

10.4. Outdoor Dining Licence Fees - Response to Council Resolution

AUTHOR: Margaret Palmer Director Corporate Services

ATTACHMENTS: Nil

PURPOSE:

The purpose of this report is to inform Council of the cost implications of a fee waiver for outdoor dining from the period of 1 April to 30 September 2023 (6 months).

EXECUTIVE SUMMARY:

At its meeting of 12 December 2022, Council resolved:

1. THAT a report be provided to Council regarding waiving outdoor fees for a six month period.

The rationale for asking for a report was that the City of Sydney is waiving outdoor dining fees until 30 June 2025, therefore the question arose as to whether North Sydney Council (NSC) should also consider waiving its fees. NSC recommenced charging on 1 July 2022.

In considering this, the City of Sydney Council is not a meaningful comparison with NSC as it has a much larger budget and charges higher rates while NSC has a lower rate base. Additionally, Colliers has confirmed that neighbouring councils (Mosman, Willoughby, Lane Cove, Northern Beaches, Waverly, Woollahra, and Randwick) are currently charging outdoor dining licence fees.

Based on advice from Colliers, NSC has a budget for outdoor dining licence fees of \$945,000 for the 2022/23 financial year, with \$642,000 received to 31 January 2022/23. The budget for the 2023/24 financial year is \$969,000.

The total revenue foregone for Council if outdoor dining licence fees were to be waived for the period 1 April to 30 September 2023 (6 months) would be approximately \$375,000, spread across the 2022/23 and 23/24 budget years.

National data (ABS) shows that cafe and restaurant income levels have improved and are close to pre-Covid levels. North Sydney Council is experiencing the same trend which is evident through an increase in parking meter income (although not yet at pre-Covid levels), and the increase in workers returning to offices. With improved income comes the capacity for cafes and restaurants to meet their operating costs —one of which is the payment of outdoor dining licence fees.

As stated in the North Sydney Council's December Quarterly Budget Review a deficit before capital grants and contributions of \$2.42 million has been forecast for this financial year to 30 June 2023. In addition, it is anticipated that additional costs associated with the North Sydney Olympic Pool will require further adjustment in the March Quarterly Budget Review, which will further pressure on operating results and cashflows.

It remains a time for caution, and the decision to waive fees must be made in the context of the whole of Council's finances. Considering that neighbouring councils are charging outdoor dining licence fees, NSC's forecast deficit, the likely need for further adjustment to fund the Olympic Pool, and the capacity of cafes and restaurants to pay, waiving of outdoor dining fees is not recommended.

That said, the Council may wish to consider the development of a Hardship Policy which would, if the applicant meets the financial criteria, provide support to a café or restaurant that is struggling.

FINANCIAL IMPLICATIONS:

The cost to waive outdoor dining licence fees for the next six months (1 April to 30 September 2023) would be a loss in income of \$375,000.

RECOMMENDATION:

- 1.THAT** Council continues charging outdoor dining licence fees.
- 2.THAT** Council develop a Hardship Policy to provide support to cafes and restaurant that can demonstrate financial distress.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

2. Our Built Infrastructure

2.1 Infrastructure and assets meet community needs

3. Our Future Planning

3.1 Prosperous and vibrant economy

BACKGROUND

In response to the COVID-19 Pandemic crisis in March 2020, North Sydney Council came to the aid of café and restaurant owners, with the introduction of Council's Waiving Charges During Novel Coronavirus (COVID-19) Policy (D5-49) dated 25 March 2020. This policy remained in place until 30 June 2022, when charging of outdoor dining licence fees recommenced.

CONSULTATION REQUIREMENTS

Community engagement is not required.

DETAIL

Outdoor dining licence fees are managed through Colliers. Licensees can elect to be invoiced either annually or quarterly with invoices issued in July, October, January, and April. Colliers provide Council with monthly reporting on income, payments, and arrears.

Australian Bureau of Statistics (ABS) data shows that cafe and restaurant income levels have improved and are close to pre-Covid levels, with those in the North Sydney LGA experiencing the same trend. With improved income comes the capacity for cafes and restaurants to meet their operating costs, including the payment of outdoor dining licence fees.

A Budget of \$945,000 for outdoor dining licence fees has been provided for the 2022/23 financial year, with \$642,000 received to 31 January 2023. For 2023/24 a budget of \$969,000 has been budgeted for. Additionally, the December Quarterly Budget Review forecasts a deficit of \$2.42 million before capital grants and contributions, with further adjustment to be made for the Olympic Pool in the March Quarterly Budget Review. Thus, combined with NSC's low rate base, it is not deemed financially prudent for the Council to waive outdoor dining fees which would result in a loss of income of \$375,000 for the six-month period.

Council could consider the development of a Hardship Policy which would provide support, if an applicant meets financial criteria, for struggling cafes or restaurants.