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ABN 84 873 116 132

March 25, 2020

**ORDINARY MEETING OF THE COUNCIL MEETING**

**TO BE HELD**

**WEDNESDAY, MARCH 25, 2020**

**SUPPLEMENTARY AGENDA NO. 3**



**JAMES RONCON**  
**GENERAL MANAGER**

## **FURTHER BUSINESS**

1. MAYORAL MINUTE NO. 5/20 - DATED MARCH 25, 2020 - ENACTMENT  
OF COUNCIL'S BUSINESS CONTINUITY PLAN DUE TO THE COVID-19  
PANDEMIC (16/165, 11/264) ..... 3

## ORDINARY MEETING OF THE COUNCIL

March 25, 2020

**ITEM 1**MAYORAL MINUTE NO. 5/20

SUBJECT: ENACTMENT OF COUNCIL'S BUSINESS CONTINUITY PLAN DUE TO THE COVID-19 PANDEMIC 16/165, 11/264

**Summary**

On 28 September 2016 (Minute Number 45342) Council adopted its Business Continuity Policy. This Policy ensures the implementation of the integrated planning and management processes designed to minimise disruption related risk at Council.

The policy is required to ensure Council can define what infrastructure and resources are required to achieve minimum operating performance and maintain uninterrupted availability of key business resources necessary to meet Council's strategic and operational objectives and legal obligations.

This policy covers Disruptive Incidents (Incidents) of such a scale as to otherwise be beyond the coping capability of an organisation's normal management system.

The General Manager will undertake appropriate action(s) necessary to assess, evaluate and respond to, and recover from, disruptive incidents.

Through the establishment of Business Continuity Plans (BCP) the policy provides a mechanism that enables Council and its officers to:

- Build resilience within Council's operations.
- Manage business interruption risks in accordance with AS/NZS 5050:2010 Business Continuity – Managing Disruption Related Risk.
- Develop resumption plans based on criticality of business functions rather than geographic location.
- Identify and document roles and responsibilities for key staff positions to plan, review and implement the Business Continuity Plan.
- Minimise the impact of function loss on Council's stakeholders and the community.
- Minimise the impact of function loss on Council's reputation.
- Minimise any risks associated with public health, safety and/or welfare.
- Ensure Council considers regulatory requirements and/or compliance with legally enforceable contracts during outages.
- Maintain control of expenditure and minimise extraordinary costs resulting from incidents.

The following Council officers are responsible for the implementation and the adherence to this policy:

- The Broken Hill City Council BCP is developed under the authority of the Executive Team. Prior to implementation the plan is reviewed and approved by that body.
- The General Manager or delegated Council Officer holds the authority to develop, assess, evaluate, and activate Council Business Continuity arrangements and procedures in response to incidents.
- A standing authority is given to the Sub-Plan owners by the Executive Team to implement the actions identified within the sub plans.

In line with the Business Continuity Policy, the General Manager enacted the Business Continuity Plan for Broken Hill City Council on 13 March 2020 and stood up the Continuity Management Team to deal with the Council's response to the Covid 19 pandemic.

## Report

### What is COVID-19 and a WHO Pandemic?

Coronavirus (COVID-19) is a respiratory illness caused by a new virus. Symptoms range from a mild cough to pneumonia. Some people recover easily, others may get very sick, very quickly. There is evidence that it spreads from person to person. Good hygiene can help prevent infection.

Internationally, the peak body for the management of pandemic outbreaks is the World Health Organisation (WHO). The WHO maintains an extensive global monitoring program for all communicable diseases, including influenza.

In Australia, the Federal Government has developed *The National Action Plan for Human Influenza Pandemic (NAP HIP)* and other pandemics which presents options on how to best respond to the next pandemic.

Building on this plan, the NSW Government has developed a *NSW Human Pandemic Plan*, a sub plan of the NSW State Emergency Management Plan. This plan will help support and coordinate efforts during such outbreaks, and minimise, where possible, the short and long term social and economic disruption to the population of NSW.

WHO has now officially designated COVID-19 as a pandemic and the Australian and NSW Governments have enacted their respective action/pandemic plans.

BHCC has invoked its Business Continuity Plan and Pandemic sub plan as required and is testing supporting processes in readiness for any evolving stages of the COVID-19 pandemic.

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**During a pandemic, the BHCC priorities will be to:**

- Maintain the essential services that Council provides to the community
- Communicate with the community about Council core business
- Support other government agencies to manage the impact of a pandemic.

The BHCC response to a pandemic will be guided by advice from the NSW Department of Health and other emergency service providers.

**Direct key potential community / business impacts for BHCC:**

- Work Health and Safety of employees, contractors, visitors and residents (Duty of Care under Section 19 *WHS Act 2011*)
- Employee availability
- Maintenance of essential services
- BCP considerations

The General Manager has been ensuring the Community, Councillors and staff are regularly kept up to date with Councils response to the Covid 19 pandemic through the distribution of situation reports (Sitreps), media releases, frequently asked questions which has also encompassed a very strong social media presence to keep people informed.

## Financial Impacts to Council

COVID-19 has had and will continue to have a devastating impact to the economy and all businesses across the world and Australia. Our Council has not been immune from these devastating impacts and without proper fiscal and sustainable management, it will have an irretrievable impact on our organisation.

The Executive Leadership Team (ELT) are currently reviewing the impacts to the organisation as well as the Long Term Financial Plan, however a preliminary assessment has the impact on Council tracking at a further operating deficit that would exceed \$2 million for the year ending 30 June 2020.

This has been caused by the closure of facilities such as the Broken Hill Regional Aquatic Centre, Broken Hill Regional Art Gallery, Albert Kersten Mineral & Mining Museum and the Civic Centre. Other events outside of Council's control include the reduction in Council's expected investment return as well as a reduction in the use of Council's commercial facilities which has reduced revenue received at Council's airport and waste management facilities.

A summary of large items is as per the below table.

<b>Financial Impact</b>	<b>Amount (\$)</b>
Revenue Attracting Facilities	150,000.00
Cancellation of Events & Civic Centre Closure	60,000.00
Aquatic Centre - Additional Operating Deficit	130,000.00
Impact to Airport Operations	390,000.00
Impact to Waste Operations	330,000.00
Reduction in investment assumptions	500,000.00
Increase in cleaning	30,000.00
	<b>1,590,000.00</b>

This is by no means an exhaustive list and is based on the current government regulations for reduced services. In an event of full closure, these impacts will be even more devastating, and Council can expect to see losses greater than \$2 million to 30 June 2020. The Operating deficit for year ending 30 June 2020 without any expenditure constraints will be \$6.5 Million.

This loss is unsustainable for any organisation and our Executive Leadership Team (ELT) are looking at ways of reducing this impact by reviewing the current budget to ensure non-essential expenditure can be reduced as well as looking at alternate methods for service delivery.

Council understands that outstanding rates will increase and ratepayers ability to pay in full and on time will be impacted and as such this will impact Council cash flow. To this end all capital projects are currently being reviewed to ascertain what can be postponed or paused to ensure Council can effectively manage its cashflow to ensure all staff and creditors are paid on time.

As this pandemic continues, a revision of the 2020/21 Operational Plan that was presented to our Councillors only a few weeks ago is being reviewed and will be significantly different due to these implications and the need for financial recovery over the next 24+ months.

The most important thing for me and I know it is for the General Manager and ELT is to ensure all staff continue to receive a pay cheque each fortnight, for as long as we can sustain it, while we move through these critical times. This will mean that staff that can continue to work at home or as part of a skeleton outdoor crew, but management will also be looking at what staff have large leave balances and asking these staff to take leave and use their leave balances. This will ensure that staff with no or low leave balances can continue to be paid but also ensure that Council is not put in a position where staff have to be made redundant or stood down without pay to ensure the going concern of Council.

Further reports will be prepared for Council with recommendations as this continues to change as well as an updated Long-Term Financial Plan once a full operating and capital expenditure review has been incorporated into the revenue impacts.

I must stress this is a very serious time for the Council and strong fiscal management is paramount. It is still early days, however the longer this pandemic goes, the longer the recovery will be for Council.

The ELT have already implemented a recruitment freeze on all non-essential positions, but this may continue will into the next 12-24 months as this pandemic continues; capital works may need to be deferred and services levels may need to be reduced in the short term to allow for the reduction in ongoing revenue as well as holding appropriate cash reserves.

On a positive note, Council has worked extremely hard over the past four years in ensuring financial sustainability is a priority for Council, this has included prudent budget management, implementing operating efficiencies as well as ensuring proactive capital works to allow for an increase in the quality of infrastructure and reduce maintenance costs. Had this global pandemic occurred four years ago, Council would be facing a very different proposition and the consequences would be far more dire with immediate impacts to Community levels of service and staffing levels.

### **Community Assistance**

Whilst there is impacts to our organisation, I also acknowledge that Council needs to do what it can to assist those suffering in the community from job losses, business closures and a decline in economic activity all driven by impact of COVID-19.

Large economic stimulus is required to keep each business community afloat; this is something that needs be driven at a Federal and State Level, which we are already seeing announced by our Prime Minister and State Premier. As you would have noted in my earlier Mayoral Minute, our Council is advocating to the Federal and State Government for stimulus to local Councils so that we can deliver locally led solutions.

We are already seeing a number of residents and business ask Council for rates assistance in the form of waiver or reducing rates; our Council is not in financial position to achieve this. The consequences for even a reduction in the final instalment of rates would have dire consequences for our organisation and require immediate changes to services levels and staffing levels, however there are alternate methods where we can assist.

As is mentioned earlier, Local Government does not have the resources or the ability for large scale stimulus, however whilst Council is not in a position to provide cash injections as financial assistance to the community or the ability to waiver rates, we can reduce the impact and facilitate spending within the community by other means and measures.

I recommend the following be adopted until 30 June 2020 and reviewed as part of the 2020/21 Operational Plan.

1. An amendment to Council's Debt Collection Policy to pause all current debt collection activity.
2. An amendment to Council's Statement of Revenue to freeze the overdue interest rate of 7.5%.
3. An amendment to Councils Procurement Policy for the following additions:
  - a. A relaxation of Council's procurement process to allow for all purchases below \$5,000 to be purchased directly from local suppliers.
  - b. All purchases above \$5,000 will be awarded to local suppliers if they are the most competitive in monetary terms or if they fall within 10% of the most competitive quotation.
  - c. A reduction in payment terms from 30 days to seven (7) days, to ensure swift payment to businesses.

### **Recommendation**

1. That Mayoral Minute No. 5/20 dated March 25, 2020, be received.
2. That Council note the actions of the General Manager to enact the Business Continuity Plan and stand up the Continuity Management Team.
3. That Council make amendments to the Procurement Policy to allow for all purchases below \$5,000 to be purchased directly from local suppliers, where practicable.
4. That all purchases above \$5,000 will be awarded to local suppliers if they are the most competitive in monetary terms and/or if they fall within 10% of the most competitive quotation.
5. That Council updates its Statement of Business terms to reduce payment terms from 30 days to seven (7) days, to allow timely payments to businesses.
6. That Council amend its Debt Recovery Policy to freeze all debt recovery action on unpaid rates.
7. That Council amend its Statement of Revenue to reduce the overdue interest rate on unpaid rates from 7.5% to 0%.
8. That resolution three, four, five and six be in place until 30 June 2020, with the view to review again as part of the 2020/21 Operational Plan.
9. That Council note the devastating impacts to Council's financial position due to COVID-19.

### **Attachments**

There are no attachments for this report.

**D TURLEY AM**  
**MAYOR**