

30 March 2020

At 5.00 pm



# Extraordinary Council

## **Agenda**

- 1. Disclosures of Interest**
- 2. Minutes by the Lord Mayor**
  - 2.1 Expanding the City of Sydney's Relief to Businesses, Creatives and Communities Impacted by the Coronavirus Pandemic
- 3. Notices of Motion**
  - 3.1 Emergency Measures to Support Communities and Small Business Impacted by the Spread of COVID-19
  - 3.2 Local Business Stimulus Package

## Item 1

### Disclosures of Interest

Pursuant to the provisions of the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose pecuniary interests in any matter on the agenda for this meeting.

Councillors are also required to disclose any non-pecuniary interests in any matter on the agenda for this meeting.

This will include receipt of reportable political donations over the previous four years.

In both cases, the nature of the interest must be disclosed.

Written disclosures of interest received by the Chief Executive Officer in relation to items for consideration at this meeting will be laid on the table.

**Item 2.1****Expanding the City of Sydney's Relief to Businesses, Creatives and Communities Impacted by the Coronavirus Pandemic****File No: S051491****Minute by the Lord Mayor**

To Council:

We are in extraordinary times. Since this Council last met, 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.

As of 27 March 2020, there were over 2,996 COVID-19 cases in Australia, 1,409 of which are here in NSW. These figures are growing rapidly.

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.

We know these measures are essential in containing the spread of the virus and to protect our community's health, but they are also having a devastating impact on the livelihoods of our community and our economy. We also face a mental health crisis as people lose their jobs, experience housing stress and immense uncertainty – as well as for many the loneliness in isolation.

Westpac forecasts the unemployment rate to reach 11 per cent by June, and for job losses in the June quarter to impact sectors particularly concentrated in our city community, such as accommodation and food services, retail trade, arts and recreation services, construction and professional services.

At our last meeting, Council unanimously resolved that the Chief Executive Officer assist businesses across the City by introducing measures such as waiving fees and charges. This resolution enabled the Chief Executive Office to act nimbly to enact the first stage of the City's Business, Arts and Creative Support package, with \$25 million worth of measures to support businesses and to reduce the financial impact of COVID-19.

Since these measures were undertaken, the situation has changed significantly. Increased restrictions on public movement and physical distancing guidelines have forced the closure of restaurants, bars, theatres, clubs and gyms, leading to significant job losses in these sectors. The stimulus and support packages announced by Federal and State Governments seek to provide urgently required access to income support through the bolstered jobseeker allowance and other benefits.

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 – to our residents, to business, to artists and creatives living and working in our city, and to 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.

That is why I propose to you today a second stage of measures to support our small businesses, creative and community sectors. This situation will continue to evolve rapidly, and the City will stand ready to review our actions according to health advice and the feedback of our communities.

Our actions must complement the stimulus and support measures of the State and Federal Government. We must act on the unique responsibilities of a local government and leverage the resources of Council to ensure the safety and survival of our business, cultural and community sectors. That is why we have designed these measures to enable organisations and businesses to adapt to a rapidly evolving context, to support their resilience so they are well positioned to bounce back once this is over, and use our own resources to generate employment and provide relief to those most affected.

This minute seeks to significantly expand the initial measures the City took with a second package of financial support valued at up to \$47.5 million. It includes immediate and future support for business, our cultural and creative industries and our community.

This will bring the estimated value of the total package of support to \$72.5 million.

### **Cultural and Creative Sector Support**

In the 2019/20 financial year the City budgeted \$4.8 million for existing grants programs to support cultural and creative organisations. In light of the disproportionate impact of the crisis on artists and creatives, I propose that we increase that figure to \$8.3 million, honouring existing grants regardless of whether the organisation is able to deliver its program, to support the viability of the sector and establishing three new funding initiatives:

- ***The Cultural Sector Resilience Grant Program***, valued at \$2.25 million. This program will provide immediate financial support to the not-for-profit 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 to pay their artists. Institutions can apply for funds, including to curate creative development programs with groups of artists.
- ***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.
- ***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 Live-Work Creative spaces, will receive additional support with the waiving of all rent for the next six months.

### **Support for Small Business**

In this rapidly changing context, many businesses are struggling to trade according to the business model that, until two weeks ago, had proven successful. This relates particularly to businesses impacted by physical distancing measures, such as gyms, retail, cafes, restaurants and bars.

This pandemic is incomparable to any other situation faced by small businesses in the city, and the size and scale of Federal and State Government stimulus packages to this important sector of our economy is testament to the crisis most now find themselves in.

The City stands to support and build on the State and Federal Government's action. I propose the following measures to assist businesses to either adapt to an operating model that is safe, abides by appropriate physical distancing requirements and generates income, or to support them to use a period immediately following shutdown to undertake improvements to their premises or operating systems.

1. **The Small Business Grants Program**, valued at \$2 million will support businesses with innovation and adaptation grants to :
  - Modify their operating model to produce income and supply products or services to address a current or emerging demand in the market;
  - Develop online and e-commerce capabilities;
  - Undertake training and professional development to better prepare for return to business activities; and
  - Invest in capital works to position the business to benefit from the economic recovery
2. **Small Business, Creative and Community Concierge Service**, City staff will develop a concierge service to offer advice to small businesses, not-for profit organisations, charities and sole-traders on the support available from the City and direct them to appropriate State and Federal support packages, assisting them to navigate this difficult time. A concierge team will work in consultation with the State Government to ensure the City's service is complementary to that offered by the State.

It is also important that we support our service providers who have had to cease providing those services because of the Federal Government's pandemic response measures. Belgravia Leisure are a major contractor to the City, managing and operating our five aquatic leisure centres. They are also a key employer with approximately 360 staff working across the five centres. The centres record approximately 1.8 million visits annually and are a crucially important contributor to the wellbeing and liveability of our community.

City staff have been in discussions with Belgravia about how we can support their employees during this difficult time. I seek Council approval for a one-off payment to Belgravia of \$413,000 to pay for the salaries and wages of their permanent and casual staff employed to work at the City's aquatic centres for a period of two weeks. This will provide them some relief as they navigate their changed circumstances. It is also vital Belgravia are ready and able to reopen the City's centres when the current closures are lifted.

### **Fast-tracking capital works to create employment**

The speed and scale of job losses as a result of this crisis is staggering. Westpac projects that 814,000 jobs will be lost in the June quarter. By the end of June, unemployment could reach 11 per cent.

City staff propose bringing forward the delivery of \$23 million in future years' capital works projects, so we can not only continue the gainful employment of workers within the City, but stimulate employment in the city and fast track the improvement of our assets for the betterment of our community.

There are opportunities to fast-track the delivery of city infrastructure including paving upgrades, park and landscape renewals, and essential building upgrades.

City staff will also look at opportunities to bring forward improvements to small parks and streets in our villages.

### **Changes to the Central Sydney Planning Strategy**

In light of the unprecedented challenges that small businesses are set to face as a result of the coronavirus crisis, it is appropriate to reconsider the thresholds for developer contributions under the draft central city contributions plan. Accordingly, I propose to adopt the following stepped threshold for the application of developer contributions in Central Sydney:

- From \$0-\$249,999 a contribution of 0% shall apply;
- From \$250,000 - \$499,999 a contribution of 1% shall apply;
- From \$500,000 - \$999,999 a contribution of 2% shall apply; and
- Over \$999,999 a contribution of 3% shall apply.

It is estimated that while the above change will reduce development contributions collected by the City by about \$3 million per year, it will ease the financial burden on small businesses that want to develop their premises and support the recovery of this sector from this crisis.

### **Community Sector Support**

The City currently provides \$2.2 million through the Community Grants Programs. However, we know that the call on these services will only increase as the implications of social distancing and isolation wears on. With the increasing closure of essential services, a reduction in volunteers, and the disconnection of existing groups with limited digital access, our vulnerable community members are significantly at risk.

We need to do more to support the community sector through this crisis, so I propose increasing the City's Quick Response Grants by \$500,000 and 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.

I also propose raising the cap on the City's Quick Response Grant from \$2000 to \$5000.

City staff continue to deliver a range of support through direct service provision for our residents and vulnerable community members in partnership with Government and non-government agencies. This includes:

- seven day coverage provided by the City's Homelessness Unit and Public Space Liaison Officers who continue to engage with people experiencing homelessness, in line with advice from NSW Health and in compliance with all government directives. City staff are providing rough sleepers with the most up to date information from NSW Health, along with information about service provision and accommodation available;
- providing virtual community groups online following the closure of our libraries and community centres ;
- essential Meals on Wheels food deliveries to our older vulnerable residents;

- working with voluntary and non-government agencies to link offers of donations and volunteers with organisations or individuals requiring additional support; and
- providing information and referral pathways to residents in a range of formats online and in print with links to relevant health, safety and support contacts.

In addition to the continuation of these outreach services to our vulnerable communities during this time, I propose the City establish a community hotline to handle the many inquiries we are receiving and provide a concierge service to residents and community groups who need support.

Additional rental support is proposed for our Accommodation Grant Program cultural and community tenants and childcare service tenants, by waiving all rent for the next six months, on a case by case basis. This is estimated to cost \$1 million.

The previously announced rebate for the City's commercial property tenants is now expected to rise to \$16 million. We will provide rent relief for eligible tenants in Council owned properties for up to six months. This could include 100 per cent rent abatement for businesses forced to close due to pandemic response measures announced by the Federal Government. All tenants in Council owned properties will be assessed on a case-by-case basis. This represents additional lost revenue for the City.

### **Food security and other essential goods and services**

As charities and community groups gear up to support the growing number of unemployed and vulnerable, they are finding their normal suppliers of food and goods are diminishing and their volunteers who are often older and at risk are no longer able to assist.

City staff have been in discussion with businesses able to supply food and other essential goods; as well as charities and not for profits who are able to distribute that food and those essential goods. The donation of toilet paper from Woolworths that the City is distributing to our Meals on Wheels clients is an example.

In the meantime, and given the urgency, staff have established a partnership between food suppliers and Oz Harvest, an organisation with a well-established food distribution model and physical infrastructure within the City of Sydney. Oz Harvest has indicated that with support, they can adapt their service model quickly.

I propose we donate \$1 million to Oz Harvest to maintain staffing levels and adapt their service model to meet food security needs of vulnerable communities. Oz Harvest is working collaboratively with other charitable organisations such as Food Bank and Youth Off the Streets.

These needs and offers will continue to come in. Staff will continue to review other ideas or requests as they are received and will also recommend others work in partnership with Oz Harvest.

### **Support for health, police and emergency workers**

As we face the challenges of the coming days and weeks, it is essential that health, police and emergency services are able to get to work safely and efficiently. We need to assist to make that possible wherever we can.

I am therefore asking Council to delegate to the Chief Executive Office the power to make decisions that will facilitate access by these essential services to parking within our City. This includes the waiving of fees and provision of 24 hour access to our Goulburn Street and Kings Cross car parks and the issue of parking permits where appropriate. I propose these provisions are in place for up to six months after which time they will be reviewed.

### **Support for business, cultural and creative industries and our community – Phase One**

The City of Sydney's initial package valued at up to \$25 million to support businesses and reduce the financial impact of COVID-19 included the following measures which were to be in place for an initial period of six months:

- waiving fees for Health and Building compliance activities;
- reviewing rents in conjunction with tenants in City premises for those tenants that require support on a case-by-case basis;
- waiving standard contractual terms and return booking and banner fees to people and organisations who have booked City of Sydney venues and are now unable to proceed with their bookings;
- waiving footway dining, market permit and filming fees on the grounds of hardship; and
- a flexible approach to parking and other infringements.

The City will work with our major business partners and contractors, whether or not services continue to be provided in their current form, to support them as much as possible so they can maintain business continuity in the long term.

The City also implemented policy changes in addition to the financial support including:

- working with businesses to facilitate the expansion of their outdoor dining areas to enable social distancing and enable them to increase or introduce take away food options;
- only taking enforcement action for matters that present an imminent public, environmental, health or safety risk; and
- enabling supermarkets and other stores to operate their loading docks 24 hours a day so that essential goods can be delivered.

### **Financial Impacts**

The City of Sydney will experience a significant financial impact from this crisis. There will be additional operational costs as the City increases cleansing and maintenance regimes, and major losses in revenue as our streets, facilities and operations are impacted.

Closures of all community facilities, such as pools, result in loss of customers. The range of initiatives designed to alleviate financial pressure on small businesses, including a six month moratorium on fees for health and regulatory inspections, a discretionary approach to parking fines and rent relief for the City's eligible tenants will significantly lower the City's revenue and impact our financial position.

The breadth and depth of the impact is difficult to assess in this uncertain environment, however initial forecasts estimate potential revenue reductions of up to \$30-35 million for the fourth quarter of 2019/20 and up to a further \$40 million for the first quarter of 2020/21 and impact of around \$75 million within the initial six month period. In addition to this revenue loss, there will also be additional cash flow pressures as the City enters into deferred payment plans for its residents and businesses that need rate relief for the immediate future. This impact will only increase should the worst of the economic impact continue beyond 30 October 2020.

The City's strong financial management over the past 16 years provides a strong foundation to withstand this once in a generation shock, and provide support to our residents, businesses, creative and community sectors during this time of need.

Council will also be called upon to provide support when the recovery from this crisis is underway. We stand by to work with State Government agencies and other bodies to promote and support the delivery of specific events and activities to encourage tourists and visitors back into the City's cultural facilities, restaurants, bars and cafes to encourage tourists and visitors back into the City's cultural facilities, restaurants, bars and cafes.

For the present, Council will need to vary its adopted operational budget for 2019/20, which will decrease its planned Net Result.

Our operations were performing in line or better than budgeted up to the arrival of this crisis, however the sheer magnitude of the impact upon our City's economy, including Council's operational revenues for property rentals, licences, parking, enforcement and numerous other fees and charges is unprecedented. The General and CEO Contingency provisions, which each of our budgets set aside to cater for unknown events, are insufficient to address this unforeseeable crisis.

In order to address this crisis and provide this important support, the City has requested that we increase the budget (decrease the budgeted surplus) by \$35 million and vary Council's budgeted Operating Result of \$112.9 million (Net Operating Result of \$36.5M) down to \$77.9 million (Net Operating Result of \$1.5M). This approval will ensure that the Chief Executive Office and staff 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 proposal to bring forward a further \$23 million of capital works 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.

While there is no doubt these strong measures will help support our business, cultural and community sectors during this crisis, they will leave Council facing difficult decisions on the City's budget and 10 year long term financial plan, which allocates available funds to operational and capital expenditure commitments. Future City budgets will need to balance a reduction in future operational programs, future capital works program, or a combination of both, to ensure the City's long term financial sustainability.

In order for the Chief Executive Officer to implement the new Grants Programs, increase the existing programs, and reflect the changes to the budget outlined above, an amendment to the Operational Plan is required to be exhibited. I propose we approve the exhibition of those programs and budget changes and request the Chief Executive Officer undertake that exhibition immediately so that funding can be made available to our businesses, cultural and creative and community sectors as soon as possible.

## Recommendation

It is resolved that:

- (A) Council note:
- (i) that the COVID-19 pandemic is an unprecedented public health crisis which is causing an economic crisis.
  - (ii) consistent with the resolution adopted through my Lord Mayoral Minute on 9 March 2020, the Chief Executive Officer implemented a range of measures as Phase 1 of the Small Business, Cultural and Creative Support Package, including:
    - (a) waiving fees for Health and Building compliance activities;
    - (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 and are now unable to proceed with their bookings;
    - (d) waiving footway dining, market permit and filming fees on the grounds of hardship; and
    - (e) a flexible approach to parking and other infringements.
  - (iii) the financial impact of the measures taken in Phase 1 is estimated to be \$25 million in foregone revenue;
- (B) Council approve a range of additional measures as Phase 2 of the Small Business, Cultural and Creative Support Package:
- (i) establish a cultural sector resilience grants program to provide support to the not-for-profit organisations and sole traders working in the cultural sector;
  - (ii) direct donations to locally operated sector led funds, Support Act NSW, Artists Benevolent Fund and Actors Benevolent Fund, to provide emergency relief and mental health support to local cultural workers in crisis;
  - (iii) establish a creative fellowships grants program to support artists;
  - (iv) establish a small business grants program to assist businesses with innovation and adaptation;
  - (v) establish 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;
  - (vi) establish a community hotline that handles inquiries and provides concierge services to residents and community groups seeking information and support;
  - (vii) bring forward future years capital works projects;

- (viii) provide additional rental support for our Accommodation Grant Program tenants and childcare services by waiving all rent for the next six months;
  - (ix) amend the Central Sydney Planning strategy to adopt a slide scale for developer contributions;
  - (x) increase the Quick Response Grants and the Community Support Grants programs; and
  - (xi) make a direct donation to Oz Harvest to maintain staffing levels and adapt their service model to meet food security needs of vulnerable communities;
- (C) notwithstanding any previous resolution, Council will allow recipients to vary their deliverables under existing grants for the next six months to enable recipients to retain those funds to support the continuing viability of the City's cultural and creative community;
- (D) Council approve 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 2020 to Friday 3 April 2020 inclusive;
- (E) Council approve a \$35 million variation to increase the CEO contingency so she can allocate this funding to the appropriate operational budget within the adopted 2019/20 operational budget, in order to achieve a revised Operational Result of \$77.9 million, and a Net Operating Result of \$1.5 million;
- (F) Council note the financial impact of the measures taken in Phases 1 and 2 is estimated to total \$72.5 million, which includes additional spending, reduced income from the operational budget and bringing forward capital works from future years;
- (G) the Chief Executive Officer be requested to urgently develop all necessary criteria and processes to implement these measures and prepare and exhibit an amended operational plan incorporating the grants programs and budget changes outlined in this minute as soon as possible and report back to Council by CEO Update; and
- (H) authority be delegated to the Chief Executive Officer to take all necessary decisions in relation to the provision of parking for key health, police and emergency service workers, including making decisions that are contrary to existing Council policies. This would occur when a relevant agency makes a request to the Chief Executive Officer and she considers the action is required to ensure the health and safety of the workers and the community.

**COUNCILLOR CLOVER MOORE**

Lord Mayor

## Item 3.1

### Notices of Motion

#### **Emergency Measures to Support Communities and Small Business Impacted by the Spread of COVID-19**

By Councillor Chung

It is resolved that:

- (A) Council consider a number of emergency measures to support communities and small business who are impacted by the spread of COVID-19;
- (B) the Chief Executive Officer be requested to:
  - (i) immediately offer rent relief to small business tenants of the City of Sydney who are impacted by the spread of COVID-19;
  - (ii) implement a quick response grant program to assist small businesses who are suffering hardship caused by the spread of the COVID-19 virus;
  - (iii) immediately suspend the collection of all fees collected by Council from small businesses, including outdoor dining fees, health inspection fees, fire inspection fees (health and safety compliance inspections should not be suspended); and
  - (iv) implement any other measures that the Council considers necessary to support small businesses in the City of Sydney.

S129259

## Item 3.2

### Notices of Motion

#### Local Business Stimulus Package

By Councillor Forster

It is resolved that:

- (A) Council note:
- (i) businesses across the City of Sydney Local Government Area (LGA) are experiencing an unprecedented downturn in activity as a result of the economic, social and health impacts of Coronavirus (COVID-19);
  - (ii) on 9 March 2020 Council unanimously endorsed a Lord Mayoral Minute to support the Haymarket area and other businesses experiencing a downturn as a result of the impacts of COVID-19, within existing resources such as:
    - (a) activating City of Sydney digital and social media marketing channels
    - (b) hosting of information sessions for businesses on City grant programs that can provide funding support directly to businesses and community groups to promote the district
    - (c) investigating potential options businesses have to enter into short-term deferred payment plans for rates and other Council expenses
    - (d) investigating of other opportunities to assist businesses across the city, such as waiving Council fees and charges;
  - (iii) on 12 March 2020 the Federal Government announced a \$17.6 billion economic stimulus package to support the Australian economy as the world deals with the significant challenges posed by the spread of COVID-19;
  - (iv) the Federal stimulus package has four parts:
    - (a) supporting business investment
    - (b) providing cash flow assistance to help small and medium-sized businesses to stay in business and keep their employees in jobs
    - (c) targeted support for the most severely affected sectors, regions and communities
    - (d) household stimulus payments that will benefit the wider economy;
  - (v) the State Government is also considering a fiscal stimulus package;

- (vi) the City of Sydney Business support grant (place and industry) is designed to support initiatives that promote local precincts, connect businesses to opportunities and strengthen networks, grow business skills and knowledge, and support local businesses to advocate effectively;
  - (vii) during the 2018/19 financial year the City of Sydney provided more than \$22.5 million in grants and sponsorship (cash and value-in-kind), of which \$848,592 in cash donations were approved under the Business Support Grants (Place and Industry/Live Music and Performance/Night-time Diversification);
  - (viii) as at 31 December 2019 the City had a budget of \$4.259 million for operational contingencies;
  - (ix) as at 31 January 2020 the City's total held investments and cash totalling \$674.8 million.
- (B) the Chief Executive Officer be requested to:
- (i) expand the measures resolved in the Lord Mayoral Minute on 9 March 2020 to the entire local government area;
  - (ii) immediately establish a new non-matched grant category 'Business Support Grants – Economic Stimulus' and allocate 75 per cent of the remaining operational contingency budget 2019-20 and open applications for these grants, to be administered on a fast-track basis, as soon as practicably possible;
  - (iii) include in the 2020/21 budget a \$10 million fund for non-matched 'Business Support Grants – Economic Stimulus', to be administered on a fast-track basis; and
  - (iv) immediately waive all small business fees collected by the City of Sydney, including outdoor dining fees, for a period of six months.

S129260