

7.5 Shopping centre special rate and charge schemes - support request

Abstract

The purpose of this report is for Council to consider a request by the City's eight trader associations (Association) for financial support, in response to the impacts of the coronavirus disease (COVID-19) pandemic on their shopping centres (Centre).

In response to State Government Directions, many businesses have been restricted in their ability to trade or forced to close.

While the predominant source of funding and support for the economy is at the State and Federal level, from the outset Council recognised its role in supporting the local community and businesses, as evidenced by the \$4.5 million support and relief package to help our local community through the challenging and uncertain times brought on by the COVID-19 pandemic. The relief package includes a range of initiatives designed to ease the financial burden on our residents, businesses and community groups. Council continues to monitor the situation, work with the business community and review these initiatives to ensure alignment with community need.

Of the 53 Centres in the City, eight Centres have special rate and charge schemes (Scheme) to fund marketing and promotion activities within their Centre. For most of these Centres, this approach to funding their marketing program has been in place for over 20 years.

In response to the impact of the COVID-19 pandemic on the trading environment of the Centres with Schemes, Council received a co-signed letter from the eight Associations representing the Centres with Schemes, requesting Council provide financial support to these Centres. **Refer to Attachment 1.** The request consists of Council funding a quarter of the Schemes' value in 2020-2021 (equating to \$388,557) and making a \$25,000 contribution to each association (totalling \$200,000). The total cost to Council of this request would be approximately \$588,557, benefiting these eight Centres who represent approximately 2,450 individual businesses. There is a total of 26,664 businesses in Boroondara.

A method of assisting businesses within the eight Centres is to waive or defer (considered on an individual application basis) collection of their Scheme funds in response to financial hardship. Therefore Council wrote to all eight Associations on 27 May 2020, offering them this option and seeking their confirmation as to whether they would be seeking to waive or defer collection of Scheme funds from the businesses within their Centres.

The COVID-19 pandemic has impacted the entire Boroondara community. In response Council provided a range of support measures. Considerable care was taken by Council, to ensure equitable access to these measures by all members of our community in need, rather than targeting select groups.

It is important to note Council has not provided rate relief to its residential property owners, many of whom will be experiencing financial hardship. It is therefore difficult to justify Council providing financial support to its commercial property owners. In addition, the financial hardship being experienced by the eight Centres subject of the financial support request, is not unique to those Centres. It is reasonable to expect that the 45 Centres without Schemes, will also be experiencing the same or similar business impacts as those subject of the financial support request. Therefore it is considered that providing financial support to specific Centres, does not represent a fair and reasonable allocation of Council resources.

Council will continue to implement its relief and recovery initiatives and on behalf of the City's business community, and partner with our local business community to advocate to the Australian and Victorian Government for greater financial assistance for all businesses at this challenging time; not just those who happen to have special rate schemes.

Officers' recommendation

That Council resolve to:

1. Receive and note the letter requesting financial support from the City's eight trader associations dated 27 May 2020 and contained in Attachment 1 of the Council officers' report.
2. Not support the request for financial assistance by the eight trader associations as outlined in letter correspondence to Council dated 27 May 2020 and contained in Attachment 1 of the Council officers' report.
3. Write to all local State and Federal Members of Parliament requesting they advocate strongly to their respective governments to provide urgent financial assistance to businesses in the City's 53 shopping centres and business across the state and country more generally.
4. Council officers write to the eight trader associations advising them of Council's decision.

**Responsible director: Shiran Wickramasinghe
City Planning**

1. Purpose

The purpose of the report is for Council to consider a request by the City's eight trader associations for financial support in response to the COVID-19 pandemic.

2. Policy implications and relevance to community plan and council plan

Shopping centres play an important economic and community role in the City of Boroondara. There are over 5000 businesses in 53 Centres in the City. Council recognises the valuable role a Scheme plays in supporting commercial centres in Boroondara and provide resourcing through the Economic Development department, to facilitate the preparation and implementation of these Schemes.

The *Boroondara Community Plan 2017-2027* notes a key theme as 'Your Local Shops and Businesses' which contains strategies such as 'Provide support for traders to increase vibrancy and functionality of existing retail precincts to enhance a sense of community' and 'Promote initiatives that support a diverse local business community to cater for a wider range of businesses'.

Council's *Economic Development and Tourism Strategy 2016-2021* notes one of its objectives is to 'facilitate the development of best in class neighbourhood shopping centres throughout the City'.

Council's recently adopted a Placemaking Framework complements this work, with two of Boroondara's Centres (Glenferrie Road and Maling Road) being the subject of Council's placemaking pilot projects aimed at attracting people to visit, work and shop in Boroondara.

3. Background

Summary of Boroondara's special rate and charge schemes (marketing and promotion)

Boroondara has a diverse local business profile, consisting of 26,664 businesses spanning a range of industries contributing to a Gross Regional Product of \$13.10 billion in the year ending June 2019. The professional, scientific and technical services industry has the largest number of registered businesses in Boroondara (18.9%), followed by financial and insurance services (16.3%); rental, hiring and real estate services (15.5%); healthcare and social assistance (11.1%); construction (9.3%); and retail trade (14.8%). In total, the municipality employs 84,274 people, with the retail sector employing 10,570 in 2018/19, an increase of 614 people since 2013/14.

There are 53 Centres within Boroondara, of which eight have chosen to establish Schemes to fund their marketing programs benefiting their particular Centre. A description of each Scheme is provided in the table below.

Centre	Year first Scheme introduced	Forecast total value of Scheme in 2020-2021	Current Scheme expiry date
Ashburton	1998	\$93,655	30 June 2023
Burwood Village	1996	\$99,255	30 June 2021
Camberwell	1996	\$630,665	30 June 2021
Glenferrie	1991	\$229,875	30 June 2022
Greythorn	1997	\$85,300	30 June 2023
Kew Junction	1998	\$306,525	30 June 2022
Maling Road	1998	\$69,500	30 June 2023
North Balwyn	2000	\$39,451	30 June 2025

Council officers consider it reasonable to expect each Association will have expended all or nearly all, of their Scheme funds by September 2020, which is in line with their marketing and associated expenditure plans. The marketing coordinators have advised Council staff that during the COVID-19 pandemic, their Associations are continuing to fund marketing activities for their Centres, albeit these have been modified to reflect the COVID-19 pandemic trading environment.

This approach has been in place for between 20 and 29 years across the eight Centres, with Council supporting each Centre to establish, renew and administer the Schemes pursuant to the requirements of the *Local Government Act 2020* (the Act).

All funds raised by the Schemes are collected by Council on behalf of the Associations, as part of the General Rates collection process. The funds are then dispersed in full, back to each Association, in two equal installments (typically in September and February each year), pending receipt of appropriate documentation from each Association for Council review.

Council does not retain any of the funds collected. The funds are spent by each Association to market their particular Centre.

Council support of local shopping centres in response to the COVID-19 pandemic

The impact of COVID-19 on the community and more specifically the local trading environment across the City's Centres, has been significant. In response to State Government Directions many businesses have been restricted in their ability to trade and some have been forced to close.

While the predominant source of funding and support for the economy is at the State and Federal level, from the outset Council recognised its role in supporting the local community and businesses, as evidenced by the \$4.5 million support and relief package to help our local community through the challenging and uncertain times brought on by the coronavirus disease (COVID-19) pandemic. The relief package includes a range of initiatives designed to ease the financial burden on our residents, businesses and community groups.

As announced on 8 April 2020, to assist the business community during the COVID-19 pandemic, Council provided a number of assistance measures including:

- Waiving Food Premises registration fees, assisting businesses registered in Boroondara and their employees.
- Waiving all fees under the Camberwell Sunday Market licence, including licence fee, stallholder levy, monthly instalment, MDF contribution and 30 per cent community grant contribution.
- Introducing Rent Abatement for the Camberwell Fresh Food Market.
- Modifying parking enforcement approach, including improved access to parking resources, longer parking times at key locations impacting community members and traders (e.g. shopping strips), no enforcement of time restrictions in and around hospitals and Centre Link Offices and no enforcement at underutilised locations.
- Suspending ticket parking machine fees in paid parking areas, assisting traders, shoppers and visitors by improving access, ease of financial burden and reduction of likelihood of Coronavirus transmission through contact with machines.
- Waiving permit fees for Trader Parking Permits (quarterly and annual), easing the financial burden on traders.
- Waiving and rebate Footpath Trading Permit fees, easing the financial burden on traders.
- Providing health care providers with permits for designated parking spaces for patients
- Offering the Boroondara Farmers Market and Hawthorn Makers Market stallholders the opportunity to have their own online ordering and delivery information promoted on Council's website and the relevant market social media pages.
- Providing up-to-date information on the Business section of Council's website, including support offered by Council, Victorian and Australian Governments to businesses impacted by the COVID-19 pandemic.
- Sharing information and support to local trader associations, including the distribution of relevant information about Victorian and Australian Government policies and information on Council's website.
- Holding collaboration meetings with trader associations via teleconference to connect trader associations, share learnings and discuss opportunities to support the associations and local businesses.
- Providing additional communications to subscribers of the Business 'BizBits' newsletter, including information, advice and resources regarding the COVID-19 pandemic and adapting their business service.
- Promoting local businesses still open and offering a modified service via Council's Economic Development Team Boroondara Life Facebook and Instagram pages, including use of the hashtag #BoroondaraStillOpen, to create awareness amongst the Boroondara community of essential items available locally.
- Introducing online free business sessions on 'Introduction to Zoom', as well as tutorials providing beginner's guides to using Instagram and LinkedIn to promote their business. Council is also investigating holding business workshops online and will continue to create additional online tutorials and resources as needed.

- Introducing Council's free business mentoring sessions held online, with accredited business mentors from the Box Hill Business Enterprise Centre.
- Assisting Traders Associations install social distancing decals on the footpaths of retail precincts, to promote social distancing practices outside shops where people may congregate.

In recognition of the need to provide meaningful support to our entire business community during this challenging time, more recent initiatives have included:

- Adjusting Council's *Small Business Sparks Grants* program to the *Small Business Resilience Grants* Program, which will provide financial assistance to enable eligible businesses to operate more effectively in the online environment - something that has become increasingly important following the COVID-19 pandemic. The program is designed to support businesses to pivot their business model, enabling businesses to more effectively compete with the growing number of services and products sold and provided online. Successful applicants will receive funding to develop or improve online and e-commerce capabilities.
- Implementing the *I Love Boroondara Marketing Campaign*. This campaign will highlight the value and benefits of local strip shopping centres in contrast to their competitors, including online stores and large shopping centres.
- In response to restrictions placed on cafes and restaurants as a result of the COVID-19 pandemic, Council contacted all Boroondara businesses with a food registration permit, offering them the opportunity to apply for an extension of their footpath trading area (where they have an existing permit) to assist compliance with social distancing requirements. The offer was implemented as a priority, in recognition of the need to support our local food businesses' ability to viably trade.
- Offering counselling services to business owners and employees through local community organisation Camcare.
- Provision of downloadable signage and decal templates for printing and installation on business windows and pavements in Centres regarding social distancing requirements.

Additional support measures will continue to be explored and implemented, subject to funding and resource availability.

4. Outline of key issues/options

In recognition of the need to support the trader associations with Schemes, Council wrote to all Association Presidents and Marketing Coordinators on 27 May 2020, seeking their formal commitment as to which of three options they were wanting Council to support, being the waiver, deferral or no change to collection of their Scheme funds. Prior to this some Associations had indicated this might be an option they wanted to explore.

Circumstances appear to have changed since these discussions. These options are available under Council's *Rates and Charges Deferment and Financial Hardship Policy* 2015. Responses from Associations were requested by 8 June 2020 to enable a Council officers' report to be presented to Council should a waiver request be received, given a waiver arrangement requires a resolution of Council.

Six Associations responded (Ashburton, Burwood Village, Camberwell, Greythorn, Kew Junction and Maling Road) requesting Council funding as outlined in their co-signed letter, however they did not confirm whether a waiver, deferral or no change to collection of their 2020-2021 Scheme fund is requested. At the time of writing this report Council was awaiting a response from the Glenferrie Road and North Balwyn Centres. The Associations' co-signed letter is contained in **Attachment 1** and is seeking the following:

- *'Boroondara Council to pay the next quarter's (July to September) business special rate contribution.*
- *Boroondara council to grant \$25,000 to each Association in June 2020 to assist with costs incurred during COVID-19 and a boost for marketing to help recover once further restrictions are lifted.'*

The Associations proposal is for Council to cover the cost of a quarter of the Scheme funds for each of the eight Centres in 2020-2021. Based on the forecast value of each Scheme in 2020-2021, this would equate to a total of \$388,557, apportioned across the eight Schemes. In addition, Council would make a \$25,000 contribution to each Association. The table below provides a summary of contribution that Council would make to each Scheme.

Centre	Forecast total value of Scheme 2020-2021	Council contribution in 2020-2021 towards the Scheme	Council contribution to each Association	Total contribution by Council to each Association
Ashburton	\$93,655	\$23,414	\$25,000	\$48,414
Burwood Village	\$99,255	\$24,814	\$25,000	\$53,814
Camberwell	\$630,665	\$157,666	\$25,000	\$182,666
Glenferrie	\$229,875	\$57,469	\$25,000	\$82,469
Greythorn	\$85,300	\$21,325	\$25,000	\$46,325
Kew Junction	\$306,525	\$76,361	\$25,000	\$101,361
Maling Road	\$69,500	\$17,375	\$25,000	\$42,375
North Balwyn	\$39,451	\$9,863	\$25,000	\$34,863
TOTAL	\$1,554,226	\$388,557	\$200,000	\$588,557

The COVID-19 pandemic has impacted the entire Boroondara community. From the onset of the COVID-19 pandemic and the realisation of the significant impacts the pandemic is having on the entire community, Council provided a range of support measures which are detailed in Section 3 of the report. These measures were developed within the capacity available at a local government level. Considerable care was taken by Council, to ensure equitable access to these measures by all members of our community in need, rather than targeting select groups.

It is important to note Council has not provided rate relief to its residential property owners, many of whom will be experiencing financial hardship. It is therefore difficult to justify Council providing financial support to its commercial property owners. In addition, the financial hardship being experienced by the eight Centres subject of the financial support request, is not unique to those Centres. It is reasonable to expect that the 45 Centres without Schemes, will also be experiencing the same or similar business impacts as those subject of the financial support request.

Therefore it is considered that providing financial support to specific Centres, does not represent a fair and reasonable allocation of Council resources.

Further, it is noteworthy the Australian and Victorian Governments assumed their roles as the predominant source of funding and support for the economy. Their support measures have been promoted on Council's website. Of particular relevance to businesses located within our Centres, are the following financial support measures:

- The Australian Government announced a number of measures to support businesses to manage cash flow challenges and retain employees, this includes the JobKeeper Payment which provides a wage subsidy scheme, where workers receive a fortnightly payment of \$1,500 (before tax) through their employer.
- The Victorian Government has announced an Economic Survival Package to support business and jobs. As part of the package, the Government will provide full payroll tax refunds for the 2019-20 financial year to small and medium-sized businesses with payroll of less than \$3 million – giving \$550 million back to businesses who need it.
- The Australian Taxation Office (ATO) is offering relief measures to help businesses having difficulty meeting tax and super obligations.
- Australian banks have announced a Small Business Relief Package, which will defer loan payments for small businesses affected by COVID-19 for 6 months.
- Business Victoria has launched a \$500 million Business Support Fund to help eligible small businesses. Funding of \$10,000 per business is available and will be allocated via a grants process, which closed on the 1 June 2020.
- Business Victoria has also launched a new assistance finder to help businesses identify financial assistance or support available during the COVID-19 pandemic.
- The Australian Government has announced measures to help commercial and residential tenancies in financial distress, who are unable to meet their commitments as a result of COVID-19.
- The Victorian Small Business Commission have developed resources to help small businesses experiencing difficulty paying rent.
- The Victorian Government announced a commercial tenancy relief scheme to support commercial tenants and landlords who are struggling with economic disruption due to the coronavirus. The scheme includes a 6-month moratorium on evictions for eligible commercial tenants and mediation services through the Victorian Small Business Commission.

Council has acknowledged the widespread and significant impact the COVID-19 pandemic has had on the Borroodara community, and in response implemented a \$4.5 million support and relief package to assist our community through this unprecedented event. The Australian and Victorian Governments have also responded with a range of business support measures.

Therefore in recognition of the finite resources available to Council and the extent of assistance currently offered it is recommended Council not support the request for financial assistance requested by the Associations. Further having regard to the needs of the entire Boroondara business community as a result of the COVID-19 pandemic, the further allocation of specific Council assistance is not considered to be reasonable.

However, while State and Federal Governments have implemented a range of supports for businesses in response to the COVID-19 pandemic, there may be a need for additional support to businesses in Centres. In this context there is an opportunity for Council to work with our local members of parliament and business community to advocate to the Australian and Victorian Governments, urging them to expedite further measures to provide funding and support for small business.

Council remains committed to implementing its relief and recovery initiatives and will partner with local business to advocate to the Australian and Victorian Government for greater financial assistance for businesses.

5. Consultation/communication

Council wrote to Associations with a Scheme on 27 May 2020, seeking their confirmation regarding whether they would be seeking Council's support for a waiver, deferral or no change to the collection of their Schemes' 2020-2021 Scheme funds. This approach was in response to some of the Associations indicating that this was an option that they were considering. A summary of responses received from Associations is provided in the table contained in Section 4 of this report.

All Associations wrote a co-signed letter emailed to Council on 27 May 2020 seeking financial support from Council, consisting of Council funding a quarter of each Scheme's 2020-21 levy, in addition to a \$25,000 contribution to each Association. The total value of the financial support request is \$588,557. Refer to **Attachment 1**.

6. Financial and resource implications

The total value of the eight Schemes in 2020-21 is forecast to be \$1,554,226. These funds are collected by Council on behalf of each Association and dispersed back in full to each Association in two equal instalments (typically occurring in September and February each year). Funds dispersal is pursuant to an Agreement between Council and each Association, which requires appropriate documentation (such as an annual business plan and audited financial statements) to be submitted to Council prior to dispersal of funds.

Section 4 of this report outlines the financial implications of the request from the Associations which equates to an estimated \$588,557, based on the forecast value of each Scheme in 2020-2021.

The funding requested has not been foreshadowed in the draft Council budget 2020-2021.

7. Governance issues

The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed and it is considered the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

8. Social and environmental issues

Supporting the continuing viability of all of the City's 53 Centres provides a positive impact on community and social wellbeing by offering the local community places for interaction and convenient access to services.

Successful and vibrant local shopping centres provide the local community with accessible services and the need to travel less to obtain goods and services, and in doing so deliver, an environmental benefit.

Manager: Fiona Banks, Economic Development

Report officer: Fiona Banks, Manager Economic Development

May 27th, 2020

Dear Phillip, Cynthia and City of Boroondara Councillors,

We write to you as Presidents and Coordinators of all the eight (8) undersigned Trader/Business Associations in response to the City of Boroondara's support for small business and associations in response to COVID-19 initiatives.

Never before have we experienced the challenges presented to us from this pandemic. Many businesses in our shopping strips have had to close or work on limited capacity with incomes being decimated. The situation for most of our traders is dire and we feel the Council's offering is not enough to assist them. We do not believe it should be deemed inevitable that we will be left with lost businesses at the end of this event. We believe with the right initiatives a majority can survive.

All of our traditional marketing promotions/activities/events have had to be postponed/cancelled and instead our resources have gone to researching and providing resourceful information to our traders and members. Information such as where to get help, how to keep themselves, their staff and their customers safe from the virus and other invaluable information. Information has been changing constantly and many businesses have thanked us for providing information at a time they were doing all they could to survive, pivot and change their business models. This has been an expense not budgeted for and for many associations with minimal budgets it has been a huge financial hit.

Many other councils are assisting their Associations and traders in many different ways. From cash injections, relevant grants, to covering the cost of the special rate. We appreciate each council is different and has different capacities to assist.

We feel that both Traders/Ratepayers and Associations require assistance. Both groups are hurting and both are reliant on each other. Therefore we request the following –

- i. Boroondara Council to pay the next quarter's (July to September) business special rate contribution.
- ii. Boroondara council to grant \$25,000 to each Association in June 2020 to assist with costs incurred during COVID-19 and a boost for marketing to help recover once further restrictions are lifted.

We believe this assistance will provide relief and assist businesses to get back on their feet. Associations will also be in a better position to best market their strips and try and re-stimulate the local economies and not have to further cut back on future promotions.

Thanks for taking the time to read this letter and we look forward to your answers and clarification of the above questions.

Now that restrictions have eased, we would also appreciate an opportunity for a sit-down meeting between key representatives of our group and the CEO and Mayor of Boroondara Council, plus any other key Council representatives.

Regards and please stay safe,

ASHBURTON SHOPPING CENTRE TRADERS ASSOCIATION INC.

BURWOOD VILLAGE TRADERS ASSOCIATION

CAMBERWELL SHOPPING CENTRE ASSOCIATION INCORPORATED

GLENFERRIE ROAD HAWTHORN SHOPPING CENTRE ASSOCIATION

GREYTHORN TRADERS ASSOCIATION INC

KEW JUNCTION BUSINESS ASSOCIATION

NORTH BALWYN TRADERS ASSOCIATION

MALING ROAD BUSINESS ASSOCIATION INC