

RP-2 COVID-19 RELIEF PACKAGE**Author:** Dominic Kennedy**Director:** Michael Keys**Summary:**

In response to the challenges COVID-19 has incurred and will continue to have on our local community, Council has developed and is proposing a number of initiatives to mitigate the affects on the local economy.

This report presents an oversight of the initiatives that will complement the Live local. Be local. Activation Plan developed by the Business Support Group, support the development industry local businesses, community organisations and the broader community.

Recommendation

That Council:

- a note the initiatives in response to COVID-19 and increase the 2020 Small Business category funding of Council's Annual Grants Program by \$20,000
 - b reduce seasonal user fees by 50% for 12 months for sporting groups using Council's facilities and 20% for Multipurpose stadium and Bolton Park stadium
 - c provide rent and licence fee concessions for eligible community, sporting and cultural not for profit groups
 - d implement the National Cabinet Mandatory Code of Conduct – SME Commercial Leasing during COVID-19
 - e place on public exhibition the three addendums to the Wagga Wagga Local Infrastructure Contributions Plan 2019 -2034, the Wagga Wagga City Council Development Servicing Plan Sewerage Services 2013 and the Wagga Wagga City Council Development Servicing Plan Stormwater 2007 and receive a further report following the public exhibition addressing any submissions made
-

Report

COVID-19 has caused disruption and economic impact that is unapparelled in contemporary times. Global impacts on health, trade and production are leading Australia to our first recession in 30 years. The macro impacts have resulted in substantial decline in Gross Domestic Product and local regional economies are at risk of reduced productivity, consumption and employment availability.

The package supports Wagga Wagga through the following five elements:

- 1.Small Business support
 - 2.Seasonal user fees for sporting groups
 - 3.Commercial lease agreements - National Cabinet Mandatory Code of Conduct
 - 4.COVID-19 Infrastructure Contributions Relief Package
 - 5.Hardship policy for commercial tenants
-

Element 1 – Small Business Support

There are over 5,600 businesses in our LGA and 98% of them are considered small business (employing less than 50 staff). As the largest employment sector, small businesses are critical to maintaining a diverse workforce and career pathways for our youth. Although the sector is innovative and well suited to adapting to changing climates small businesses across the economy have been hit hard by the COVID-19 pandemic.

In response to the COVID-19 pandemic and subsequent hit to the local economy, Council brought together the Business Support group. This team of local business leaders provided feedback from the community and insights into how to support the local economy that have been integrated into a Live local. Be local. Activation Plan. The intent of this plan is for it to be a business, community and Council collaborative.

The plan has three main elements including:

1. Main Street Live – We're bringing vibrancy back to the heart of the city! This component responds to the Notice of Motion for Main Street Events (April, 2018). A schedule of main street activities and events are scheduled for the next 12 months. We plan to catch up on all the fun we've missed over the last two months, so check out the event calendar on Visit Wagga and join us in the city.
2. Main Street Local – made great, in Wagga!
Our region has some incredibly talented people that create amazing artwork, make unique products, craft delicious cuisine, and provide award winning service. Eastern Riverina Arts and the business community are looking to make your main street experience even better through the Creative Spaces initiative. We're filling empty shops with artists to not only showcase the fantastic local art, but also demonstrate the potential of a thriving main street.
3. Main Street Hub – innovation leads to growth
Innovative entrepreneurs have the potential to kick-start the local economy and solve community and industry problems quickly. Our business community is collaborating to create a hub that will help facilitate collaboration and ensure our up-and-coming business leaders have the space and support they need to make their business a reality.

In addition to these three Activation Plan elements being implemented by the broader business community, the following Council-specific initiatives are also being considered in order to encourage economic growth:

- a) Small business grants applications for the 2020 Small Business category of Council's Annual Grants Program have increased by 260% compared to 2019. This increase is due in part to the success of last years program as well as greater awareness via promotion through business and industry networks in response to COVID-19 restrictions. Currently the Program is funded in the amount of at \$12,500, it is proposed to increase this funding by \$20,000.

The increase will see up to an additional 10 businesses access grant funding. The Program is designed to provide seed funding to small businesses to accelerate their idea or growth opportunity.

This is a positive initiative that can support and encourage new ideas and resilience for small businesses during and following COVID-19

- b) Reduction in Council fees for New Businesses in response to a Notice of Motion of deferring costs for deferring charges for new businesses (March 2020), Council Officers have considered a reduction or delay in fees associated with applications for new approvals. A review has indicated that the typical costs are not significant and we have received feedback that more assistance in streamlining the assessment process would be more helpful, such as navigating the various parts of the organisation.

- c) Improved Business Support with Council

Greater support for New Business Development Proposals. Council's Regional Activation Team is working closely with City Development to provide concierge services for some change of use activities within the CBD. Our vision is to simplify processes and guide proponents through process and Council services to enable simple applications to be easier for our customers and reduce the amount of time required to approve development. Council has been identified as a pilot program to leverage from NSW Governments Planning Acceleration Program.

- d) Main Street Markets

In response to a Notice of Motion, Council Officers investigated opportunities to better leverage the Main Street for markets and events. Although there is limited local data to quantify the economic value that main street events bring to Wagga's CBD, the Live local campaign and NSW Street Activation grant will be leveraged to deliver more Main Street events and provide greater insight into their value.

- e) Main Street Activation

The Creative Spaces program that Eastern Riverina Arts is managing through a \$300,000 grant allows creative industries to activate shops that are vacant through short term occupancy agreement with the intent to convert to a long-term lease.

Council is working with Eastern Riverina Arts to schedule future events/activities once the spaces are ready to occupy to generate activity to CBD of the main street. It should be noted that Council's initial \$4,000 seed investment has been recognised by the Commonwealth as an opportunity, which contributed to Eastern Riverina Arts obtaining \$300,000.

Element 2 – Seasonal user fees for sporting groups

Each year approximately 11,000 people register to play sport utilising Council facilities and grounds. Income from sponsorships, fundraising activities and canteens has been significantly reduced across all clubs in 2020. These sporting clubs are integral to the

vibrancy and liveability of our city, facilitating healthy lifestyles and encouraging people to be part of community.

Our sporting clubs have assisted Council deliver some of our most important recreational facilities such as Macdonald's Park, Harris Park and Macpherson Oval, dedicating hours of time to maintenance and renewal, ensuring our reputation as a regional sporting hub and assisting with the delivery of major sporting events such as NRL Premiership Games, AFL preseason games and NSW Touch Carnival

Sportsground user fees are collected from sporting clubs and associations to help offset the ongoing maintenance costs to Council. In 2019 Council received revenue of \$258,392 from sportsground user fees. Due to the impact of COVID-19 on the revenue that clubs are able to generate from sponsors, fundraising activities and canteens, it is proposed that this fee be reduced by 50% for the next 12 months. The approximate cost to Council of this proposal would be \$129,196.

It is not proposed to provide a discount on the fees charged for sportsground lighting. This proposal would enable clubs to reduce costs at a time that their income is heavily compromised. The savings to clubs would be \$15.50 per adult and \$11.50 per junior participant. If no relief is provided, there would be a significant possibility that some clubs may cease being financially viable and therefore reducing opportunities for participation in sport. This situation is not something that a sporting association could have anticipated or planned for.

User groups that access the Multi-Purpose Centre and Bolton Park Stadium pay an hourly fee that incorporates all costs of using the facility, including lighting. It is proposed that these fees are reduced for the regular users by 20% for the next 12 months. The lesser percentage fee reduction is in recognition of the fact that lighting and other costs are included in the hourly rate. The approximate cost to Council of this proposal would be \$27,531.

It is not proposed to reduce fees for aquatic sports using the Oasis Regional Aquatic Centre. This is due to the clubs not paying fees to use the facility as the fees are charged directly to the individual users.

Element 3 – Commercial Lease Agreements

Council has a legal obligation to observe the principles of the National Cabinet Mandatory Code of Conduct – SME Commercial Leasing Principles During COVID-19, and the Retail and Other Commercial Leases (COVID-19) Regulation 2020 dated 24 April 2020. The Regulation prohibits and regulates the exercise of certain enforcement rights by landlords and requires renegotiation of commercial rents in accordance with the leasing principles set out in the national code.

A separate report regarding the application of the code to Council's commercial lease portfolio is included in the confidential section of this Council meeting agenda.

Element 4 – Infrastructure Contributions COVID-19 relief package

The construction industry is the third largest employer in Wagga Wagga at 10% of the workforce and the fourth largest industry of the city, according to the Wagga Wagga Economic Snapshot 2020. At this time in particular an active construction industry producing new lots and dwellings is vital to the economy and business confidence, it

shows Wagga Wagga is open for business and remains the economic hub and regional capital of New South Wales.

Development produces demand for infrastructure to support new urban areas and infill locations. The construction cost of this infrastructure is significant with \$43 million to be funded by the Section 7.11 Reserve over the next five years for example. This projection assumes a 1.1% or 310 lot growth each year. If development slows this infrastructure may not be required. The construction of this infrastructure injects money into the local economy.

A relief package is being considered as local, state and national markets are facing negative outlooks for the next two years at least. The package has been developed to support and stimulate the development industry because if it declines the impacts will be felt across the city. Jobs will be lost, and people will potentially leave the city to find employment elsewhere. A significant percentage of the development industry workforce is young and skilled making them highly mobile. Economic activity will decline, and the rate base will not increase as forecast. The Package is based on the following principles:

- it must be fair in the way it is applied,
- it must not increase the burden of infrastructure contributions on future development,
- it must not impact on the long-term sustainability of the Reserves, and
- the risk of the Package must be acceptable to Council.
- Applied for development submitted since March 1, 2020 (aligning with COVID 19)

The aim of the Package is to protect the strong foundation of the development industry businesses in Wagga Wagga, while still delivering Council's projects funded by infrastructure contributions.

NSW Planning have also released a direction that all 7.11 and 7.12 contributions be deferred for development over \$10m until an occupation certificate is required.

The proposed Council package has three sections, they are discussed below.

Section 1 – Defer Contributions for 12 months Secured by an Unconditional Bank Guarantee

Payment of contributions is deferred for 12 months after the date of any Construction Certificate or Subdivision Certificate issued (upon application). All contributions will be required to be secured by an unconditional bank guarantee to the value of the contributions due. This will apply to subdivisions over 5 lots and other development with a cost of over \$2 million.

Section 2 – Waive Section 64 Sewer Infrastructure Contributions for Change of Use in the CBD

Any change of use to a building in the CBD will not be charged Section 64 Sewer infrastructure contributions from the date Council adopts the Addendum. This will apply until Council updates the Wagga Wagga City Council Development Servicing Plan (DSP) Sewerage Services.

Any Section 64 Sewer infrastructure contribution payments made between 1 March, 2020 and when the Addendum is adopted will be reimbursed.

This charge has been considered excessive and has prevented businesses proceeding to the development phase. Council has collected \$270,000 from sewer charges in the past 6 years within the CBD. Although a change often has a minor impact on the overall network.

Section 3 – Section 64 Contributions Conditioned at Construction of Commercial and Industrial Buildings Only

The methodology is proposed in the draft DSP Stormwater 2020 Implementation Guide, where industrial and commercial subdivision is not charged the Section 64 infrastructure contributions and the charge is imposed when a building is constructed will apply to Section 64 Stormwater and Sewer infrastructure contributions from March 1 2020. This will apply until Council updates the Wagga Wagga City Council Development Servicing Plan (DSP) Sewerage Services and the Wagga Wagga City Council DSP Stormwater. If one DSP is updated first the scheme will apply to the other Section 64 contribution.

Any Section 64 Sewer or Stormwater infrastructure contribution payments made for industrial and commercial subdivision between March 1, 2020 and when the Addendum is adopted will be reimbursed.

Addendums are required to the Wagga Wagga Local Infrastructure Contributions Plan 2019 – 2034, the Wagga Wagga City Council DSP Stormwater 2007 and the Wagga Wagga City Council DSP Sewerage Services 2013 The Addendums form Attachment 1.

Element 5 – Waive interest for payment plans entered into by property owners

Financial Hardship Policy Temporary Amendments

- Report to Council 25 May 2020 proposed temporary amendments to 27 September 2020 that broadened the Policy to be applicable to all ratepayers (not only residential).
- If payment plans entered into prior to 27 September 2020, the payment period would be extended up to two (2) years.
- If the payment plans are adhered to, the interest would be waived at the end of the payment plan period (noting that it is now mandated by OLG that a 0% interest rate is in place from 1 July 2020 to 31 December 2020).

Financial Implications

The package supports Wagga Wagga through the following five elements:

- 1.Small Business support
- 2.Seasonal user fees for sporting groups
- 3.Commercial lease agreements - National Cabinet Mandatory Code of Conduct
- 4.COVID-19 Infrastructure Contributions Relief Package
- 5.Hardship policy for commercial tenants

No	Element	Proposed Estimated Financial Impact	Funding Source
1	Increase Small Business Category of the Annual Grants Program by \$20K, from \$12.5K to \$32.5K	\$20,000	It is proposed for unspent funds of \$20,000 in 2019/20 in the Economic Development area will be carried over to be utilised in 2020/21 for this purpose. (Job number 13193).
2	50% reduction in Parks and Sportsground Fees and Charges and 20% for Multipurpose stadium and Bolton Park stadium for the 2020/21 financial year	\$156,727	Finance have factored in a \$109,719 reduction in Parks and Sportsground Fees and Charges for the 2020/21 financial year budget. The remaining estimated \$19,477 will be funded from within the Parks and Sportsground operating budgets. The \$27,531 for the Multipurpose stadium and Bolton Park Stadium is unfunded.
3	Commercial Lease Agreements – National Cabinet Mandatory Code of Conduct	\$129,239	Detailed in separate confidential report. Estimated possible loss of income at \$129,239.29 over the two financial years, with \$83,107.13 applicable to 2019/20 and the remaining \$46,132.17 applicable to 2020/21. Adequate budget allowances have already been factored into the estimated financial impact COVID-19 will have on Council's 2019/20 and 2020/21 budgets.
4	Infrastructure Contributions Relief Package:		
4.1	Defer Contributions for 12 months Secured by an Unconditional Bank Guarantee	*	*The Section 7.11 and Section 7.12 infrastructure contributions will not be significantly affected by the Package, as income due will be deferred not waived. However, it will see income deferred into the 2021/22 financial year.
4.2	Waive Section 64 Sewer Infrastructure Contributions for Change of Use in the CBD	*	<Section 2 of the Infrastructure Contributions Package will have an impact on the income received from Section 64 Sewer contributions. However, the Sewer reserve has a 30 June

No	Element	Proposed Estimated Financial Impact	Funding Source
			2020 proposed closing balance of \$24.8M.
4.3	Section 64 Contributions Conditioned at Construction of Commercial and Industrial Buildings Only	*	>While Section 3 of the Infrastructure Contributions Package will see income from the Section 64 Sewer and Stormwater infrastructure contributions decrease, it is consistent with the new approach recommended in the draft DSP Stormwater 2020 Implementation Guide currently on public exhibition. However, the Sewer reserve has a 30 June 2020 proposed closing balance of \$24.8M and the Stormwater Section 64 reserve has a 30 June 2020 proposed closing balance of \$7.2M.
5	Hardship policy for Business properties	~	~With the OLG mandating 0% interest charged on overdue property rates accounts for the first 6 months of the 2020/21 financial year, the impact would be less than originally anticipated

Policy and Legislation

- Fees & Charges
- Sportsground user agreements
- Recreation Open Space Community (ROSC) strategy
- Wagga Wagga City Council Development Servicing Plan Stormwater – November 2007
- Wagga Wagga City Council Development Servicing Plan Sewerage Services – July 2013
- Wagga Wagga Local Infrastructure Contributions Plan 2019 - 2034

Link to Strategic Plan

Growing Economy

Objective: We are a Regional Capital

Outcome: We attract and support local businesses and industry

Risk Management Issues for Council

Financial risk of lost revenue

Risk associated with region entering recession

Risk associated with lower community participation and less engaged community

Risk associated with higher unemployment within region

Risk associated with Council engagement with business community

Internal / External Consultation

Internal consultation with various Council departments included: Community Services, Parks Operations.

Council Officers have facilitated focus groups with development industry and community organisations.

	Mail			Media				Community Engagement						Digital			
	Rates notices insert	Direct mail	Letterbox drop	Council news story	Council News advert	Media releases	TV/radio advertising	One-on-one meetings	Your Say website	Community meetings	Stakeholder workshops	Drop-in sessions	Surveys and feedback forms	Social media	Email newsletters	Website	Digital advertising
TIER																	
Consult								<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>							
Involve																	
Collaborate																	

Attachments

1. Draft Addendum

Draft Addendum – Wagga Wagga Local Infrastructure Contributions Plan 2019 - 2034

Deferred Payments in 2020/21 – Special Arrangements

The applicant or any person entitled to act upon a development consent containing Section 7.11 or Section 7.12 monetary contributions imposed according to this Plan may apply to modify the condition to provide for a deferred payment of the contribution, secured by an unconditional bank guarantee.

During 2020/21 approval of any request to defer Section 7.11 or Section 7.12 infrastructure contributions for subdivisions over five lots and other development with a cost of over \$2 million will be granted by the Director Regional Activation.

Payment of contributions may be deferred for 12 months after the date of any Construction Certificate or Sub Division Certificate issued from 1 July 2020 until 1 July 2021.

All contributions will be required to be secured by an unconditional bank guarantee to the value of the contributions due.

Draft Addendum – Wagga Wagga City Council Development Servicing Plan - Stormwater 2007

Deferred Payments in 2020/21 – Special Arrangements

The applicant or any person entitled to act upon a development consent containing Section 64 Stormwater monetary contributions imposed according to this Plan may apply to modify the condition to provide for a deferred payment of the contribution, secured by an unconditional bank guarantee.

During 2020/21 approval of any request to defer Section 64 Stormwater infrastructure contributions for subdivisions over five lots and other development with a cost of over \$2 million will be granted by the Director Regional Activation.

Payment of contributions may be deferred for 12 months after the date of any Construction Certificate or Sub Division Certificate issued from 1 July 2020 until 1 July 2021.

All contributions will be required to be secured by an unconditional bank guarantee to the value of the contributions due.

Timing of Section 64 Stormwater infrastructure contributions – Special Arrangements

Industrial and commercial subdivision will not be charged Section 64 Stormwater infrastructure contributions.

Section 64 Stormwater infrastructure contributions will be imposed when a building is constructed based on the methodology detailed in the draft Development Servicing Plan Stormwater 2020 Implementation Guide.

This method will apply until Council updates the Wagga Wagga City Council Development Servicing Plan Stormwater.

This methodology will be implemented from the date the Council adopts this Addendum. Any Section 64 Stormwater infrastructure contribution payments made for industrial and commercial subdivision between 1 July 2020 and when the Package is adopted will be reimbursed.

Draft Addendum – Wagga Wagga City Council Development Servicing Plan – Sewerage Services 2013

Deferred Payments in 2020/21 – Special Arrangements

The applicant or any person entitled to act upon a development consent containing Section 64 Sewer monetary contributions imposed according to this Plan may apply to modify the condition to provide for a deferred payment of the contribution, secured by an unconditional bank guarantee.

During 2020/21 approval of any request to defer Section 64 Sewer infrastructure contributions for subdivisions over five lots and other development with a cost of over \$2 million will be granted by the Director Regional Activation.

Payment of contributions may be deferred for 12 months after the date of any Construction Certificate or Sub Division Certificate issued from 1 July 2020 until 1 July 2021.

All contributions will be required to be secured by an unconditional bank guarantee to the value of the contributions due.

Timing of Section 64 Sewer infrastructure contributions – Special Arrangements

Industrial and commercial subdivision will not be charged Section 64 Sewer infrastructure contributions.

Section 64 Sewer infrastructure contributions will be imposed when a building is constructed based on the current methodology.

This method will apply until Council updates the Wagga Wagga City Council Development Servicing Plan Sewerage Services.

This methodology will be implemented from the date the Council adopts this Addendum. Any Section 64 Sewer infrastructure contribution payments made for industrial and commercial subdivision between 1 July 2020 and when the Package is adopted will be reimbursed.

Section 64 Sewer infrastructure contributions in the Central Business District (CBD) – Special Arrangements

Any change of use to a building in the CBD will not be charged Section 64 Sewer infrastructure contributions from the date this Addendum is adopted by Council. This will apply until Council updates the Wagga Wagga City Council Development Servicing Plan Sewerage Services.

Any Section 64 Sewer infrastructure contribution payments made for developments between 1 July 2020 and when the Package is adopted will be reimbursed.