

Community Recovery Plan – Financial Support

File No: X038541

Summary

Since March this year, the health and economic crisis created by the Covid-19 pandemic has had an unprecedented impact on our city, our community and the businesses, including the cultural and creative sector, which operate in our city.

On 9 March and 30 March 2020, Council considered Minutes by the Lord Mayor and resolved to implement a range of measures to support the small business, cultural and creative sector.

This support included:

- (a) waiving fees for Health and Building compliance activities;
- (b) reviewing rents on a case-by-case basis with tenants in City premises;
- (c) waiving standard contractual terms and returning venue booking and banner fees to those who were unable to proceed with their bookings;
- (d) waiving footway dining, market permit and filming fees on the grounds of hardship;
- (e) providing additional rental support for our Accommodation Grant Program tenants and childcare services by waiving all rent for six months; and
- (f) allowing grant recipients to vary their deliverables under existing grants to enable them to retain those funds to support the continuing viability of the City's cultural and creative community.

A Lord Mayoral Minute considered by Council on 24 August 2020, resolved that the Chief Executive Officer be requested to continue the waiver of footway dining, market permit and filming fees as well as fees for Health and Building compliance activities, until March 2021. Council also resolved the Chief Executive Officer continue to review rents for commercial tenants on a case-by-case basis.

This report recommends continuing to waive the fees outlined above, as well as the refund of venue booking and banner hire deposits for those who may be unable to proceed with their bookings, rental assistance for our Accommodation Grant Program tenants and childcare services, reviewing rents with commercial tenants and allowing grant recipients to vary their deliverables until 30 March 2021.

The report also recommends extending, until 30 March 2021, the delegation to the Chief Executive Officer to enter into any contracts or documentation that enables existing grants to be varied as efficiently as possible. This delegation was first put in place on 6 April 2020 and extended on 29 June 2020.

Recommendation

It is resolved that Council:

- (A) endorse the continued support for our small business and community and cultural sector until 30 March 2021, including:
 - (i) waiving fees for Health and Building compliance activities;
 - (ii) reviewing rents in conjunction with tenants in City premises for those tenants that require support on a case-by-case basis;
 - (iii) 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 may then be unable to proceed with their bookings;
 - (iv) waiving footway dining, market permit and filming fees on the grounds of hardship;
 - (v) providing additional rental support for our Accommodation Grant Program tenants and childcare services by waiving all rent; and
 - (vi) allowing recipients to vary their deliverables under existing grants to enable recipients to retain those funds to support the continuing viability of the City's cultural and creative community; and
- (B) extend the term of Delegation 15A of the Delegations to the Chief Executive Officer in relation to entering into any contracts or documentation to allow grant recipients to vary their deliverables under existing grant agreements to 30 March 2021, as shown in Attachment A to the subject report, after which time it will be automatically revoked unless further extended by resolution of Council.

Attachments

Attachment A. Proposed Amendments to the Delegation to the Chief Executive Officer

Background

1. On 24 August, a Lord Mayoral Minute requested the Chief Executive Officer be requested to continue the waiver of footway dining, market permit and filming fees as well as fees for Health and Building compliance activities, until March 2021. Council also resolved the Chief Executive Officer continue to review rents for commercial tenants on a case-by-case basis.
2. These fee waivers have been in place since March 2020, when the Covid-19 pandemic began having an impact on the business and cultural and creative sectors in our city.
3. As the pandemic has progressed it is clear the impact on our community has been devastating and will continue for the foreseeable future.
4. Given the ongoing and changing nature of Public Health Order restrictions and the continued impact, it is proposed to continue to provide support for our small business and community and cultural sector 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 may then be unable to proceed with their bookings;
 - (d) waiving footway dining, market permit and filming fees on the grounds of hardship;
 - (e) providing additional rental support for our Accommodation Grant Program tenants and childcare services by waiving all rent; and
 - (f) allowing recipients to vary their deliverables under existing grants to enable recipients to retain those funds to support the continuing viability of the City's cultural and creative community.
5. This support will enable business operators and the cultural and creative sector to be flexible in how they operate. It will enable City venues and banner programs which enliven our physical environment to go ahead, without hirers suffering if public health restrictions change and their events or programs are not able to go ahead.
6. Cultural and creative organisations who receive an Accommodation Grant received a waiver of rent for six months. Given those sectors are yet to recover and the impact of public health restrictions continues to impede that recovery, it is proposed to extend the waiver of their rent for another six months. This will also apply to those childcare services operating in our facilities under an Accommodation Grant.
7. On 30 March 2020, a Lord Mayoral Minute was endorsed to allow existing grant recipients to vary their deliverables for six months to enable them to retain those funds to support the continuing viability of the City's cultural and creative community. City staff have since worked with grant recipients to vary those grant agreements where the deliverables have been impacted by the pandemic.

8. On 6 April 2020, Council approved a delegation to the Chief Executive Officer to enter into any contracts or documentation that enabled existing grants to be varied as efficiently as possible. This delegation was then extended on 29 June 2020.
9. As health restrictions remain in place, for longer than may have been initially anticipated, grant recipients are seeking to continue to vary their deliverables.
10. Council is therefore requested to allow grant recipients to vary their deliverables until 30 March 2021 and approve a further extension of the delegation to the Chief Executive Officer until that date, to enable those contracts and agreements to be varied as efficiently as possible.
11. On 30 March 2020, Council also supported the waiving of fees and provision of 24-hour access to the City's Goulburn Street and Kings Cross car parks and the issue of parking permits where appropriate to essential workers who are supporting our community during this pandemic. Access to the car parks and the provision of parking permits will continue until the end of November. Staff continue to monitor the need for parking by essential workers and this provision will be reviewed and adjusted as needed.

Key Implications

Organisational Impact

12. Existing City staff will continue to work with grant recipients, Accommodation Grant tenants, people and organisations seeking to book venues or banner poles and our business and cultural and creative sector.

Budget Implications

13. The support packages announced in March and April 2020, including \$23 million of capital works brought forward to support construction activity in the City, were valued at \$72.5 million.
14. Waiving the fees outlined in this report until 30 March 2021, will further impact the City's revenue budget and financial position, although not all of these impacts can be reliably quantified at this time. An additional six months waiver of the health and building regulatory fees, footway dining, market permit and filming fees, and the Accommodation Grant program and childcare service tenant rents is expected to cost in the order of \$2.5 million.
15. The City's flexible approach to parking is resulting in around 1,500 free parks in our parking stations and the ongoing operation of essential worker parking permits in the street. However, the duration and flexibility of these parking arrangements makes it difficult to accurately quantify the cost of this ongoing support.

16. The most significant financial impact is expected to arise from the commercial property portfolio, as we continue to work with our tenants to apply the Commonwealth Government National Cabinet Mandatory Code of Conduct SME Commercial Leasing Principles (as adopted into NSW legislation). There are eligibility rules that govern this support, and for eligible tenants with a reduced income turnover of greater than 30 per cent, a commensurate reduction is expected from the rental agreement, with at least half to be treated as a rental rebate and the remainder able to be deferred for up to two years. These complexities require a staged approach to identify, substantiate and agree a revised Record of Agreement. At this stage it is extremely difficult to quantify the financial impact as information is still being sought and the requirements are therefore still being determined.

Relevant Legislation

17. Local Government Act 1993.

Critical Dates / Time Frames

18. If not extended the matters covered by this report will expire as at 30 September 2020. It is important to give the community certainty and support through the ongoing pandemic and so an extension of six months is recommended.

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Chief Executive Officer

Leander Klohs, Executive Manager Office of the CEO