

6.2.5 Phase 4 Response to COVID-19 Impact

File Reference: Nil
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Recommendation(s)

That Council:

1. Note the 'Phase 4 response to COVID-19 impact' report.
2. Recognise that the coronavirus state of emergency has had and will continue to have considerable impact on the community groups that manage or use Council facilities, and in response, implement the following targeted relief measures:
 - a. Waiver of tenancy fees for the winter season for all Council owned and managed sporting facilities (1 April – 30 September 2020).
 - b. Provision of financial support towards utility bills and building /playing surface maintenance expenses, where necessary, for sporting clubs and recreation reserve Section 86 and Crown Land Committees of Management for the 1 April – 30 September 2020 period.
 - c. Freeze repayments for sporting club and recreation reserve Committee of Management debtors until 31 March 2021.
 - d. Provision of a once-off payment to Neighbourhood Houses to the value of 15% of their annual allocation for the 2020/21 financial year.
 - e. Provision of a once-off payment to Senior Citizen Centres to the value of 15% of their annual allocation for the 2020/21 financial year.
 - f. Provision of a once-off payment to U3As to the value of 15% of their annual allocation for the 2020/21 financial year.
 - g. In accordance with the COVID-19 Omnibus Regulations, offer eligible tenants (or those with like arrangements) a 100% rental waiver for the 29 March to 30 June 2020 period, followed by a 50% rental waiver for the 1 July to 29 September 2020 period.
 - h. Provision of a once-off payment to the value of \$1000 to the Emerald Museum Section 86 Committee, in addition to the usual provision of the annual maintenance grant.
 - i. Provision of financial support towards utility bills and cleaning expenses, where necessary, for Section 86 Committees who manage community halls.
 - j. Provision of required COVID-19 signage, social distancing floor markings and space occupancy signage at all Section 86 Committee managed community halls.
 - k. Waiver of all hire fees for all existing community users and not for-profit organisations of Integrated Child and Family Centres, who have an annual booking agreement with Council (not a licence or lease agreement), from 1 July 2020 until 1 February 2021.
3. Recognise that several of the relief measures announced within phases 1 and 2 of Council's Community and Business Support Package require review, and in response, implement the following secondary relief measures:
 - a. Further extension to the interest free period on unpaid rates payments until 31 March 2021.

- b. Further extension to the deferral of debt collection/legal action in relation to rates matters until 31 March 2021.
- c. Provision of a full refund of all 2020 Food Act and Public Health and Wellbeing Act registration fees, for businesses impacted by mandatory closures of premises, or mandatory changes to the operations of their businesses.
- d. Provision of a full refund of all 2020-21 street trading permit fees, where outdoor dining is no longer allowed.
- e. Further extension to the due date of animal registration fees until 30 September 2020.

Attachments

Nil

Executive Summary

The outbreak of coronavirus disease 2019 (COVID-19) has created a global health crisis that has had a significant impact on Cardinia Shire's local community groups and businesses. The adverse financial impacts of COVID-19 on community groups using and operating from both Council and Crown Land facilities are without precedent. This report presents information on the impacts of COVID-19 on these community groups for the period of 1 April to 30 September 2020, unless otherwise stated, and recommends initial relief measures for Council to consider. In addition, several of the relief measures announced within phases 1 and 2 of Council's Community and Business Support Package are also discussed within this report. Given the current state, and realised impacts, of the COVID-19 pandemic, further extension to these specific relief measures is proposed, to provide additional relief to the Shire's ratepayers, local businesses, and domestic animal owners.

Table 1 outlines each of the relief measures described within this report, including the initial relief measures aimed at community groups using and operating from both Council and Crown Land facilities, as well as the secondary relief measures, following those initially announced as part of phases 1 and 2 of Council's Community and Business Support Package. The relief measures described within this report have been recommended by business unit experts from across the organisation. It is proposed that, if possible, the allocated \$1.6M COVID-19 community and business support package is used to cover these items.

Table 1. Recommended relief measures with estimated financial impact

Community Group	Recommended relief	Estimated financial impact
Sporting Clubs	Waiver of tenancy fees for the winter season for all Council owned and managed sporting facilities (1 April – 30 September 2020)	\$20,543
Sporting Clubs/Committees of Management	Provision of financial support towards utility bills and building/playing surface maintenance expenses, where necessary, for the 1 April – 30 September 2020 period	\$105,000
Sporting Clubs/Committees of Management	Freeze debtor repayments until 31 March 2021	Payment deferral not waiver
Community Group	Recommended relief	Estimated financial impact
Neighbourhood Houses	Provision of a once-off payment to the value of 15% of their annual allocation for the 2020/21 financial year	\$32,381
Senior Citizen Centres	Provision of a once-off payment to the value of 15% of their annual allocation for the 2020/21 financial year	\$13,500
U3As	Provision of a once-off payment to the value of 15% of their annual allocation for the 2020/21 financial year	\$900
Eligible commercial tenants (or those with like arrangements)	In accordance with the COVID-19 Omnibus Regulations, offer a 100% rental waiver for the 29 March to 30 June 2020 period, followed by a 50% rental waiver for the 1 July to 29 September 2020 period	\$31,473
Emerald Museum Section 86 Committee	Provision of a once-off payment, in addition to the usual provision of the annual maintenance grant	\$1000
Community hall Section 86 Committees	Provision of financial support towards utility bills and cleaning expenses, where necessary	\$25,000
Community users and not for profit users of Integrated Child and Family Centres, who have an annual booking agreement with Council (not a licence or lease agreement)	Waiver of all hire fees for all existing users from 1 July 2020 until 1 February 2021	\$114,212 at full capacity

Community hall Section 86 Committees	Provision of required COVID-19 signage, social distancing floor markings and space occupancy signage at all Section 86 Committee managed community halls	\$12,000
Ratepayers	Further extension to the interest free period on unpaid rates payments from 1 October 2020 until 31 March 2021	\$315,000
Ratepayers	Further extension to the deferral of debt collection/legal action in relation to rates matters until 31 March 2021	Payment deferral not waiver
Community Group	Recommended relief	Estimated financial impact
Eligible businesses	Provision of a full refund of all 2020 Food Act and Public Health and Wellbeing Act registration fees, for businesses impacted by mandatory closures of premises, or mandatory changes to the operations of their businesses	\$120,000*
Eligible businesses	Provision of a full refund of all 2020-21 street trading permit fees, where outdoor dining is no longer allowed	\$16,000
Domestic animal owners	Further extension to the due date of animal registration fees until 30 September 2020	Payment deferral not waiver
Total		\$807,009**

* A 25% rebate on all 2020 Food Act and Public Health and Wellbeing Act registration fees was announced and provided within phase 1 of Council's Community and Business Support Package. Therefore, the financial impact of the extension to this initial relief item, to a full refund of these fees would equate to \$120,000 (the remaining 75% of total fees paid for the 2020 calendar year).

** Total includes all amounts given above – both actual cash disbursements and waived fees and charges.

Background

The outbreak of coronavirus disease 2019 (COVID-19) has created a global health crisis that has had a significant impact on Cardinia Shire's local community groups and businesses. Since the first stage of restrictions for Victoria were announced on 22 March 2020, all non-essential activities at the Shire's local recreation reserves, community centres, neighbourhood houses, senior citizen centres, U3As, community halls and integrated facilities were forced to cease, with community recreation and social activities deemed non-essential.

While some facilities have been permitted to reopen under specific conditions, in line with the State Government's staged approach since 20 April 2020, the widespread closures have already had, and will continue to have, a significant impact on the financial viability of many of the community groups who use and manage these facilities.

Facilities which had reopened were then forced to close again with the re-introduction of stage 3 'stay at home' restrictions for metropolitan Melbourne and Mitchell Shire for a six week period from Thursday 9 July 2020.

In a time when the physical and mental health of residents, and social and community cohesion, has never been more important, it is crucial that Council continues to support the operational viability of these groups. Financial assistance during this time will support the Shire's clubs, committees of management, community groups and commercial tenants through the COVID-19 state of emergency period and beyond, to ensure they are equipped to recommence the delivery of their activities to the community following the lifting of restrictions.

Local businesses within the Shire have suffered significant financial losses as a result of the enforced COVID-19 restrictions. The full impact of the COVID-19 pandemic on local businesses, ratepayers and residents has not yet been realised, and it is critical that Council continues to support the community through targeted relief measures.

This report describes the proposed targeted relief measures, as recommended by business unit experts from across the organisation. The proposed measures aim to ensure consistency in the treatment within the different classes of groups, for example, that all recreation reserve Section 86 Committees be offered the same support. Analysis on the financial status of individual groups is outside of the scope of this report and has not been considered in the proposed relief measures, so as to ensure the fair and equal treatment of all individual groups within each class.

Impact of the COVID-19 pandemic on community groups that manage or use Council facilities and associated proposed relief measures

Sporting Clubs and recreation reserve Section 86 and Crown Land Committees

Sporting clubs have been heavily impacted by the COVID-19 pandemic. From the announcement of the first stage of restrictions on Sunday 22 March 2020, until Monday 22 June 2020, sporting clubs were unable to operate in any capacity. While restrictions were eased on Monday 22 June to allow for the opening of indoor sports venues and the resumption of some training and competition under specific conditions, clubs have experienced significant income loss during this period, and this is likely to continue into the immediate future. With the current strict limitations around permitted activities, and the possibility of ongoing reactive amendments to the restrictions, the ability of sporting clubs to generate income in the near future may be challenged. While up to \$1000 per club in State Government funding is available, this is unlikely to provide the level of assistance required during this time, and Council assistance will be critical.

Council Officers recommend the implementation of several measures aimed at providing immediate financial relief to the Shire's sporting clubs and recreation reserve Committees of Management. The State Government, through Sport and Recreation Victoria, has encouraged Local Government Areas (LGAs) to assist sporting clubs in the immediate future by waiving the recreation reserve tenancy fees for the 2020 winter season. Council Officers recommend Council agree to this relief item and waive all winter season tenancy fees from 1 April to 30 September 2020, totalling approximately \$20,543.

It is also recommended that Council provides the Shire's sporting clubs and recreation reserve Committees of Management with financial support, to assist them in meeting the costs of utility bills and building/playing surface maintenance expenses, where necessary, for the 1 April – 30 September 2020 period. This relief item is proposed in recognition that sporting clubs may be unable to meet these costs as a direct result of their limited ability to generate income, and to reduce the risk of financial pressure being passed from sporting clubs to the associated Section 86 or Crown Land Committee of Management. While it is noted that Crown Land Committees of Management have access to additional hardship support via DELWP,

under this provision, Council could financially assist both recreation reserve Section 86 Committees and Crown Land Committees experiencing financial difficulties. It would enable users to manage one off issues that impact their financial viability, such as vandalism, as well as being able to meet critical building and playing surface maintenance costs for the 1 April to 30 September 2020 period. Council Officers anticipate this provision would total \$105,000.

In a further offer of support, Council Officers recommend that repayments by sporting club and Committee of Management debtors be frozen until 31 March 2021. Given the impact of COVID-19, it is unlikely that many will be in a position to settle these debts in the immediate future, and the freezing of these debts would offer substantial relief to these groups. Upon the unfreezing of these debts, Council Officers would support users to commit to payment plans.

Neighbourhood Houses, Senior Citizen Centres and U3As

Cardinia's neighbourhood houses, senior citizen centres and U3As have also experienced significant financial loss as a result of the enforced COVID-19 restrictions. In line with the State Government's announcement of Stage 1 restrictions, all neighbourhood houses, senior citizen centres and U3As closed for non-essential services/activities on 24 March 2020. Four neighbourhood houses temporarily reopened when restrictions eased on 1 June 2020, to provide limited activities in line with State Government advice, however reclosure was forced when Stage 3 restrictions came into effect on 8 July 2020. To date, all of Cardinia's U3As and senior citizen centres remain closed. Many of these centres rely heavily on fee-for-service and space hire fees as primary revenue streams, both of which have been significantly impacted during the closures. While some centres continued to offer substitute services and classes online, they were unable to charge users to generate income from these activities.

To support these groups, Council Officers recommend the provision of a once-off payment to the value of 15% of their annual allocation for the 2020/21 financial year, to neighbourhood houses, senior citizen groups and U3As, to account for the direct financial impact of COVID-19. While this additional funding may still leave some groups with a shortfall as a direct result of the COVID-19 pandemic, it would account for a proportion of the income lost as a result of the closures, and assist the groups in meeting the additional costs associated with the heightened hygiene, sanitation and cleaning requirements, that will be essential upon reopening. The total cost of the provision of a once-off payment to each of the Shire's neighbourhood houses, equal to the value of 15% of their annual allocation for the 2020/21 financial year, would be \$32,381. Council financial support is not the only source of funding for neighbourhood houses. The total cost of the provision of a once-off payment to each of the Shire's senior citizen centres and U3As, equal to the value of 15% of their annual allocation for the 2020/21 financial year, would be \$13,500 and \$900 respectively.

Commercial tenants of Council facilities

The Council resolution to defer the rent payable by commercial tenants for April, May and June, resolved at a Special Council Meeting on 30 March 2020, is now outdated by the new COVID-19 Omnibus Act and Regulations. The COVID-19 Omnibus (Emergency Measures) Act 2020 came into effect on 24 April 2020, and the Governor in Council made the COVID-19 Omnibus (Emergency Measures) (Commercial Leases & Licences) Regulations 2020 on 1 May 2020. The Act and the Regulations now govern the rights and obligations of landlords and tenants in relation to the commercial leasing principles that are to apply to address the consequences of the COVID-19 pandemic.

As the Regulations are retrospective and have effect as from 29 March 2020, Council is bound to comply with the requirements of the Regulations from 29 March 2020, even though the Regulations were not in force at that date. Provided the tenant meets the eligibility criteria, Council has an obligation to offer rent relief of up to 100% of the rent payable under the lease during the period 29 March 2020 to 29 September 2020, with no less than 50% of the rent

relief offered for the relevant period in the form of a waiver of rent, unless otherwise agreed by the tenant and Council in writing.

To align Council's provision of COVID-19 rent relief with the Regulations, it is recommended that, if and when Council is approached by eligible tenants (or those with like arrangements) seeking rent relief, Council offers a 100% rental waiver for the 29 March to 30 June 2020 period, followed by a 50% rental waiver for the 1 July to 29 September 2020 period. While this provision would exceed the minimum waiver specified in the Regulations, it would demonstrate Council's full support to these groups during this time. If Council resolved to the abovementioned rent relief agreement for the commercial tenants who initially approached Council seeking rent relief, for the 29 March to 29 September 2020 period, Council's loss of income would be approximately \$31,473.

Emerald Museum Section 86 Committee

Emerald Museum Section 86 Committee has also suffered financially as a result of the enforced COVID-19 restrictions. In line with the State Government's announcement of Stage 1 restrictions, the museum was closed to visitors by 23 March 2020, resulting in loss of income.

The income usually generated from visitors bolsters the annual maintenance grant provided by Council to cover basic maintenance costs. To assist the Emerald Museum Section 86 Committee, Council Officers recommend that Council provide the committee with a once-off payment to the value of \$1000, in addition to the usual provision of the annual maintenance grant. This payment would cover a portion of the lost income resulting from the COVID-19 closures, to enable the committee to continue to meet basic maintenance costs.

Community hall Section 86 Committees and users of Council community halls, hubs and integrated centres

Community hall Section 86 Committees and users of Council community halls, hubs and integrated centres have been significantly impacted by the COVID-19 pandemic. From the roll-out of the first stage of the State Government restrictions on 23 March 2020 to date, many of these facilities have been unable to operate in any capacity. Whilst restrictions were eased on 20 April 2020 to allow for the resumption of kindergarten and child service programs, and furthermore on 1 June 2020 to allow for the limited resumption of certain other programs under specific conditions until 8 July 2020, the financial impact of the closures has been substantial for these groups.

Council has been made aware of the concerns of several community hall Section 86 Committees with regards to meeting the utility costs and cleaning requirements during this time. The impact of the COVID-19 pandemic on these committees is twofold, with significant income loss resulting from the inability to hire out spaces during closures, as well as the anticipated increase in cleaning expenses upon reopening. Proactive Council support for community hall Section 86 Committees will be crucial during this time, to minimise the risk of the impacts becoming so overwhelming that committees disband. To assist in the first stages of reopening under the State Government's social distancing advice, it is recommended that Council provides all 12 Section 86 Committee managed halls with the required COVID-19 signage, social distancing floor markings and space occupancy signage, at an estimated total cost of \$1000 per hall. In addition, Council Officers recommend that, where necessary, Council provides community hall Section 86 Committees with financial support, to assist them in meeting the costs of utility bills and cleaning expenses. This assistance would align with the proposed assistance for recreation reserve Section 86 Committees.

At the time of writing this report, no community groups or not for-profit organisations have returned to Council managed facilities, despite the temporary easing of State Government restrictions between 1 June and 8 July 2020. Strict restrictions were in place for the duration of Term 2, causing the widespread cancellation of casual bookings, with an estimated income

loss to Council of approximately \$15,382. While restrictions did not allow for casual users to use the spaces in any capacity during Term 2, several grassroots community groups indicated their strong desire to return to service during the period in which the restrictions were temporarily eased, however were unable to cover the cost of booking the space, due to social distancing capacity restrictions. To support these groups, Council Officers recommend that all community users and not for-profit groups, who have an annual booking agreement with Council (not a licence or lease agreement), are offered a payment free period for the duration of Term 3 and 4, from 1 July 2020 until 1 February 2021. This would allow groups to resume the provision of vital community services without financial viability concerns, and the provision of services to continue in the event of continued space capacity limits or low session attendance, as the facility hire costs would be met by Council. This would equate to approximately \$114,212 for the 1 July 2020 - 1 February 2021 period. Groups that have entered licence agreements with Council for the use of Council facilities will continue to be invoiced in line with their respective licence agreements.

Proposed extension to relief measures announced within phases 1 and 2 of Council's Community and Business Support Package

In addition to the consideration of the relief measures proposed to assist the community groups that manage or use Council facilities, it is timely to review several of the relief measures that were announced within phases 1 and 2 of Council's Community and Business Support Package, to ensure Council assistance is in line with current community needs.

To alleviate potential financial pressure experienced by ratepayers, it is proposed that the interest free period on unpaid rates payments be extended from 1 October 2020 until 31 March 2021.

Similarly, it is proposed that the deferral of debt collection/legal action in relation to rates matters also be extended until 31 March 2021. Extension of these two relief measures would provide ratepayers experiencing financial difficulties with additional time to make payment, without accruing additional interest.

At a special Council meeting on 30 March 2020, Council resolved to offer a 25% rebate on all 2020 Food Act and Public Health and Wellbeing Act registration fees. In light of the recent reintroduction of Stage 3 restrictions, it is recommended that Council further this initial rebate to offer a refund of the remaining 75% of fees paid, so as to provide eligible businesses with a full refund of the registration fee paid for 2020. In a similar manner, Council Officers recommend that Council provides eligible businesses with a full refund of 2020-21 street trading permit fees, where outdoor dining is no longer allowed.

In addition, Council Officers recommend a further extension to the due date of animal registration fees until 30 September 2020. This extension would provide domestic animal owners with an additional three months to make payment, to encourage owners to maintain active registrations.

Policy Implications

Nil.

Relevance to Council Plan

The '*Phase 4 response to COVID-19 impact*' report is relevant to the following Council Plan Outcomes:

- *Outcome 1.1 - Access to a variety of services for all*
- *Outcome 1.5 - Variety of recreation and leisure opportunities*
- *Outcome 1.7 - Minimised impact of emergencies*

Climate Emergency Consideration

Nil.

Consultation/Communication

A number of key internal stakeholders were consulted with to identify the impacts and recommendations for financial assistance set out in this report, including representatives from Active Communities, Community Strengthening, Compliance, Community and Family Services and Environment and Heritage. Representatives from Governance, Finance and Communications were also consulted. Community groups were not directly consulted with during the development of this report, however the recommendations for financial relief proposed by business unit experts were based on their knowledge of the needs and current financial status of the community groups they manage/liase with.

Financial and Resource Implications

The financial implications associated with the recommended relief measures discussed within this report are outlined in Table 1. It is proposed that, if possible, the \$1.6M allocated to the COVID-19 Community and Business Support Package is used to cover these items.

While phases one, two and three of the \$1.6M COVID-19 Community and Business Support Package have already been announced and rolled out, it is too early to quantify the uptake of these measures. It is anticipated that the usage of these relief measures will accelerate, as knowledge of the Council assistance available spreads within the community and the impact of the COVID-19 pandemic is realised. Without a better understanding of the potential usage of the relief measures included in phases 1, 2 and 3, it is not possible to know whether or not the amount remaining in the \$1.6M COVID-19 Community and Business Support Package will completely cover the funds required to deliver the recommendations in this report.

It is noted this report relates only to community groups who specifically manage or use Council or Crown Land facilities, and the direct recipients of the specific relief items initially announced within phases 1 and 2 of the Community and Business Support Package which are proposed for extension. This report does not describe any negative financial impact on the operation of facilities or services directly delivered by Council, including the Cardinia Cultural Centre, My Place, Emerald Hills Hub, Council managed community halls or aquatic and leisure centres. The financial impact of the COVID-19 state of emergency on these facilities and services will be reported separately as part of Council's normal operating budget reporting process.

Conclusion

The adverse financial impacts of the COVID-19 pandemic on community groups using and operating from both Council and Crown Land facilities are without precedent. Financial assistance during this time will support the Shire's clubs, Committees of Management, community groups and commercial tenants through the COVID-19 state of emergency period and beyond, to ensure they are equipped to recommence the delivery of their activities to the community following the lifting of restrictions. In addition, the extension to several of the relief measures announced within phases 1 and 2 of Council's Community and Business Support Package will provide additional relief to the Shire's ratepayers, local businesses, and domestic animal owners.