

16.1 COVID-19 Community Financial Relief Measures

File Number: IN20/246
Responsible Director: Director Shared Services
Attachments: Nil

EXECUTIVE SUMMARY

Council has a key role to play in providing financial assistance to the Manningham community due to the impact of the COVID-19 outbreak.

This report recommends the provision of immediate relief, as well as further support in the 2020/21 financial year. Council aims to provide economic assistance to the segments of the community who most need it (rate payers, small businesses, community groups / local clubs and other vulnerable groups) using a strategy which balances the short and long term needs of the organisation and that is also financially sustainable for the organisation.

This report proposes a COVID-19 Financial Relief Package with a cost of approximately \$3.80 million over the next two financial years (2019/20 and 2020/21).

Despite Council's operating budget incurring significant costs associated with the impact of COVID-19, as well as the proposed generous relief measures for the Manningham community, Council's well managed financial position permits an expectation of a continued financially sustainable position.

To further strengthen Council's financial position, over the coming months Council officers will continue to conduct reviews of expenditure in order to offset some of the financial impacts of COVID-19 on the organisation. This will ensure that Council can provide services to the community, ensure the ongoing maintenance of our community's infrastructure and deliver our capital works program without necessarily having to borrow funds.

RECOMMENDATION

That Council:

- A. endorses the proposed COVID-19 Community financial relief measures as outlined in section 2 of this report;**
- B. delegate to the Chief Executive Officer the power to negotiate and vary leases and licences with Council tenants in accordance with the financial relief measures endorsed by Council, or federal or state legislation as applicable;**
- C. notes that the financial impact of the associated measures will be accounted for in the 2019/20 forecast and the proposed 2020/21 budget; and**
- D. endorses the 2020/21 budget adoption to be delayed by one month and presented to Council for adoption in the July Council meeting cycle.**

1. BACKGROUND

- 1.1 The 2019-20 coronavirus pandemic was confirmed to have reached Australia in January 2020. On 15 March 2020, the Victorian Premier declared a State of Emergency in Victoria in response to the COVID-19 outbreak.
- 1.2 The closure of many non-essential businesses in Australia is estimated to result in one million people losing their jobs.
- 1.3 Councillors requested that Officers present a range of options to assist the Manningham community during this challenging time.

2. DISCUSSION / ISSUE

- 2.1 Each level of the Australian government is providing financial assistance to the people and businesses impacted by this outbreak.

Federal Government

- 2.2 So far a total of \$320 billion is being provided through the Commonwealth Government to keep Australians in work and businesses in business. The support package includes:
 - Support for households including casuals, sole traders, retirees and those on income support;
 - Assistance for businesses to keep people in jobs;
 - Regulatory protection and financial support for businesses to stay in business;
 - Fortnightly payments to subsidise wages and keep Australian employed. Nearly half of the Australian workforce (around 6 million Australians) will be eligible for the “Job Keeper” payment for 6 months.

Victorian Government

- 2.3 On 21 March 2020, Premier Daniel Andrews and Treasurer Tim Pallas announced a \$1.7 billion economic survival and jobs package to help Victorian businesses and workers survive the devastating impacts of the coronavirus pandemic. The highlights of package include:
 - Full payroll tax refunds for the 2019/20 financial year to small and medium-sized business with a payroll of less than \$3 million;
 - Small businesses will also be able to defer any payroll tax for the first three months of the 2020/21 financial year (until 1 January 2021);
 - Commercial tenants in government buildings can apply for rent relief;
 - The Government will pay all outstanding supplier invoices within five business days;
 - Provision of \$500 million to establish a Business Support Fund;
 - Establishment of a \$500 million ‘Working for Victoria Fund’ to help workers who have lost their jobs at this difficult time.

COUNCIL'S PROPOSED RESPONSE

- 2.4 As part of the 2020/21 budget process, Council is establishing a COVID-19 Financial Relief Package designed for our local community and businesses. This package will help to relieve the economic, social and health impacts of the pandemic, providing both immediate support as well as further support over the coming months.
- 2.5 The COVID-19 Financial Relief Package is estimated to cost approximately \$3.8 million and has been built around the following high level principles:
- Focus on assisting those most in need;
 - Balance short term relief with longer term revenue stability; and
 - Maintain Council's financial sustainability.
- 2.6 These principles guided the development of the package for the following community segments:
- Ratepayers / community;
 - Local businesses;
 - Clubs / community groups; and
 - A Community Relief Fund.

Ratepayers / Community / Local Businesses - up to \$1.60 million of support

- 2.7 Support includes:
- Payment of the 4th quarter rates instalment deferred to 30 Jun 2020 (providing an additional four weeks to pay), with no penalty interest;
 - Simplification and refinement of the Financial Hardship application process;
 - Provision of options to enter into payment arrangements for non-payment of rates and other fees and charges on the grounds of financial hardship (at a cost of up to \$0.60 million);
 - A proposal to increase the Low Income Rates Rebate for 2020/21 to \$100 (from \$64.25 in 2019/20) at a cost of up to \$0.01 million. This is a rebate on rates for low income Health Care Card holders "LI";
 - A proposal for no increase to be applied to Waste Service Charges for ratepayers for 2020/21. This is despite a significant anticipated increase in costs to Council due to a proposed 30% increase in the State Government landfill levy and a large increase in gate fees charged to Council. It is proposed to defer the increase in Waste Service Charges for 2020/21 to future years to offset the increased costs to Council of \$1.0 million.

Support to Older Residents – up to \$0.38 million of support

- 2.8 It is proposed that Council provide additional support services for older residents in the community. This initiative will provide support for the older community of the municipality during this difficult time and may cost Council up to \$0.38 million over the next six months depending on demand.

Local Businesses – up to \$0.23 million of relief

2.9 Local businesses are being heavily impacted by the Federal and State government's shut-down bans in response to the COVID-19 pandemic. To help manage their cash flows, it is proposed that Council provides a 50% discount on the next round of annual registration fees for footpath trading permits, food and health premises and also provides a 50% discount on the next round of trader parking permits. It is expected that over 2,000 businesses will be able to benefit from this initiative, at an approximate cost to Council of \$0.23 million in 2020/21.

Local Business Development Programs – up to \$0.10 million of support

2.10 Business development programs are also recommended to provide additional support to local businesses in the short and medium term. These programs would come at an estimated cost of \$0.10 million.

2.11 These initiatives would include the provision of:

- Business advisory services and mentoring for heavily affected businesses;
- One-on-one tech support/transition for businesses;
- Marketing support and business planning;
- Activation post lockdown; and
- Adaptation to the new business environment.

Clubs and Community Groups Leases/Licences – up to \$0.45 million of relief

2.12 Sporting clubs and community groups are also being heavily impacted by the COVID-19 restrictions. Officers recommend the following assistance to local groups who have existing lease/ rental arrangements with Council or who use Council owned buildings, pavilions and sports grounds over a six month period (at a total cost of \$0.45 million):

- Free use of Council facilities (pavilions & buildings) to sporting clubs, preschool /kindergartens, community houses, child cares & community organisations (\$0.05 million);
- Free use of sports ground to sporting clubs during the winter season (\$0.075 million);
- Rent free period with no outgoings recovery from MC² tenants (community organisations and library) (\$0.12 million); and
- Discount on utilities recoveries (\$0.20 million).

COVID-19 Community Relief Fund – up to \$1.00 million of relief

- 2.13 Officers are initially preparing a short-term program that focusses on urgent relief and support. The 3-4 month program will involve partnerships with existing service providers who receive grant funding or who have contracts in place. The new or expanded services shall be directly negotiated with service providers based on the identified need in the community and the organisation's capacity to deliver.
- 2.14 During this initial period of support, officers will develop a medium to longer term funding program that focuses on community recovery and adaptation. This program will provide support for those most impacted by the pandemic so they can adapt and succeed as the crisis evolves and eventually dissipates.
- 2.15 The priority areas supported via this Community Relief Fund along with the governance and administration arrangements are being determined. The amount of funding required may be up to \$1.00 million.

3. IMPLEMENTATION**Finance / Resource Implications**

- 3.1 The proposed COVID-19 community relief measures are anticipated to cost Council a combined total of approximately \$3.80 million. The financial impact of the associated measures will be accounted for in the 2019/20 forecast and the proposed 2020/21 budget.
- 3.2 On April 9 2020 the Local Government Minister Adem Somyurek announced an extended deadline for 2020/21 Council Budgets until 31 August and for Annual Reports to 30 November.
- 3.3 It is proposed that due to the impact of COVID-19 and the need to incorporate both the impacts on Council's operating budget and the measures proposed in this report, that Council avail itself of this extension and push back adoption of the Budget to the July 2020 meeting cycle. At this stage it is still proposed that the Annual Report be adopted as normal, however if this changes Council will be advised.
- 3.4 Over the coming months, Council officers will also conduct reviews of expenditure including a review of operating projects and other expenditure and will consider delaying or cancelling any non-essential projects in order to offset some of the financial impacts on Council in relation to COVID-19.

4. DECLARATIONS OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any direct or indirect conflict of interest in this matter.