



Late Item 14.1
COVID-19 Community Support Package

Yours faithfully

A handwritten signature in cursive script, appearing to read "Carl Askew".

Carl Askew
Chief Executive Officer

22 April 2020

Order Of Business

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Item 14 New Business of an Urgent Nature (Late items)

14.1 COVID-19 COMMUNITY SUPPORT PACKAGE

Author: Manager Financial Services
Authorising Officer: Director Corporate Services
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER'S RECOMMENDATION

That Council:

1. Adopts the following COVID-19 - Community Support initiatives:
 - a) Reduction of creditor payment terms: Commits to temporary reduction in payment terms from 30 days to 15 days;
 - b) Rates freeze: Commits to 0% increase to Council rate in the dollar in financial year 2020/21;
 - c) Fees and charges freeze: Commits to 0% increase on existing Town fees and charges in financial year 2020/21;
 - d) Rent relief for town properties: Commits to considering rent relief applications for any Town owned properties that meet the Federal Government criteria;
 - e) Refund booking fees: Commits to refunding fees and charges relating to the use of Town facilities that are closed or does not meet current social distancing guidelines;
 - f) Progress payments on existing contracts affected by COVID-19: Commits to working with suppliers that have been affected by supply chain disruption, including partial payments on contracts;
 - g) Establishment of a Community Group Assistance fund: Commits to creating a Community fund of \$360,000 for not-for-profit organisations to assist with management of current restrictions;
 - h) Establishment of a Support Local Small Business Assistance fund: Commit to creating grant fund of \$625,000 to provide financial support for eligible small business;
 - i) Waive fees and charges payable for small business: Commits to waiving fees and charges for mandatory operating costs for impacted local, small business; and
 - j) Financial hardship policy: Confirms that COVID-19 falls within "exceptional circumstances" as per Policy 2/005 – Debt management and will be considered in relation to applications by residential investments, commercial and industrial properties.
2. Notes that the implementation of the above listed initiatives is estimated to cost the Town approximately \$3.1m in actual costs and foregone revenue.
3. Adopts the following budget amendments for FY19/20 noting that the amendments result in a nil impact to the 30 June 2020 closing surplus:

- a) Transfer \$360,000 from the Financial Risk Reserve to municipal funds. Allocated to a new created operational project "Community Group Assistance fund project"; and
 - b) Transfer \$625,000 from the Financial Risk Reserve to municipal funds. Allocated to a new created operational project "Support Local Small Business Assistance fund".
4. Assesses these initiatives in June 2020 and considers further allocation of funds in the FY20/21 budget.

ABSOLUTE MAJORITY VOTE REQUIRED

PURPOSE

For Council to consider implementing a range of business support initiatives that may assist local businesses in crisis due to the impact of the COVID-19 pandemic.

DETAIL

The Federal Government has imposed severe social distancing restrictions to help manage the COVID-19 pandemic. These restrictions are impacting the whole community. The majority of local sporting and service groups have been forced to postpone or cancel their respective activities, and small businesses have been forced to close. This has severely impacted on their ability to raise income to cover their ongoing costs and will place many of them in financial stress.

The Town has come up with a number of measures which we believe, will provide efficient and effective support to the areas hardest hit by the pandemic, being small business and community groups. The Town acknowledges the services impacted provided necessary services and improve general wellbeing for the community. The measures and reasons why we have recommended them are listed below:

Reduction of creditor payment terms

The temporary reduction in creditor payment terms from 30 days (as per General Conditions of Contract section 6.7) to 15 days is proposed to be in effect for 3 months (until end of July 2020) and will be reviewed by Council at the end of the period with possibility to extend if the same restrictions are in place.

The Town believes this will provide support to small businesses and improve their cash flows during a time where other business activity has decreased. This measure will affect the Town's cash flow and may need to be supported with the Financial Risk Reserve during this three month period. Due to our business structure, this is also the period where we have limited income and majority of our expenditure.

Rate in the dollar freeze

It is recommended that Council in normal circumstances increase rates by a minimum of consumer price index (CPI). However aligned with State Government direction, the Town will freeze rates in the dollar for the financial year 2020/21. The Town believes this is an easy and fair way to limit further financial hardship.

By not increasing rates to match CPI the Town is forgoing approximately \$1 million of revenue.

Fees and charges freeze

Similar to the Rates freeze, the Town believes a fees and charge freeze will provide certainty to the community. It is recommended in normal circumstances that fees and charges are increased by CPI.

By not increasing fees and charges to match CPI, the Town is forgoing approximately \$250,000 in revenue.

The Town at the next Council meeting will be presenting their fees and charges schedule for approval prior to advertising, and while the Town is proposing a freeze on existing charges, the Town will be proposing some new and restructured charges due to changes in business areas. For example, the introduction of recycling services.

Rent relief for town properties

The Town has limited commercial leases. However for any commercial leases the Town does have, a review of any applications made to the Town for rent relief and will follow the guidelines set by the State Government, including the loss of income required to be eligible.

Rent relief will be assessed on a case by case basis and will be discussed directly with the Tenant once an application has been made.

Refund booking fees

The Town has already began processing booking refunds for facilities that are now closed or for events that do not meeting the social distancing requirements set by both Federal and State Government.

At the time of writing this report, the Town had refunded approximately \$10,000 worth of booking fees and expects to refund more.

Progress payments on existing contracts affected by COVID-19

The supply chain for some suppliers has been disrupted by border closures and diversion of resources to priority industries.

The Town acknowledges this business disruption. For contracts that did not have progress payments written into the contract, the Town will look at working with suppliers to minimise the impact COVID-19 has by partial payment of goods received.

Town Officers (within approved delegations) will work with suppliers and negotiate other means to support them during this period.

Establishment of a Community Group Assistance Fund

The Town proposes setting up a fund that will allow Community Groups to apply for a grant to assist with the hardship suffered during COVID-19. The intention is that this fund could be applied for to assist with:

- Financial support to provide their services in a different format (E.g. Online).
- Allow organisations to seek out financial advice on how to support themselves during this period.

The grants will be assessed in a similar format to existing grants supplied by the Town. Grants to recipients will be capped at \$10,000 per applicant.

The rationale for setting up this:

- a) Ability to respond quickly to community needs and reduce the impact of this emergency event on community groups
- b) Broadens the ability of Council to assist community groups in this emergency situation
- c) Maintains access to the service for the community.

Establishment of a Support Local Business Assistance Fund

The Town proposes setting up a fund that will allow local businesses to apply for a grant to assist with the hardship suffered during COVID-19. As the Town believes that businesses are best placed to determine how the funds can be utilised, local businesses will need to explain how they will utilise the funds in their submission. Some examples are:

- A business may wish to offer product online and these funds may be available to assist with IT consulting.
- A business may wish to seek out financial advice on how to restructure to support themselves during this period.

Businesses will be required to demonstrate a substantial reduction in turnover and/or profit. The monies cannot be utilised for purposes for which other government assistance is already available (E.g. payment of electricity accounts, payment of employees).

Grants to recipients will be capped at \$10,000 per applicant. The Town will assess eligibility as a 'local' business on the similar criteria used for assessment of tenders and the regional price preference.

Waive fees and charges payable for small business

The Town acknowledges that some business have lost the majority of their revenue due to the restrictions placed on certain industries. To provide some relief and to minimise operational costs required when the business reopens to normal trading, the Town will waive required fees and charges to operate the business. (eg. Registered premise assessment fees, trading in public places application fees).

Where relevant, the work will still be completed by the Town and businesses will be required to be compliant with legislation.

Financial Hardship Policy

The Town acknowledges this is a difficult time for people not only in Port Hedland but worldwide. The Town confirms that COVID-19 falls within “exceptional circumstances” as per Policy 2/005 – Debt management and will be considered in relation to applications by residential investments, commercial and industrial properties.

All Financial hardship applications will be assessed on a case by case basis as per the policy, taking into consideration previous history, amount outstanding and proposals by ratepayers.

It should be considered when Council makes their decision that the Town has finite resources and facilities and revenue streams have been impacted as well during this time. The Town has estimated a revenue loss of \$2m, with closure of facilities and capped proposed revenue for financial year 2020/21.

The COVID-19 community support package is what the Town can provide immediately in the current conditions and will be reviewed and reported on regularly to ensure the package is serving the purpose it has been designed for.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be of high significance, because of the reallocation of Reserves may impact the Town’s ability to complete strategic activities in the future and it terms of the social and wellbeing issues that surround the COVID-19 pandemic.

CONSULTATION

Internal

- Hon. Commissioner Fredrick Riebeling AM JP
- Executive Leadership team
- Rates officer
- Accounts Officer (Payable and Receivable)
- Revenue and Treasury officer
- Manager Marketing, Events and Communication

External Agencies

N/A

Community

N/A

LEGISLATION AND POLICY CONSIDERATIONS

The following legislation/policies applies to this decision:

- Section 6.8 of the *Local Government Act 1995*
- Section 6.11 of the *Local Government Act 1995* – noting the 1`decision due to COVID-19 of the Department of Local Government, Sport and Cultural Industries to remove the requirement to readvertise a change in purpose of reserve funds if used for initiatives relating to COVID-19

FINANCIAL AND RESOURCES IMPLICATIONS

The breakdown of the \$3.1m package is summarised below:

Stimulus package	Estimate of costs
Community Group Assistance fund	360,000
Rate in the dollar freeze	1,001,651
Fees and charges freeze	272,439
Support Local Small Business Assistance fund	625,000
Waive fees and charges payable for small business	81,000
Refund booking fees	10,414
Lost revenue	733,667
Total	3,084,171

The recommendation by the officer to adopt the budget amendments and utilise the Finance risk reserve, the budgeted operating surplus will remain unchanged at \$843,592. Subject to utilisation of the grants included in the recommendation, further monies may be committed in FY21 budget.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2018-2028 is applicable in the consideration of this item:

- 2.c.2 Opportunities for social enterprise, innovators, and small and medium sized businesses are identified, and strategies to attract and support them are implemented

There are no significant identifiable environmental, social or economic impacts relating to this item.

RISK MANAGEMENT CONSIDERATIONS

There is a reputational risk associated with this item because the Town has identified that some organisations in the community are struggling due to COVID-19. The community support package presents an opportunity for the Council to support these organisations however if not executed effectively could open Council to negative publicity. The risk rating is considered to be medium (5), which is determined by a likelihood of rare (1) and a consequence of catastrophic (5).

This risk will be eliminated by working closely with internal officers, such as the Community development team and ensuring proper procedures and policies are put in place.

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Amend officer’s recommendation

Option 3 – Do not adopt officer’s recommendation

CONCLUSION

The Town of Port Hedland has identified that the COVID-19 pandemic is impacting on local community groups and local businesses, with no indication on when the current guidelines will be relaxed so they can provide services to the community.

Council are asked to consider allocating \$985,000 from the Financial Risk Reserve to these measures. The measures listed as the officers recommendations will assist members of the local community to continue delivering necessary services and reduce financial stress. Officers will continue to monitor and report to Council on the status and effectiveness of the initiatives presented, and to suggest amendments and revisions as required.

ATTACHMENTS

Nil