveable Green Network routes throughout the Local Government Area.

The City continues to work with Transport for NSW and the Sydney Coordination office on pedestrian priority in the city centre including the installation of new countdown timers. The City has made a submission to Infrastructure Australia requesting the economic impact of pedestrian delay be acknowledged as a national economic priority for investment.

#### **Recommendation**

That the submission is noted with no change to the document as exhibited.

## **ISSUE 3**

### **SUBMISSION RELATING TO BUDGET**

#### **Issue**

The 2019/20 budget assumptions and results.

#### **Background**

A submission was received during the exhibition period from a member of the public regarding the underlying assumptions in the revised 2019/20 budget and the future year estimates.

#### **Response**

A Lord Mayoral Minute was presented to Council with the intent of outlining a series of measures Council would undertake to help address the Coronavirus Pandemic's impact on the Local Government Area. The anticipated financial effect of the pandemic was forecast as a reduction in the Operating Result of \$35 million for 2019/20, reflecting anticipated revenue losses and additional expenditure initiatives.

The situation is rapidly evolving and there is difficulty in estimating the specific reduction to individual council activities and revenue sources. An increase of \$35 million to the CEO's Operational Contingency was recommended in order that the funding could subsequently be allocated to operating units as the impact is quantified. This mechanism provides a quick response to a fast-changing, unprecedented set of circumstances. The Revised Operational Plan captures these immediate changes in light of a dynamic situation.

The draft Revised Operational Plan for 2019/20 is an addendum to the previously adopted 2019/20 Operational Plan.

Each year a new Operational Plan is developed at a detailed level after careful consideration.

The Draft Operational Plan for 2020/21 will consider the impact of the pandemic based upon the best information available at the time of writing. It will however, also note that there is a high probability that further adjustments to the budget and spending priorities are likely to be required as events unfold.

The draft 2020/21 Operational Plan will be submitted to Council for endorsement for public exhibition in May 2020.

#### **Recommendation**

That the submission is noted with no change to the document as exhibited.