

ITEM NO:	18.2 Confidential
MEETING TYPE	Ordinary Council
MEETING DATE:	16 April 2020
SUBJECT:	Request for Financial Assistance
FILE NUMBER	F19/24 - Manager, Business Administration Services
RECORD NUMBER:	R20/4557
AUTHOR:	Sandra Brice
ATTACHMENT (S):	Attachment 1 – Streaky Bay Instep Dance (R20/4570) Attachment 2 – Streaky Bay Community Complex – application for deferral (R20/4551) Attachment 3 – Streaky Bay Community Complex (R20/4552) Attachment 4 – Carol Koch – application for reduction in fee (R20/4553) Attachment 5 – Discovery Parks Pty Ltd – management fee adjustment (R20/4554)

LINKS TO STRATEGIC MANAGEMENT PLAN 2016-2026

KEY RESULT AREA:	1. Governance
STRATEGY:	1.2. Maintain financial viability and accountability in budgeting and administration.
ACTION:	N/A

BACKGROUND:

The public health measures in place due to the coronavirus (COVID-19) situation have had a significant impact on the economy with many businesses closing or significantly reducing their trading hours. This has resulted in large numbers of people becoming unemployed and experiencing financial hardship nationally, and our resident's and ratepayers are not immune to this.

Council has received 4 applications requesting various kinds of financial support.

It is difficult to determine the financial impacts that COVID 19, will have on these community groups and businesses, however, while Councils have been asked to consider favourably requests for financial assistance, it is hard to determine what a suitable level of support is.

Council is going to be a lead agency in relation to assisting with the “recovery phase of our community”, so when assessing these applications, Council's financial ability to provide this needs to be a consideration.

While some of the stimulus packages by the Federal Government are upfront payments, there are others which are reflective of business/persons providing

supporting documentation, in relation, to the effects that have occurred within their business.

In relation to tenancies, while the Government has directed there are to be no forced evictions due to non-payment of rent, they are encouraging the tenant to discuss the matter with their landlords. Council is technically the landlord in these examples.

The industry standard in relation to tenancies is “deferral” rather than “waive”. The reason why Council should “defer”, rather than “waive”, is that the situation in relation to stimulus packages are changing daily, and while some business may not be eligible now, this may change.

INSTEP DANCE INC

The Instep Dance Group undertake dance lessons for our communities children over three terms, and at the end of Term 3, they present what they have practiced and learnt in a final concert, to their parents, friends and the community. Due to Federal Government undertaking to close all group activities, Instep have had to cancel any activities for their group. The Instep Group is asking for all the Terms fees to be waived.

STREAKY BAY AND DISTRICT COMMUNITY COMPLEX

The Streaky Bay and District Community Complex are currently not trading. Normally during this time their opening is aligned with football and netball, and due to teams sports being closed down and the limitations in relation to the number of customers allowed in an enclosed area, and the social distancing rules involved, they have closed their doors. Further, the State Government has made a directive that all community clubs be closed.

The Streaky Bay and District Community Complex have written to request that Council consider a deferral of the loan payment of \$8,644.79, for the payment that is due 16 August 2020.

DENTAL CLINIC – CAROL KOCH

Carol has written requesting a reduction to her rent/lease fee, she currently has a lease for 3 years and is currently paying the following:

- Rent \$6,577.20 (GST exclusive) – \$548.10 per month
- Furniture & Equip \$6,492.80 (GST exclusive) – annually

While Dentists are considered an essential service, she has chosen to cease clinical work, due to her own personal medical history.

As she believes she will definitely comply with the 30% reduction rule, she may be able to retain staff, as per the “Jobkeeper” stimulus package, to further education and accreditation as well as general improvements in Clinic systems.

DISCOVERY PARKS PTY LTD

Discovery Parks currently received 63.5% of any income generated by the Caravan Park, and because of the significant downturn due to travel restrictions they are expecting a loss of revenue, while they are still undertaking the payment of many fixed costs – ie: base staff and other fixed costs.

The Streaky Bay Caravan Park, Discovery has been implementing strategies in relation to reducing operating costs.

They are asking that Council consider giving them 100% of the revenue for the Park for the next 6 months, commencing from March 2020.

The following are for the months in the previous year. All are calculated exclusive of GST:

MONTH	REVENUE	DISCOVERY %	COUNCIL %
		63.50%	36.50%
Mar-19	\$ 201,125.14	\$ 127,714.46	\$ 73,410.68
Apr-19	\$ 205,887.96	\$ 130,738.85	\$ 75,149.11
May-19	\$ 108,470.24	\$ 68,878.68	\$ 39,591.64
Jun-19	\$ 56,876.21	\$ 36,116.39	\$ 20,759.82
Jul-19	\$ 93,123.99	\$ 59,133.73	\$ 33,990.26
Aug-19	\$ 98,444.55	\$ 62,512.29	\$ 35,932.26
	\$ 763,928.09	\$ 485,094.40	\$ 278,833.77

As March 2020, has been completed, we know that impact of their request, and if you compare March 2019 and March 2020, there is some impact showing.

MONTH	REVENUE	DISCOVERY %	COUNCIL %
		63.50%	36.50%
Mar-20	\$ 182,737.84	\$ 116,038.53	\$ 66,699.31

Unfortunately, the impact to Council over the next 6 months, cannot be determined at this stage, however, the known impact for this request is \$66,699.31. As an indication, the income for the park for the last few days has been less than \$1,000.00 per day.

Risk Management – Framework and Policy Provisions

- (a) Risk Consequences must be considered as per Appendix B of the Risk Framework;
 (b) The likelihood of the recognised risk occurring must be considered as per Appendix C of the Risk Framework;
 (c) Where risks are identified as Extreme or High (Appendix D), Council must ensure its decision reduces the recognised risk to Medium or Low (residual risk) depending on the agreed tolerance level (Appendix E).

Risk Matrix

Likelihood/Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium	High	High	Extreme	Extreme
Likely	Low	Medium	High	Extreme	Extreme
Possible	Low	Low	Medium	High	Extreme
Unlikely	Low	Low	Low	High	Extreme
Rare	Low	Low	Low	Medium	High

The Federal Government has issued many financial stimulus packages for business, and while some of these are automatic, others are tied to the provision of documentation and proof, and criteria in relation to these change every day, not to mention the introduction of new “stimulus packages”.

Council will need to consider the appropriateness of the application for each individual/business, subject to, but not limited to, the following criteria:

- Impacts COVID 19 has had on the group.
- The group’s ability to pay.
- The impacts for the ratepayers of Streaky Bay.
- Proof of Hardship documentation required.
- Level of agreement required and risk involved.
- Review Dates
- Ongoing legislation changes.

If, Council agrees to all of the requests that are included in this report, the impact of Council’s Cash flow will be:

	2 months	3 months	6 months
Instep Dance Incorporate	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Streaky Bay District Community Complex			\$ 8,644.79
Dr Carol Koch - Rent	\$ 1,096.20	\$ 1,644.30	\$ 3,288.60
Dr Carol Koch - Equipment Rent	\$ 1,082.12	\$ 1,623.18	\$ 3,246.36
Discovery Parks - commencing March	\$ 148,559.79	\$ 188,151.43	\$ 278,833.77
	\$ 152,238.11	\$ 192,918.91	\$ 295,513.52

OPTIONS

(1) Instep Dance Inc

- (a) That all term fees for 2019, be waived
 (b) That no fees are waived.

(2) Streaky Bay & District Community Complex

- (a) That the loan payment for the Streaky Bay and District Complex due 16 August, be deferred until December 2020.

- (b) That the deferral for loan payment for the Streaky Bay and District Complex due 16 August, be reassessed in 3 months.
- (c) That the deferral for loan payment for the Streaky Bay District Complex be not deferred.
- (d) Any other option, as determined by Council.

(3) Dr Carol Koch – Dental Clinic

- (a) That the rent for the Dental Clinic be waived for three months.
- (b) That the request for rent reduction or waiving for the Dental Clinic be assessed in 3 months.
- (c) That the rent for the Dental Clinic not be waived.
- (d) Any other option, as determined by Council.

(4) Discovery Parks Pty Ltd

- (a) That the request from Discovery Parks for 100% of income, rather than 63.5% for the Caravan Park be considered on a deferral basis for the month of March, April and May 2020, and then an assessment of the market be done, to assess further impacts. Any deferrals to be paid by December 2020.
- (b) That the request from Discovery Parks, for 100% of the income rather than 63.5% commencing xxxxx, 2020, be approved, for a period of xx months, subject to a review in xxxxx, 2020.
- (c) That the request from Discovery Parks, for 100% of the income rather than 63.5% be declined.
- (d) Any other option, as determined by Council.

Recommendation

That Council resolve:

- (a) Pursuant to Section 90(2)(3)(b)(i)(ii) of the *Local Government Act 1999*, orders that all persons with the exception of the Karina Ewer (Chief Executive Office), Sandra Brice (Manager, Business & Administration Services), PJ Williams (Manager, Community and Economic Development), Darren Walker (Manager, Infrastructure and Civil Works) and Judy Childs (Executive Assistant & Governance Officer/Minute Taker), be excluded from attendance at the meeting for agenda item 18.1, relating to “Request for Financial Assistance
- (b) The Council is satisfied pursuant to Section 90(3)(i) of the Act, the information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest”.
- (c) The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances as information concerning the personal affairs of a person would be disclosed.

Recommendation

That Council, having considered Report No 18.2 Title: Request for Financial Assistance – Request for Council Assistance, dated: 16 April 2020 and its role under Section 6, 7 and 8 of the Local Government Act 1999 – *Council decision*

Recommendation

That having considered the agenda item 18.2 relating to “Request for Financial Assistance” in confidence under Section 90(2) and (3)(b) of the Local Government Act, pursuant to Section 91(7) of the Act orders that the minutes and reports be retained in confidence until xxx