

## Item 13.8 – COVID-19 Fiscal Stimulus Package

<b>File reference</b>	P1028787-5
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<b>Reporting Service Unit and Alliance</b>	Corporate Services
<b>Report author disclosure of interest</b>	Nil
<b>Date of report</b>	29 March 2020
<b>Nature of Council's role</b>	Executive
<b>Voting requirement</b>	Absolute Majority
<b>Attachment/s</b>	Nil

### Purpose

The purpose of this report is for Council to consider a fiscal stimulus package in response to COVID-19.

### Background

At its Special Council Meeting held on Tuesday, 17 March 2020, Council resolved:

*That in response to the COVID-19 fiscal stimulus measures implemented by the Federal and State Governments, the Chief Executive Officer:*

1. *INVESTIGATES the implications of extending the free parking trial during April, May and June 2020;*
2. *INVESTIGATES the implications associated with developing a destination tourism marketing campaign that targets regional populations visiting/holidaying in the Perth CBD;*
3. *In consultation with affected stakeholders, INVESTIGATES other measures that could be implemented by the City of Perth to protect public health and safety and support in managing the impacts of COVID-19 on our residents, businesses and visitors; and*
4. *PREPARES a report for Council consideration at the March Ordinary Council Meeting.*

In response to Council's decision, the Administration has investigated an extension to the free parking trial and tourism campaign, plus a range of other options available to the City of Perth.

## Details

The City of Perth has acknowledged the significant public health and economic implications associated with COVID-19. Economically, this issue represents the greatest challenge to the economy since the Global Financial Crisis in 2008.

At a local level, the City is already experiencing the impacts of COVID-19. Data collected within the CBD suggests a decline in footfall, road traffic and parking patronage because of:

- events being cancelled;
- restrictions on large gatherings;
- forced closure of pubs, licensed clubs and hotels, places of worship, gyms, indoor sporting venues, cinemas and casinos;
- restricted trading conditions for restaurants and cafes; and
- people working from home.

The Federal Government and State Government have both already announced packages to provide relief in response to COVID-19.

The City has acknowledged that it also has an important role to play at a local level, with Council resolving to investigate the implications of extending the free parking trial and developing a destination tourism marketing campaign that targets regional populations visiting/holidaying in the Perth CBD.

At the Special Council Meeting held on Tuesday, 17 March 2020, Commissioners requested that the Administration prepare a report for consideration at the March Ordinary Council Meeting that investigated:

1. Extending the free parking trial during April, May and June 2020;
2. Developing a destination tourism marketing campaign; and
3. Any other measures.

This report is in response to the Council decision.

### Extension of free parking trial

At its meeting held on 30 July 2019, Council approved the implementation of a 12-month trial of up to three-hour free parking on weekends and public holidays in strategically located, City-controlled parking facilities (both on and off-street) that service patrons of the core CBD retail precinct. The trial has been in place since November 2019.

The latest proposal seeks to extend this trial from weekends and public holidays to every day of the week across the months of April, May and June 2020.

Although the original intent of extending the trial was to encourage workers to continue commuting to the City, recent public health announcements by both the Federal and State

Governments is now encouraging people to work from home. This has resulted in many workers opting to work remotely as opposed to commuting to the City.

Given the limited number of people currently commuting to the City, it is recommended that the existing parking trial is maintained (weekends and public holidays), however extending the parking trial (every day of the week) is not implemented given the conflict with the broader public health message.

### Destination marketing

In addition to the parking trial extension, the Administration also considered the implications associated with developing a destination tourism marketing campaign that targets regional populations visiting/holidaying in the Perth CBD. It was envisaged that the campaign would support the State Government's 'Do it in WA' campaign.

Since the suggestion was put forward, the State Government has advised that the 'Do it in WA' campaign has been suspended as the campaign contradicts the broader message in relation to restricted intrastate travel. It is therefore recommended that this initiative is not pursued any further.

### Other options

In addition to the initiatives previously identified and in recognising how quickly the landscape is changing, the Commissioners and staff also investigated a range of initiatives in response to customer requests and other Capital City responses. Examples of the initiatives investigated include;

- Free up to one hour on-street parking across the CBD for the next three months to support local business;
- A freeze in increases in municipal rates and charges, including sanitation and waste charges;
- No fees and charges relating to inspection services for small business for the next three months;
- Suspension of lease and rental payments for three months to all City of Perth tenants leasing city owned property, including the relinquishment of bank guarantees;
- An express planning service for change of land use and development applications for small businesses with no application fee;
- Accelerated capital works projects and major city maintenance programs;
- A full refund on all cancelled bookings at City properties or facilities;
- Shorter payment terms for creditors; and
- Debtors experiencing hardship will receive a range of options to assist in payment.

In recognising the range of options available to the City, preference has been given to initiatives that:

1. Support businesses as they transition to a new form of service/product delivery;
2. Provide financial relief/payments to businesses to improve cash flow; and

3. Stimulate new spending and new jobs into the economy.

The prioritised options available to the City have been assessed by the Strategic Finance Team to ensure that the implications are fully understood both immediately and longer term.

## Stakeholder engagement

The initiatives developed have been in response to industry consultation or customer feedback/requests.

## Strategic alignment

### Strategic Community Plan

This item addresses the community's vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019 – 2029:

<b>Aspiration:</b>	Prosperity
<b>Strategic Objective:</b>	A “can do” reputation that delivers investment and assists small businesses and development generally, through a willingness to assist and encourage.

The range of measures proposed best align to the strategic aspiration associated with prosperity. In addition to the measures proposed by the Federal and State Governments, the City's initiatives demonstrate our 'can do' attitude in supporting the local business community.

## Legal and statutory implications

Section 6.12 (1)(b) of the *Local Government Act 1995* applies to this item.

### 6.12. Power to defer, grant discounts, waive or write off debts

- 1) Subject to subsection (2) and any other written law, a local government may —
  - a. when adopting the annual budget, grant\* a discount or other incentive for the early payment of any amount of money; or
  - b. waive or grant concessions in relation to any amount of money; or
  - c. write off any amount of money, which is owed to the local government.

\* Absolute majority required.

### Connection with mandates in the *City of Perth Act 2016*

8(1)(a) - to provide for the good government of persons in the City of Perth, including residents, ratepayers and visitors

## Risk implications

Impact of decision	
Organisation	Low
Community	Medium

Risk domain	Consequence	Likelihood	Risk rating
Reputation and External Stakeholders	Moderate	Likely	High

Given the support that has been applied across all tiers of Government and in other Capital Cities, the community is expecting the City of Perth to provide some form of relief to assist with the impacts of COVID-19. Failing to respond appropriately will pose a risk to the City's reputation.

## Approval implications

If Commissioners support the response package, the implications are forecast to cost the City \$6,446,900 over the next three months. The balance of the stimulus package will be considered as part of the 2020/21 budget process.

## Financial implications

The financial implications associated with the City of Perth's proposed COVID-19 stimulus package will span two financial years (2019/20 and 2020/21).

The immediate response will apply to the balance of the 2019/20 financial year and will cost the City of Perth \$6,446,900. The remaining components will apply next financial year and will need to be considered as part of the 2020/21 budget process.

In considering the 2020/21 component of the stimulus package, the City's broader financial position will need to be considered as the City of Perth is not immune to the financial impacts of COVID-19. The City is very reliant on parking revenue with recent data suggesting that patronage is down 42% when compared to the corresponding period from the previous year.

The City's Strategic Finance Team is currently undertaking sensitivity testing to forecast the short and longer term financial implications associated with this downturn. The implications will be presented to Commissioners over the coming weeks.

### Within existing budget

The financial implications associated with this stimulus package will cost the City of Perth \$6,446,900 this financial year. The details are outlined below:

Ref	<b>TABLE A: Proposed Initiative for April - June 2019/20</b>	<b>2019/20</b>
		\$
<b>1</b>	<b>Rates</b>	
	Waive interest on current year rates debts	(3,000)
<b>2</b>	<b>Fees and Charges</b>	
	Waive Food Premise Licence Fees	(55,000)
	Waive Other Inspectorial Licence Fees	(11,000)
	Waive Change of Land Use Fees	(5,000)
	Waive Small Business DA Fees *	(65,000)
<b>3</b>	<b>Lease Rental Initiatives</b>	
	Suspend Lease Rental for City Buildings	(697,500)
<b>4</b>	<b>Parking Initiatives - Scenario 2 Medium Downturn Impact</b>	
	Free 1 Hr On-Street Parking in CBD	(2,398,400)
	Continuation of 3 Hr Free Parking Trial	(900,000)
	Discontinuation of issuing Infringements	(2,172,000)
<b>5</b>	<b>Event Initiatives</b>	
	Full Refund - all cancelled and postponed event booking fees	(140,000)
	<b>Projected Impact of Stimulus Initiatives</b>	<b>(6,446,900)</b>
<b>Ref</b>	<b>Proposed Initiatives with Cashflow Impact Only</b>	<b>2019/20 and 2020/21</b>
		\$
<b>6</b>	<b>Economic Stimulus</b>	
	Shorter Creditor Payment Terms	0
	Appropriate response to financial hardship cases	0

Not within existing budget

The initiatives identified below are indicative and will be considered as part of the 2020/21 budget process. The forecast implications associated with these initiatives could cost the City up to \$10,622,700 and are outlined below;

Ref	<b>Proposed Initiative for consideration in 2020/21 Budget</b>	<b>2020/21</b>
		\$
<b>1</b>	<b>Rates</b>	
	Zero percent increase in Rates yield	(1,900,000)
	Reduce penalty interest on overdue rates debts	(177,500)

<b>2</b>	<b>Fees and Charges - Impact for up to 6 months</b>	
	Waive Change of Land Use Fees	(10,000)
	Waive Small Business DA Fees *	(100,000)
<b>3</b>	<b>Parking Initiatives - Scenario 2 Medium Downturn Impact</b>	
	Free 1 Hr On Street Parking in CBD	(3,855,200)
	Continuation of 3 Hr Free Parking Trial	(1,800,000)
	Discontinuation of issuing Infringements	(2,640,000)
<b>4</b>	<b>Event Initiatives</b>	
	Full Refund - all cancelled and postponed event booking fees	(140,000)
	<b>Projected Impact of Stimulus Initiatives</b>	<b>(10,622,700)</b>

\*when the estimated cost of development is under \$500,000

Although the combined financial implications for 2019/20 and 2020/21 could be up to \$17,069,600, Commissioners are only being asked to consider the immediate response that applies to the current financial year. Consideration will be given to the remaining components during the 2020/21 budget process.

## Policy references

There are no policy implications associated with this report.

## Comments

The details below provide further explanation in relation to each of the proposed initiatives:

1. *Free up to one hour on-street parking across the CBD for the next three months to support local business (2019/20 and possible extension into 2020/21)*

In addition to the existing 3-hour parking trial (weekends and public holidays), this initiative will allow free one hour on-street parking across the CBD every day for the next three months. The intent of this initiative is to support businesses that have been impacted by restrictions on trading conditions including restaurants and cafes that can now only provide take away service. The initiative aims to encourage customers to support these businesses and ensure a high turnover of parking bays.

This initiative is also supported by the relaxation of on-street parking infringements.

2. *A freeze in increases in municipal rates and charges, including sanitation and waste charges (2020/21)*

In preparing the 2020/21 budget, Commissioners will consider a 0% rate yield increase. This essentially means that the amount collected in 2019/20 will be the same amount that the City will budget to collect in 2020/21.

It is worth emphasising that the 2020/21 budget will be informed by new valuations. Although under this proposal the total amount collected by the City won't change, the underlying calculation to arrive at individual billing amounts will change. As a result, some customers will receive a lower bill than last year, others may receive the same or a slightly higher bill.

The full implications can only be assessed once the rate modelling process has commenced. This will occur over the coming months.

3. *No fees and charges relating to inspection services for small business for the next three months (2019/20 and possible extension into 2020/21)*

Under this initiative, the City will waive fees and charges associated with:

- Food Premise Licence Fees;
- Other Inspectorial Licence Fees;
- Change of Land Use Fees; and
- Small Business Development/Planning Fees (when the estimated cost of development is under \$500,000).

4. *Suspension of lease and rental payments for three months to all City of Perth tenants leasing city owned property, including the relinquishment of bank guarantees (2019/20)*

The City owns a number of retail properties in the CBD. This initiative will see the City vary individual retail lease agreements to provide a suspension of lease repayments for 3 months (April, May and June).

In addition to this, the City will relinquish any bank guarantees associated with these retail leases. This will hopefully free up working capital for customers.

5. *An express planning service for change of land use and development applications for small businesses with no application fee (2019/20)*

In response to the trading restrictions imposed on businesses, the City will prioritise applications made by businesses that have been impacted by these changes.

6. *Accelerated capital works projects and major city maintenance programs (2020/21)*

In response to the economic uncertainty, the City of Perth will continue to plan to deliver an extensive capital works program in 2020/21. Over the past few weeks, this has included

compressing construction programs and shortening delivery timeframes. The City's investment will support contractors and suppliers.

7. *A full refund on all cancelled bookings at City properties or facilities (2019/20)*

The City has received many bookings for community facilities, parks and reserves that customers will not be able to utilise given the restrictions on public gatherings and social distancing measures. All fees collected that can't be utilised, will be returned.

8. *Shorter payment terms for creditors, reduced from 30 days to 15 days (2019/20)*

To assist businesses so that they can meet their own cash flow requirements and outside of established agreements, the City will reduce standard payment terms to 15 days from the receipt of invoice.

9. *Debtors experiencing hardship will receive a range of options to assist in payment (2019/20 and 2020/21)*

The City has existing policies and procedures with regard to alternative payment arrangements when people are experiencing hardship. In response to the current crisis, the City will actively promote these arrangements and;

- Waive the \$49 administration fee to establish a payment plan;
- Not charge penalty interest on overdue rates accounts for balance of the 2019/20 year. The City has appropriate delegations in place for this to occur at an operational level; and
- Consider changing the Late Payment Penalty Rate from 11% during the 2020/21 budget process.

Recommendation
<p>That Council:</p> <ol style="list-style-type: none"><li>1. <u>ENDORSE</u> the \$6,446,900 COVID-19 Fiscal Stimulus Package as outlined in Table A that applies to the 2019/20 financial year;</li><li>2. <u>CONSIDERS</u> the balance of the COVID-19 Fiscal Stimulus Package as outlined in Table B applicable to the 2020/21 financial year during the forthcoming budget process;</li><li>3. <u>AUTHORISES</u> the Chief Executive Officer to execute agreements which vary the terms of the City of Perth's retail leases to the extent required to implement a three-month rent free period and relinquishment of associated bank guarantees; and</li><li>4. until 30 June 2020, <u>WAIVE</u> the Food Premise Licence Fee, other Inspectorial Licence Fees, Rates Payment Plan Establishment Fee, Change of Land Use Fee and Planning/Development Fee (when the estimated cost of development is under \$500,000).</li></ol>

