

17.2 LATE ITEM - NEWSLINK COVID-19 RELIEF

File No:	TT.440
Responsible Executive Officer:	Director Strategic Projects & Infrastructure
Reporting Author:	Airport Manager
Date of Report:	25 June 2020
Applicant/Proponent:	Newslink Pty Ltd
Disclosure of Interest:	Nil
Attachment(s)	Nil

PURPOSE

For Council to consider retrospectively approving the request from Newslink Pty Ltd (Newslink) for provision of COVID-19 relief, to waive operational expenses.

BACKGROUND

Newslink currently leases the newsagency, food and beverage areas of the retail areas at the Karratha Airport. The lease commenced in 2015 with an initial five-year term with a two year extension option.

As has been widely reported, the onset of the COVID-19 pandemic has resulted in widespread, rapid declines in air travel passengers. The Karratha Airport was not immune to these declines with a year on year decline in passengers of 76.7% in April and 76.6% in May.

On 17 April 2020, Newslink temporarily ceased trading at the airport citing that the rapid drop in terminal visitors made it uneconomical to trade. Karratha Airport was the last of Newslink's regional airport facilities to close due to the pandemic.

On 8 June, Newslink reopened their newsagency with limited trading hours to cater to increasing regular public transport flights. They further plan to reopen their bar and café on 29 June. During their closure period, Newslink have utilised JobKeeper to keep their staff engaged where staff qualify.

Newslink do not qualify for rent relief measures introduced under the *Commercial Tenancies (COVID-19 Response) Act 2020 (WA)*, subsidiary legislation, or Federal or State stimulus packages as their business is too large to automatically be eligible for relief.

Under their lease agreement, Newslink currently pay rent of approximately \$70,800pa (excl. GST). In addition to rent, they pay for rates and operational expenses. The operational expenses cover their proportion (on basis of m2 of their leased area) of costs such as cleaning, waste removal and insurance at the Airport. The total annual payment of operational expenses excluding rates is approximately \$37,100 (excl. GST). Newslink were billed in full for rent and outgoings throughout their closure period as they did not qualify for the Council endorsed rent relief package.

On 4 June 2020, Newslink requested a 100% waiver of operational expenses from April 2020 until passengers return to 90% of the pre COVID-19 levels for the same period the previous year. Due to the uncertainty of the time period that the request could entail, Officers

proposed an alternative to consider a waiver of 100% of operational expenses excluding rates, but including any accumulated interest for a period of three (3) months from April 2020 to June 2020. This period substantially aligns with Newslink's closure period. Newslink confirmed they would accept the proposal.

This proposal was put to the Chief Executive Officer for consideration. Due to:

- a) the extraordinary circumstances attributed to COVID-19;
- b) the desire to see retail, food and beverage facilities open at Karratha Airport; and
- c) the relatively minor nature of the concession in the context of a seven (7) year lease

the CEO agreed with this proposal by providing an authorisation to waive the operational expenses to facilitate the rapid reopening of the Newslink service. It should be noted however, that as a delegation does not exist with the CEO to waive tenant outgoings/operational expenses with a lease that was originally approved by Council, Council are now requested to consider retrospectively approving this waiver.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of parties affected issues and Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

Councillors were regularly informed of the status of Newslink closure during the periods April to June 2020.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

The power to defer, grant discounts, waive or write off debts is required to comply with Section 6.12 of the *Local Government Act 1995*, requiring an absolute majority decision by Council.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

The total waiver amount is \$9,353 made up of:

3 months Operational expenses	\$9,265
Interest	\$ 88

The waiver does not impact the lease rent or Council rates that are fully payable by Newslink. These charges represent the majority of the revenue that the City receives from Newslink.

The operational expenses (not including interest) subject to this waiver request, equates to 3.6% of the total Newslink outgoings for the life of the lease term.

STRATEGIC IMPLICATIONS

There are no strategic implications.

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil

Category	Risk level	Comments
Financial	Low	Waiver of \$9,353.52 excl. GST for a period of three (3) months. There would be a minimal impact on airport operational expense as the facility was closed, and cleaning and waste removal services were reduced.
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	N/A	Nil
Compliance	N/A	Nil

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

Council has previously waived property fees for Aviair and North West Aviation Services in relation to support for small business due to COVID-19. Council has also supported the waiver of property fees for Virgin Australia as part of their voluntary administration.

Additionally, as a component of its COVID-19 business support package, the City offered substantial lease fee relief for commercial tenants in The Quarter HQ, Leisureplex, Wickham Recreation Precinct and other community facilities.

VOTING REQUIREMENTS

Absolute Majority.

OPTIONS:

Option 1

As per Officer's recommendation.

Option 2

That Council by ABSOLUTE Majority pursuant to Section 6.12 of the *Local Government Act 1995* RESOLVES to NOT WAIVE operational expenses and accrued interest for provision of COVID-19 relief, as requested by Newslink.

CONCLUSION

The request to waive operational expenses will also support Newslink's efforts to restart operations. Officers believe the waiver is justifiable for the period April to June 2020, as the business was closed due to COVID-19 and Newslink have continued to pay lease fees during this period.

The Newslink facility at Karratha Airport provides a vital service to the community and passengers that use the airport, being the only newsagency, food and beverage retailer on site.

OFFICER'S RECOMMENDATION

That Council by ABSOLUTE Majority pursuant to Section 6.12 of the *Local Government Act 1995* RESOLVES to SUPPORT the Chief Executive Officer in his decision to WAIVE 100% operational expenses including any accumulated interest for a period of three (3) months from April 2020 to June 2020 for the property leased at Karratha Airport by Newslink Pty/Ltd at a cost of \$9,353 (excl. GST).