

SPECIAL COUNCIL MEETING AGENDA

MONDAY, 18 MAY 2020



GLENORCHY CITY COUNCIL

QUALIFIED PERSON CERTIFICATION

The General Manager certifies that, in accordance with section 65 of the *Local Government Act 1993*, any advice, information and recommendations contained in the reports related to this agenda have been prepared by persons who have the qualifications or experience necessary to give such advice, information and recommendations.

A handwritten signature in blue ink, appearing to read 'Tony McMullen', is positioned above a horizontal line.

Tony McMullen
General Manager

15 May 2020

Hour: 12.00 noon

Present:

In attendance:

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1. APOLOGIES

2. PECUNIARY INTEREST NOTIFICATION

GOVERNANCE

Community goal: “Leading our community”

3. COVID-19 COMMUNITY ASSISTANCE PACKAGE FOR 2020/21 FINANCIAL YEAR

Author: General Manager (Tony McMullen)

Qualified Person: General Manager (Tony McMullen)

ECM File Reference: COVID-19

Community Plan Reference:

Community Plan Reference:

Leading our Community

We will be a progressive, positive community with strong Council leadership, striving to make our Community's Vision a reality.

Strategic or Annual Plan Reference:

Making Lives Better

Objective 1.3 Facilitate and/or deliver services to our communities

Strategy 1.3.1 Deliver defined service levels to our communities

Open for Business

Objective 2.1 Stimulate a positive economy

Strategy 2.1.1 Foster an environment that encourages investment and jobs

Strategy 2.1.2 Build relationships with government and the private sector that create job opportunities for our communities

Leading our community

Objective 4.2 Prioritise resources to achieve our communities' goals

Strategy 4.2.1 Deploy the Council's resources to deliver value

Objective 4.3 Build relationships to deliver our communities' goals

Strategy 4.3.1 Foster productive relationships with other levels of government, other councils and peak bodies to achieve community outcomes

Reporting Brief:

To seek Council's approval of a COVID-19 community assistance package for the 2020/21 financial year to enable the package to be announced prior-to and to inform the finalisation of the 2020/21 budget estimates for Council consideration in mid-June.

Proposal in Detail:

Background

As outlined in reports to Council on 30 March and 27 April 2020, the Mayor, General Manager and Council officers have been working with their counterparts in the local government sector, along with the Tasmanian government, to respond in a co-ordinated way to the significant social and economic impact of the COVID-19 pandemic upon our communities.

The Premier and Minister for Local Government, in their letter to Tasmanian councils on 16 April 2020, set the following expectations for the sector:

During this time, we need to ensure Tasmania keeps functioning and where we can we need to keep Tasmanians in business and in jobs. The contribution of Local Government to these efforts will be critical to our success and it has been heartening to see so many councils stepping up to play their part in recent weeks. But we need to do more.

Local Governments, like State and Federal Governments are in a unique position to use their balance sheets to support the economy and the community during this time. Local Governments also have a number of tools to hand that can help with local community economic support and we are now seeing a range of these community care packages being released. We strongly encourage all councils to consider their individual packages and provide support to their community as a matter of urgency. It is vital that all councils agree to measures including rate increase freezes and generous hardship policies. These measures will provide much needed relief to Tasmania's local businesses and rate payers and send a strong message that all levels of government are playing their part to support the community at this unprecedented time.

At its 30 March 2020 meeting, Council approved an interim community assistance package to provide support for the financial year up to 30 June 2020 for those in the City adversely affected by COVID-19.

However, this package did not extend to the 2020-21 financial year because of:

- the level of uncertainty then prevailing in relation to the likely course, impact and financial consequences of COVID-19 for our community
- the need to do additional work to investigate and set up processes – e.g. COVID-19 specific hardship guidelines, and
- the need to consider availability of funding through the 2020-21 budget.

COVID-19 Community Assistance Package 2020-2021

The following community assistance measures are recommended for the 2020-21 year:

- No bill increase on 2020/21 rates bills for all Glenorchy ratepayers through introduction of a COVID-19 relief rebate for the 2020/21 year
- Specific COVID-19 financial hardship guidelines to streamline applications for relief on rates and charges under Council's hardship policy
- Deferral of penalties and interest on overdue rates incurred during the COVID-19 emergency period

- Waiver of rent for grassroots community and sporting organisations
- Partial waiver and/or deferral of commercial rents for eligible commercial tenants
- Community grants
- Additional business support measures
- Stimulus projects, and
- A faster payment cycle for supplier accounts

Each of these elements is explained in further detail below:

Zero bill increase on 2020-21 rates bills

Under this recommendation, there would be **no bottom-line increase in rates bills** for Glenorchy City Council ratepayers in 2020/21. This would include both general rates and other charges that are included on the rates bill.

The components of the rates bill would be as follows:

- a COVID-19 relief rebate for 2020/21 to ensure that there is **no increase in the total rates bill** received by a ratepayer in 2020/21 when compared to their 2019/20 rates bill, **regardless of any nominal increases** in other items on the bill result.
- a nominal rate increase of 2.5% in accordance with Council's long-term financial management plan
- an increase in FOGO charges to recognise the change from part year to full year operation in 2020/21 (which is an external contract obligation on Council), and
- an increase in recycling charges to recognise the increased gate fee at the Derwent Park Materials Recycling Facility which is an external contractual obligation on Council.

The Minister for Local Government has confirmed that there will be no increase in the fire service levy in 2020/21.

The COVID-19 relief rebate will ensure that all ratepayers' bills will remain exactly the same as they were in the previous financial year, unless they specifically requested extra services.

The cost of this measure in foregone revenue is estimated to be around \$1.8M.

Specific COVID-19 financial hardship guidelines

Council has developed specific COVID-19 Financial Hardship Guidelines (Attachment 1) to help members of the community who are suffering genuine financial hardship as a result of the COVID-19 pandemic to access relief under Council's Financial Hardship Policy.

These guidelines were made effective from 30 March 2020 as part of Council's interim community assistance package for 2020/21. It is recommended that Council extends the guidelines so that they apply for the 2020/21 year.

Under the guidelines, a person who demonstrates they are in genuine financial hardship may seek the following relief:

Delayed payment of rates and charges

Deferral of the payment of Rates and Charges (i.e. paying rates and charges after they would normally be due) for up to 24 months.

Removal of interest and penalties on overdue rates and charges

This is a waiver of any interest, penalties and any legal charges incurred for overdue Rates and Charges, either in-part or in-full.

Waiver or deferral of other Council fees

Either a waiver or a deferral of other Council fees, such as dog registration fees, for up to 12 months from their due date.

Delaying payment of infringement notices (fines)

A deferral of the requirement to pay infringement amounts (such as parking fines) for up to 12 months from their due date.

Council's aim is to make sure that decisions are made which best support those in genuine need, based on the minimum necessary evidence.

The cost of this measure in increased bad debts is estimated to be \$1.5M.

Deferral of penalties and interest on overdue rates incurred during the COVID-19 emergency period

Where a ratepayer falls behind on their rates bill during the COVID-19 emergency period, it is recommended that, for 2020/21, Council defers any penalties and interest that would otherwise be charged.

The cost of this measure in foregone revenue is estimated to be \$200,000.

Waiver of rent for grassroots community and sporting organisations

It is recommended that the rent for grassroots community and sporting organisations be extended to the entire 2020/21 financial year.

This measure has already been applied to rental instalments falling due from 30 March to 30 June 2020.

The cost of this measure in foregone revenue is estimated to be \$200,000.

Partial waiver and/or deferral of commercial rent for tenants of Council land

Council officers have prepared Covid-19 Rent Relief Guidelines for Tenants of Council Properties([Attachment 2](#)). These cover all Council tenants, including commercial and grassroots tenants.

For commercial and other tenants, the option of:

- a 50/50 partial rent waiver and partial deferral, proportionate to the tenant's loss in turnover as a result of COVID-19, or
- a full deferral of all or some rental instalments for an agreed period, with the balance to be repaid over time.

How would the proportionate rent waiver/deferral work?

Eligible tenants would receive cash flow relief on the rent they pay to Council. This will be calculated based on the percentage loss of turnover that you have experienced.

For example:

If a tenant can demonstrate that your turnover has dropped by 30%, Council would give them total rent relief of 30%, of which:

- half (15% of rent due) would be a waiver of rent, and
- the other half (15% of rent due) would be a rent deferral to be repaid over the balance of the lease term, or as otherwise agreed (and not less than 24 months).

This form of assistance is based on the Federal Government's *National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles for COVID 19*. Legislation giving legal effect to the Code has recently been enacted in Tasmania. Council will apply these guidelines in a way that complies with that law.

Full rental deferral

Where it is not possible for the tenant to make any payments towards rent, but the tenant expects its financial position to improve once COVID-19 restrictions are over, Council can offer the tenant the full deferral of any commercial rent, provided an agreement is in place to repay any deferred payments.

Council will discuss an appropriate repayment term with applicants, which will not be less than 24 months.

The cost of the commercial rent measures in foregone revenue is estimated to be \$450,000.

Community grants

\$20,000 in redeployed 2019/20 funds (from Mayoral sporting funds, cancellation of events due to COVID-19 (Anzac Day, volunteer awards), Glenorchy volunteer program) and is being made available by Council to support community grants of between \$500 and \$2000 for community-based organisations like community houses, sporting clubs and recreation clubs to facilitate social connection.

It is recommended that Council monitor the success of this first round of funding and consider a similar program for 2020/21 at the August budget review.

Additional business support measures

In addition to the overall rate and rent relief provisions set out above for which businesses may be eligible, the following additional measures are proposed or are being actively considered to support business:

- Pro-active contact with Glenorchy businesses by the Mayor and Council officers offering advice on assistance and support packages available
- Businesses are also being encouraged to register on Activity City, an on-line business directory and buy local campaign
- In the coming weeks we will also be releasing a small business grants program (\$20,000) to assist businesses to operate on-line
- Further grants programs may be considered under the economic recovery package, and
- The State government is pursuing a waiver of annual registration fees for food premises and business undertaking public health risk activities (e.g. piercing businesses, tattooists) for the first half of 2020/21. The Minister of Health has approved the measure but it has not yet been enacted. The anticipated cost of this measure to Council is \$60,000 in lost revenue.

Stimulus projects

Consistent with previous Council workshop presentations on this issue, it is recommended that \$5M be borrowed through the State Government's \$150M Local Government Loan Program. This program entitles Council to receive a loan interest rebate for the interest otherwise payable on loans obtained for the purpose of infrastructure investment. The rebate covers the equivalent of three years interest.

The following projects have been put forward for consideration through the Greater Hobart Strategic Partnership (which involves all 4 inner metropolitan councils)

Project Name and Description	Project Type Infrastructure Upgrade/Renewal/ Maintenance Rate Relief	Total Project Cost	Loan amount request
Activity City – immediate support for businesses to adapt and build resilience	IT infrastructure, operational	\$100,000	\$50,000
Greater Glenorchy plan - supporting strategic investment in tourism, retail and hospitality precincts	Infrastructure, operational	\$350,000	\$350,000
Cityscape – creating an active, vibrant city centre for Glenorchy	Infrastructure	\$2,500,000	\$2,500,000

Project Name and Description	Project Type Infrastructure Upgrade/Renewal/ Maintenance Rate Relief	Total Project Cost	Loan amount request
Green-shoots in Glenorchy – a small business start-up and incubator	Infrastructure, operational	\$320,000	\$320,000
Showcase – creative workforce hub and strategy (phase 1)	Infrastructure	\$150,000	\$150,000
MONA Back Door Corridor	Upgrade/Renewal	\$330,000	\$80,000
Marine and defence precinct and innovation	Infrastructure and operational	\$350,000	\$350,000
Regional Sport and Recreation Hub Glenorchy	Operational	\$200,000	\$200,000
Cycling Hub: Relocation of the Southern City BMX track	Upgrade/Renewal	\$500,000	\$500,000
Making Berriedale Caravan Park development ready	Upgrade/Renewal	\$500,000	\$500,000
		TOTAL	\$5,000,000

Faster payment cycle for supplier accounts

Council officers will continue their 2019/20 COVID-19 pandemic response practice in 2020/21 of two payment runs each month, with Council's Accounts Payable section paying all authorised invoices for each payment run, regardless of the applicable due date. This effectively achieves a maximum 14-day turn around.

Accounts Payable is also responding to *ad hoc* requests with special payment runs where greater urgency exists around payment.

Consultations:

Council workshop on draft budget, 11 May 2020

Mayor

Executive Leadership Team

Manager Finance and ICT

Manager Property, Environment and Waste

Manager City Strategy and Economic Development

Executive Officer

LGAT discussions

Greater Hobart Strategic Partnership discussions

Human Resource / Financial and Risk Management Implications:Financial

The financial implications of this community assistance package are forecast to significantly impact Council's operating result and cash reserves. However, it is anticipated that Council can implement these measures while still maintaining its financial sustainability.

The COVID-19 Assistance package as described above is expected to have a total cost to Council of \$4.15m. These assistance measures together with additional forecast financial impacts on both income and expenditure (to be considered as part of the report to the forthcoming Special Council meeting about the 2020/21 estimates on 15 June 2020), are forecast to result in a likely operating deficit for 2020/2021 of \$10 million.

Council's cash reserves are also predicted to be impacted, reducing to only \$15m at 30 June 2021, which is at the bottom end of the Tasmanian Audit Office's target range for cash reserves, being sufficient to fund approximately 3 months of Council operations.

Human resources

No additional human resources are anticipated to be required to deliver the community assistance package. However, some temporary redeployment of staff resources is likely.

In addition, projects under the stimulus package may require additional project management resources. However, these are anticipated to be capitalised where appropriate to minimise the impact on operating expenditure.

Risk management

Risk Identification	Consequence	Likelihood	Rating	Risk Mitigation Treatment
Adopt the recommendation Reductions in revenue as a result of COVID-19 measures affect the financial viability of the Council.	C5-Severe	L2 - Unlikely	Notable	Budget consideration to include updated long term financial management plan assumptions reflecting the impact of the pandemic and relief package on Council's 10 year financial outlook. Careful monitor Council's liquidity, including negotiation of an overdraft facility with its banker. Incorporate an August budget review into the budget cycle for 2020/21 to take account of potential changes in the operating context relating to the course of the pandemic, Federal and State government responses and the community need for and uptake of assistance measures.
Do not adopt the recommendation Council fails to provide adequate relief to its community to help to cushion the impacts of COVID-19 leads to widespread public criticism and potential triggering of emergency rate capping powers by the Premier.	C5 - Severe	L5 - Almost certain	High	Reconsideration of a more modest assistance package as part of the budget process. Clear communication to the community of the reasons for not adopting the recommended package in its current form.

Community Consultation and Public Relations Implications:Community consultation

Given the urgency of the COVID-19 pandemic and the need to carefully consider the package based on internal financial sustainability considerations, no formal community consultation has been undertaken in relation to the proposed community assistance measures.

Public relations

There has been a low take-up of interim community assistance package measures to date for the 2019/20 year with less than a dozen hardship applications received. This is likely due to the timing of Council's fourth rate instalment in 2019/20 which was just prior to the escalation in the pandemic and government response measures. However, Council officers are anticipating a significantly increased take-up in the first quarter of 2020/21.

The measures in the recommended community assistance package are in keeping with or, in some instances, in advance of measures being adopted within the Tasmanian local government sector.

The measures are intended to provide targeted relief to those in the community who are adversely affected by the COVID-19 pandemic within Council's financial means but

at significant cost and it is expected that this relief will be welcomed by the community.

A multi-pronged communications strategy will be implemented to maximise public awareness of the community assistance package.

Recommendation:

That Council:

1. APPROVE a COVID-19 community assistance package for the 2020-21 year comprising the following measures detailed in this report:
 - a) No total bill increase on 2020/21 rates bills through introduction of a COVID-19 relief rebate for the 2020/21 year
 - b) Use of COVID-19 Financial Hardship Guidelines (Attachment 1) to streamline applications for relief on rates and charges under Council's hardship policy
 - c) Deferral of penalties and interest on overdue rates incurred during the COVID-19 emergency period
 - d) Waiver of rent for grassroots community and sporting organisations
 - e) Partial waiver and/or deferral of commercial rents for eligible commercial tenants in accordance with the Covid-19 Rent Relief Guidelines for Tenants of Council Properties (Attachment 2)
 - f) Additional business support measures
 - g) Stimulus projects, and
 - h) Faster payment cycle for supplier accounts.
2. DIRECT the General Manager to reflect the projected financial impact of the community assistance measures in the draft 2020/21 estimates to be considered by Council at a Special Council meeting on 15 June 2020.

Attachments/Annexures

Nil.

- 1 COVID-19 Financial Hardship Guidelines



- 2 COVID-19 Rent Relief Guidelines for Tenants of Council Properties

