

ITEM 3

ASSISTANCE FOR LICENSEES OF COUNCIL'S COMMUNITY FACILITIES AND SPORTING GROUNDS

This report seeks approval from Council for the provision of financial assistance to mitigate the impact of the Covid-19 pandemic on not for profit community licensees who have been allocated a Council community facility under the *Allocation of Community Facilities to Community Groups* Policy or who are a 355 Committee of Council.

In addition, this report seeks to provide assistance, via a fee waiver, to local sporting groups that hire Council's sportsgrounds for club training and competition purposes.

### RECOMMENDATION

Council recognises the impact of the Covid-19 pandemic on community licensees, sporting clubs and local associations, via the following provisions -

- 1 a Licensees of community facilities, allocated under Council's Allocation of Community Facilities to Community Groups Policy and 355 Committees of Council be provided with the opportunity to apply for financial support for payment of essential outgoings, up to a maximum of \$5,000 per licence, for the 2020/2021 financial year
- b Provision of assistance to be subject to application and based on an analysis of each applicant's financial capacity.
- 2 a Local sports clubs and associations be provided with the opportunity to apply for a conditional 100% waiver of sportsground ground hire fees applicable throughout the impacted winter training and competition period from 25 May 2020 to 17 October 2020
- b This waiver will be subject to the State and Local sports associations providing evidence that they are providing a minimum of a 20% reduction to registration/affiliation/capitation fees in addition to other forms of player subsidy to local clubs which may include costs of team nomination fees, insurance and/or referee costs. This waiver excludes costs associated with the provision of sportsfield lighting to fields.

### REPORT AUTHORISATIONS

Report of: Jenny Thompson, Manager Library and Community Services; and  
Lucielle Power, Manager Property and Recreation

Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

### ATTACHMENTS

There are no attachments for this report.

### BACKGROUND

#### **Community Facilities**

Wollongong City Council (WCC) has licensed the management and operation of 29 of its community centres, halls, community hubs and areas within community centres, to 28 not for profit community organisations, under the *Allocation of Community Facilities to Community Groups* Policy. In addition, Bulli Senior Citizens Centre managed by Bulli Senior Citizens Association is a 355 Committee of Council.

The *Community and Sporting Groups Rentals* Policy stipulates the rental fee to be applied to these licences is \$1 per year. Licensees hire community centres and halls to individuals and to other community groups, on behalf of Council and/or deliver direct services to the community from these Council facilities. Under the terms of WCC licence agreements, income derived by licensees from hire of licenced facilities must be utilised to pay expenses relating to management, operation and maintenance. It cannot be used to fund the activities or services that licensees deliver.

While community facilities licensees pay a minimal licence fee, they bear the full expense of utilities, cleaning, security, waste removal and other activities associated with operation of their facility.

Most community facility licensee organisations are small, local and operating on very limited margins. In the absence of revenue from hire of venue, these organisations have no alternative pool of income to draw on to fund essential expenses such as connection levees and maintenance.

### **Sportsgrounds**

Wollongong City Council provides 220 individual sports grounds for competition and training at 65 individual locations across the city. The majority of outdoor sporting groups utilise these Council managed outdoor venues for training and competition, with clubs having a small volunteer base and operating with limited financial resources.

The provision of sports facilities for outdoor sport in Wollongong remains a well subsidised service and a low-cost point for local sports club activities that generated \$270,000 in income to Council in 2019/20. The applicable Council adopted Fees and Charges for 2019/20 for sports grounds have been retained for 2020/21.

## **CURRENT SITUATION**

### **Community Facilities**

Council determined to close all community facilities, including licensed facilities, from close of business, 24 March 2020. Subsequently on 25 March 2020, the Federal and State Governments legislated the closure of community facilities under the *Public Health Act 2010 (COVID-19)*.

Income for licensees derived from facilities hire has declined with a substantial number of cancellations prior to closure of centres and all hire income ceasing upon closure.

Council has received requests from community facilities' licensees for financial support to mitigate the impact of centre closures during the COVID-19 pandemic and the ongoing financial impact of public health and social distancing regulations.

Some costs in relation to management of each facility, which are the responsibility of licensees, such as cleaning, increased for a short period during the early stages of the COVID-19 pandemic, while the facility was still open. Other costs such as electricity usage and phone usage reduced during the period of closure, while costs such as insurance and phone connection have remained the same. As community facilities have re-opened operational costs have increased again due to the need for more frequent and extensive cleaning and other operational changes to ensure compliance with public health requirements. However, capacity to generate income from hire has decreased to enable physical distancing.

The reduction in hire income to cover ongoing operational costs has the potential to impact negatively on licensee financial sustainability and, as a consequence, their continuing tenure in Council facilities.

This reduces the value of these social infrastructure assets to community due to disruption in their regular hire and could potentially lead to the loss of community services provided by these not for profit community organisations.

Should licensees withdraw from their agreements, there is also a medium-term challenge, where pending re-allocation of these licences, Council will be required to take on direct management of these assets, including hire, cleaning, and a range of other operational responsibilities. In the event of a significant number of licensees handing back their licences, this will pose a resource impost for Council.

### **Sportsgrounds**

All sports training and competition was suspended on 16 March 2020, in response to the Public Health Order and the utilisation of Council sportsgrounds ceased. The major disruption to sports was initially pre-season preparations and training and competition for winter sports codes.

During this initial suspension period (16 March – 24 May), sporting clubs throughout the city experienced unprecedented financial hardship, with downturns in local businesses leading to loss of sponsorship, reduced fundraising opportunities, together with reduced and in some cases no canteen operations.

In response to financial hardship experienced by local sporting clubs, Council has received a small number of formal requests to waive or reduce Council sportsground training and competition hire fees for 2020.

Since the staggered recommencement of training by the various codes throughout June and the reintroduction of competition in mid to late July, clubs have returned to sport in accordance with their COVID-19 safety plans. These plans see reduced spectator attendance to games, limited canteen services which further limits fundraising and additional costs associated with the implementation of COVID-19 safety plans.

While Council is not obliged to provide financial support for its licensees or sporting clubs to enable their continued viability, the impact on community of loss of these services must be a consideration.

### ***Support from Other Tiers of Government***

A further consideration relates to other avenues of assistance that may or may not be available to these organisations. This includes a range of Federal Government initiatives under its economic response to COVID-19 program, including investment incentives, boosting cash flow and administrative relief for certain tax obligations including deferring tax payments up to four months.

The Retail and Other Commercial Leases (COVID-19) Regulation 2020 gives effect to the *National Cabinet Mandatory Code of Conduct—SME Commercial Leasing Principles During COVID-19* adopted by the National Cabinet on 7 April 2020.

The NSW Government has also implemented measures to support businesses, including financial subsidies aimed at keeping people in jobs throughout the pandemic and a waiver of payroll tax for small to medium businesses. Where a small business or non-profit organisation has experienced a significant decline in revenue as a result of COVID-19, they may be eligible for a small business support grant of up to \$10,000.

Financial institutions such as banks will continue to offer hardship provisions and they have promised additional assistance for businesses in financial strife. These provisions are expected to include the waiving of fees, interest free periods, debt consolidation and a deferral of scheduled loan repayments. It is understood that certain industry bodies are also expected to provide relief to their members through various means.

The impact of these relief mechanisms is yet to be realised and the relief itself may be subject to change as the situation continues.

### ***Assistance Provided by Local Government***

Local Government organisations across Australia are facing similar challenges to Wollongong Council, in terms of support for licensees and community organisations that are struggling to remain viable in the face of the COVID-19 restrictions. This includes grants, fee waivers, rental abatements and stimulus packages.

## **PROPOSAL**

It is proposed that Council resolves to support local community facilities licensees via the provision of financial assistance for payment of essential outgoings, up to a maximum of \$5,000 for the 2020/2021 financial year. Provision of assistance would be subject to application on the part of licensees for assistance and based on an analysis of each applicant's financial position and capacity.

It is also proposed that Council, recognises the current plight of community sporting groups and associations through the provision of a conditional 100% waiver of sportsground hire fees applicable throughout the impacted training and competition period, from 25 May 2020 to 17 October 2020.

This waiver will be subject to the State and Local sports associations providing evidence that they are providing a minimum of a 20% reduction to registration/ affiliation / capitation fees in addition to other forms of player subsidy to local clubs which may include costs of teams nominating, insurance and / or referee costs. This waiver excludes costs associated with the provision of sportsfield lighting to fields.

This proposal is suggested within the context of the Council resolution of 25 May 2020 concerning Item C2: *Assistance to Council's Commercial Tenants Impacted by COVID-19*.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2028 goal "We are a connected and engaged community". It specifically delivers on the following:

Community Strategic Plan Strategy	Delivery Program 2018-2022 4 Year Action	Operational Plan 2020-21 Annual Deliverables
4.2.2 Support and Strengthen the local community services sector	4.2.2.1 Continue to participate and contribute to an integrated community service network	Support community based organisations with community facilities to maintain effective governance and sustainable management practices.
5.1.4 Urban areas are created to provide a healthy and safe living environment for our community	5.1.4.1 Provide an appropriate and sustainable range of quality passive and active open spaces and facilities	Increase utilisation of Council's recreation and leisure assets.

## RISK MANAGEMENT

The risks associated with this matter are as follows;

- 1 To community life through the loss of essential community services
- 2 To Council if required to resume responsibility for a large number of community facilities
- 3 To community life through the threat of sports clubs no longer being financially viable to provide sporting opportunities to the local community.

## FINANCIAL IMPLICATIONS

Should it be determined that Council support licensees of community facilities, as outlined in the recommendation, in meeting essential costs that they are unable to meet themselves due to the impact of the COVID-19 pandemic the impact to budget would be \$145,000.

If Council supports the provision of a conditional 100% waiver of sportsground hire fees applicable throughout the impacted training and competition period from 25 May to 17 October 2020, should all clubs and associations be able to meet the criteria and seek to take up the option for the sportsground hire fee waiver, the financial impact to budget would be \$90,735.

The current budget provisions made in the 2020/21 Annual Plan and Operating Budget provides for Income and other impacts of COVID-19 of approximately \$1.8M for Community Facilities, Parks and Sports fields and Property Services. Based on the existing trend in claims and revenue loss it is considered possible to include these two further support measures within the existing funding and continue to monitor the support levels and available funding through the Quarterly Review process.

## CONCLUSION

The Federal and State Governments and a range of other institutions are seeking to support businesses and organisations during the COVID-19 pandemic in recognition of the long term social and economic impact of business failure during this period. However Local Government – and Wollongong Council specifically – also has an interest in mitigating the impact of the pandemic on local community enterprises and local sporting clubs and associations.