



# COUNCIL AGENDA

for the Special meeting

Wednesday 22 April 2020  
at 5.30pm



Members - The Right Honourable the Lord Mayor, Sandy Verschoor (Presiding);  
Deputy Lord Mayor (Councillor Hyde);  
Councillors Abrahamzadeh, Couros, Donovan, Hou, Khera, Knoll,  
Martin, Moran and Simms.

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**1. Acknowledgement of Country**

At the opening of the Council Meeting, the Lord Mayor will state:

‘Council acknowledges that we are meeting on traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.’

**2. Apologies and Leave of Absence**

Nil

**3. Reports for Council (Chief Executive Officer's Reports)**

Strategic Alignment - Corporate Activities

**3.1. COVID-19 Update and Impacts [2020/00230] [C] [Page 2]**

**4. Closure**

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# COVID-19 Update and Impacts

ITEM 3.1 22/04/2020  
Council

2020/00230  
Public

**Approving Officer:**  
Mark Goldstone, Chief Executive  
Officer

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## EXECUTIVE SUMMARY

The Administration has provided regular confidential updates to Council on the impact of the COVID-19 pandemic and our business continuity plan to enable Council to be fully informed of the potential challenges.

It is important we now publicly share our financial position, including Council's operating position, funding position, and the implications for our capital works, strategic projects and resourcing, with the community.

This is an opportunity to share how COVID-19 has affected our business, the decisive action taken to reduce and defer non-essential expenditure, and the implications for our capital works, strategic projects and resourcing.

The Tuesday 12 May 2020 Council meeting will be the forum for critical decision making in the context of the Q3 Financial Report, with an understanding of the full range of possible recovery levers, including any future borrowings and our rates approach.

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## RECOMMENDATION:

That Council:

1. Notes this report.
2. Requests the CEO to report to the Tuesday 12 May 2020 Council meeting to enable critical decision making in the context of the Q3 Financial Report.

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<p><b>Enabling Priorities</b> to continually improve our governance and maximise community benefit</p> <ul style="list-style-type: none"> <li>Bold leadership and strategic partnerships to meet challenges and take up new opportunities</li> </ul>
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
19/20 Budget Allocation	For discussion at QF3
Proposed 20/21 Budget Allocation	For discussion at QF3
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
19/20 Budget Reconsideration (if applicable)	For discussion at QF3
Ongoing Costs (eg maintenance cost)	For discussion at QF3
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. The impacts of COVID-19 are unfolding in real-time. As our communities comply with the advice and restrictions progressively announced by the Federal and State Governments for social distancing, self-isolation and quarantine, the pressure on City of Adelaide's income and cash-flow is immediate, significant and anticipated to be long-term.
2. The Administration has provided regular updates to Council on the impact of the COVID-19 pandemic and our business continuity plan, to enable Council to make informed decisions about its response to the COVID-19 pandemic. A summary of operational actions taken to date is provided at **Attachment A**.
3. A CEO Briefing was held on Wednesday 15 April 2020 to discuss in detail with Councillors all aspects of Council's financial position, including Council's operating position, funding position, closing borrowings for the year ending 30 June 2020, and prudential borrowing limits. Topics of discussion at the CEO Briefing included:
  - Financial impacts overview and scenario modelling
  - Borrowings and prudential limit
  - Identified savings
  - Strategic projects
  - Capital works and strategic projects
  - CCCLM and ALGA activity
  - U-park initiative and on street parking update
  - Business Continuity Plan update
  - Recovery approach
  - Workforce management
4. Council has shown leadership and acted quickly with a \$4 million support package to support the community.
5. In accordance with Federal and State regulations and in the interests of the health and safety of our community and our staff, we have temporarily closed the majority of our commercial operations, including the Aquatic Centre and Golf Links and we can't take bookings for events in our Town Hall and Park Lands. Income from UParks, street parking and expiations, as well as other fees and charges are understandably greatly reduced. As the City relies on our ratepayers and commercial operations for its operating revenue, we (along with other capital city Councils around Australia) are experiencing immediate, and significant financial hardship.
6. With a projected reduction in income of up to \$30 million as a worst-case scenario for the April to June quarter this financial year, the pressure on our income and cash-flow is immediate and the effect is anticipated to be long-term.
7. Administration has taken **immediate action** to free up cashflow and reduce and defer non-essential expenditure, projects and capital works to 30 June 2020. Innovative measures such as the introduction of UPark Plus have also been introduced to help minimise the loss in net income. These actions have enabled us to continue to provide essential services for our community.
  - Spending has stopped or been significantly reduced on contractors, consultants and legal expenditure (\$3.3 million).
  - Many strategic and capital projects are either not proceeding due to COVID-19 limitations or are being reprioritised or retimed and we are locking in savings (\$3.3 million operations, \$3 million strategic; \$23.8 million capital).
  - Decisive action has been taken and more hard decisions will need to be made to ensure Council remains financially viable in the short and medium term to best serve our community. These decisions will help us remain financially viable but also set us up to recover as quickly and strongly as possible.
  - To ensure sustainability beyond 30 June 2020 and create opportunity for recovery, it is critical we address our underlying operating deficit of approximately \$20m by reducing our operating expenditure.
  - Without making significant changes to our operations and our staffing, our short-term financial sustainability will be compromised.

- The City of Adelaide, along with the local government sector, is ineligible for existing support schemes, such as the JobKeeper payment which is supporting businesses significantly affected by the coronavirus to help keep employees in jobs.
8. The City of Adelaide has a strong balance sheet with net assets of \$1.7 billion and has significant capacity to borrow relative to other Councils. Our current prudential borrowing limit is \$89.4 million (QF2 forecast borrowings \$81.6 million) and is based on Council's Treasury Policy which is reviewed every two years (last revised December 2018). A comparison of other SA Councils suggests the City of Adelaide has significant capacity to borrow relative to other Councils, and the debt service coverage ratio (our ability to service debt) confirms our capacity is significantly higher than the lowest limit. A review of our prudential borrowing limits is one of a range of recovery levers that Council will consider in May in the context of the Q3 Financial Report.
  9. A summary of information presented at the CEO Briefing is provided at **Attachment B**.
  10. This Special Council meeting is an opportunity to share with the community how COVID-19 has affected our business, the decisive action taken to reduce and defer non-essential expenditure, and the implications for our capital works, strategic projects and resourcing.
  11. At the Committee Meeting scheduled for Tuesday 5 May 2020, Council will consider its options in response to COVID-19.
  12. The Tuesday 12 May 2020 Council meeting will be the forum for critical decision making in the context of the Q3 Financial Report and with an understanding of the full range of possible recovery levers, including any future borrowings and our rates approach.

### Recovery Approach

13. Until such time as Federal and State regulations are revised, and social distancing rules are safely relaxed, the City of Adelaide's revenue streams remain limited. However, there are a range of recovery levers that Council can consider in May in the context of the Q3 Finance Report:
  - Pause / Reprioritise Asset Renewals
  - Pause / Defer Strategic Enhancements
  - Secure Government funding for Priority Infrastructure and Stimulus Projects
  - Realise potential of non/underperforming assets and reinvest in performing and demand driving assets
  - Rationalise and Reduce our Services
  - Rationalise and Reduce our Staffing
  - Revisit financing – increase prudential limit/borrowing
  - Revisit rates approach (valuations)
  - Invest in recovery
14. The City of Adelaide is gathering data, trends and relevant research at the local, national and global levels. Gaining insights into what a post COVID-19 environment could look like for business and our community is critical.
15. Greater focus will also be given to working with the State and Federal Governments, as well as other service providers and partners to have a collaborative approach for delivery of projects that provide employment and bring people into the city.
16. The focus will also be on delivery of key strategic projects such as:
  - 16.1 Completing the roll out of the world leading 10 Gigabit Adelaide fibre optic network across the city and North Adelaide by 30 June 2020. This will see 1000 buildings directly connected to one of the world's fastest and cheapest local area networks. Lowering costs and driving efficiencies for any business that relies on moving large amounts of data through cloud-based services. Connectivity has become even more important as business adjust to the COVID-19 challenges.
  - 16.2 The redevelopment of the Central Market Arcade and development of the 88 O'Connell site. Both of these city shaping projects will provide ongoing employment opportunities following construction and are catalyst projects for both the Central Market and North Adelaide precincts. These projects will also provide ongoing, future revenue opportunities for Council.

## ATTACHMENTS

**Attachment A** – Operational Actions taken to date

**Attachment B** – Summary of CEO Briefing Information

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- END OF REPORT -

COVID-19 Decision Chart			
Date	Advice Provided	Legal Mechanism	Actions and Activities
4/03/2020	Critical Incident Management Team (CIMT) enacted emergency arrangements		
15/03/2020	Restrictions on non-essential gatherings of more than 500 people.	<b>Federal Gov't advice enacted by State Gov't through Public Health Emergency Declaration and Directions</b>	<p>CIMT met to discuss and decide on measures to ensure compliance with State laws that align with federal government messaging and new information regarding risk to staff and community.</p> <ol style="list-style-type: none"> <li>1. All council and city organised public events of more than 500 cancelled</li> </ol>
16/03/2020	"Stop the spread" campaign commenced (wash hands, cough into elbow, social distancing) <a href="https://www.health.gov.au/resources/collections/coronavirus-covid-19-campaign-resources">https://www.health.gov.au/resources/collections/coronavirus-covid-19-campaign-resources</a>	<b>Federal health campaign and Public Health duties to staff and community</b>	<p>CIMT met to discuss and decide on proactive measures that align with federal government messaging and new information regarding risk to staff and community. Each item was risk assessed and activities were designed to reduce or eliminate risk.</p> <ol style="list-style-type: none"> <li>1. Started research into closing libraries due to the safety risks for public and staff</li> <li>2. Put visual aids in lift foyers and toilets to encourage hand washing and "Stopping the spread"</li> <li>3. Create a website page with all council related COVID-19 info</li> <li>4. Placed hand sanitiser at all entrances, foyers, and communal areas</li> <li>5. Increased cleaning regimes for council buildings &amp; public realm</li> </ol>
	All people coming in from overseas must self isolate for 14 days.	<b>Federal Gov't advice enacted by State Gov't through Public Health Emergency Declaration and Directions</b>	<p>CIMT met to discuss and decide on measures to ensure staff are able to be compliant with State laws without barriers like leave balances or Working from Home paperwork.</p> <ol style="list-style-type: none"> <li>1. Create special leave type for staff required to self isolate</li> <li>2. Create flowchart of scenarios for isolation and leave types for who are impacted by COVID-19 restrictions</li> <li>3. Review working from home policy and associated capacity</li> </ol>
	Stop the spread campaign	<b>WHS and PH duties to staff and community</b>	<p>CIMT met to discuss and decide on measures to ensure compliance with State laws that align with federal government messaging and new information regarding risk to staff and community. Each facility was assessed and action taken to reduce to eliminate risk.</p> <ol style="list-style-type: none"> <li>1. All visitor information services temporarily suspended including Visitor Information Centre, Central Market information desk, City Guides, Adelaide Greeters, Adelaide Town Hall Tours &amp; Cruise Ship Meet &amp; Greet.</li> <li>2. Increasing distance between computers at Libraries &amp; Community Centres to support social distancing.</li> <li>3. Volunteers advised that volunteer program is currently suspended.</li> </ol>
	Organisational wide review of Business Continuity Plans begins		
18/03/2020 9:30am	Risk assessment based on PM's announcement  <a href="https://www.pm.gov.au/media/update-coronavirus-measures">https://www.pm.gov.au/media/update-coronavirus-measures</a>	<b>WHS</b>	<p>CIMT met to decide on proactive measures that align with federal government advice on essential only travel.</p> <ol style="list-style-type: none"> <li>1. Spreadsheet created to track all staff currently travelling overseas as well as those self isolating due to being tested or in close contact with a positive case.</li> <li>2. Decision made to close information centre, greeters and town hall tours due to the average age of our volunteers placing them in a high risk category &amp; social distancing requirements.</li> <li>3. Conducted a review of all BCP's to ensure they're correct for this situation. Agreed on a blanket ban for all large scale events until end of April.</li> <li>4. Agreed on blanket ban on staff corporate travel.</li> </ol>



COVID-19 Decision Chart			
Date	Advice Provided	Legal Mechanism	Actions and Activities
18/03/2020 2:30pm	Restriction on non-essential indoor gatherings of greater than 100 people and introduction of social distancing (1.5m between patrons) in gyms, indoor fitness centres and swimming pools.	PM Announcement	<p>CIMT met to decide on proactive measures that align with federal government messaging.</p> <ol style="list-style-type: none"> <li>Adelaide Aquatic Centre, City of Adelaide Libraries and Community Centres temporarily closed. Adelaide Town Hall temporarily closed for tours, events and functions.</li> <li>All permanent employees from above sites to continue to come to work and perform meaningful duties. Casual staff from these sites no longer required to work and paid 2 weeks average wage.</li> <li>COVID-19 webpage at <a href="http://cityofadelaide.com.au/covid19">cityofadelaide.com.au/covid19</a> launches to keep our community updated on changes to our services and facilities.</li> </ol>
	Responding to PM's announcement  <a href="https://www.pm.gov.au/media/press-conference-australian-parliament-house-act-9">https://www.pm.gov.au/media/press-conference-australian-parliament-house-act-9</a>	CIMT	<p>CIMT met to respond to the PM's announcement reducing indoor non-essential gatherings to less than 100 people.</p> <ol style="list-style-type: none"> <li>Agreed on the need to close Adelaide Aquatic Centre, City of Adelaide Libraries &amp; Community centres as they have 100+ indoor capacity for members of the public to gather.</li> <li>Decision made to pay casuals for 2 weeks after facilities closing.</li> </ol>
20/03/2020	Responding to concerns of customer centre staff & complying with social distancing guides	WHS	<ol style="list-style-type: none"> <li>Provided gloves for use in customer centre when handling cash to help ease skin irritation from sanitiser use.</li> <li>Measured all meeting rooms and put up visual aids for 4sqm rule and max persons allowed (resources also sent to RMMMA, Depot &amp; ACMA)</li> <li>Worked with marketing to create visual aids for employee and public entrance which say do not enter if you meet this criteria (Have travelled in last 14 days, been in close contact with someone who has travelled, have a cough, fever or shortness of breath)</li> </ol>
	<p>All non-essential gatherings suspended for an initial 4-week period including (but not limited to) pubs, licensed clubs, gyms, cinemas and casinos. Cafes/restaurants can provide take-away only.</p> <p>All people entering South Australia must self-isolate for 14 days.</p>	PM Announcement	<p>CIMT met to decide on measures to ensure our business aligns with federal government advice.</p> <ol style="list-style-type: none"> <li>North Adelaide Golf Course and Par 3 kiosk will provide take-away food and beverage only (no dine-in). However, the courses will still remain open.</li> <li>Final versions of Business Continuity Plan approved by key stakeholders.</li> </ol>
23/03/2020	Responding to concerns of customer centre staff & complying with social distancing guides	WHS	<ol style="list-style-type: none"> <li>Installed physical barrier to ensure customers are at least 1.5m from staff.</li> <li>Repurposed planning area to be a drop in area for customers to call staff (rather than meet face to face)</li> <li>Review visitor data (has dropped to 6 visitors in week ending 22 March).</li> <li>Installed signage advising customers not to enter if unwell, have travelled O/S or interstate</li> </ol>
24/03/2020	Responding to inability to facilitate social distancing requirements and increasing demand from staff to work from home	CIMT, PH & WHS responsibilities	<p>CIMT met to decide on best course of action.</p> <ol style="list-style-type: none"> <li>Decision made to enact BCP for 4 weeks and have only essential staff working.</li> <li>Met with IM to discuss options. Decided we have capacity for all critical staff (with office based work) to work from home already.</li> <li>Started the process for CoA to have the ability for more staff to work from home at the end of the 4 week period.</li> </ol>
25/03/2020	Staff and Community advised we would be enacting our Business Continuity Plans		
	Trainees and temp staff advised that their employment with CoA discontinued. Casuals also advised that no work would be available for the foreseeable future.		
	Responding to PM announcement & questions from staff	CIMT	Signage created for playgrounds and gym equipment around their cleaning regime.

COVID-19 Decision Chart			
Date	Advice Provided	Legal Mechanism	Actions and Activities
	<b>Business Continuity Plans enacted</b>		
26/03/2020	Responding to questions raised by enacting our BCP's	CIMT	FAQ's created for staff & comms around CoA's current ability for all staff to work from home
29/03/2020	Golf Australia advises all golf courses nationally to close	Golf Australia	North Adelaide Golf Course to close as of Sunset today. Members and pass holders have been notified.
29/03/2020	Closure of playgrounds and skate parks.  Prime minister emphasises that, unless you are shopping for essentials, attending a medical appointment or going to work/study, you should be staying home. public gatherings are limited to 2 people for most of the country, except for SA (still 10 at this stage).	PM Announcement	As a result of the PM's announcement, City of Adelaide Playgrounds, BMX track and Gym equipment will be closed/access restricted.
30/03/2020	Response to PM's announcement	CIMT	CIMT met to discuss and make decisions on measures to ensure compliance with State laws that align with federal government messaging and new information regarding possible risks to staff and the wider community.  1. Created contact list for leaders to show which staff are in the office/home/working from home.  2. Prepared closure signage for the above facilities. This was not extended to include public courts such as netball and basketball however monitoring for compliance will occur.  3. Physical distancing signage installed at courts and community gardens  4. Permits for E-Scooters & E-Bikes temporarily suspended including RIDE E-Scooters, Neuron scooters, Air bikes and JUMP electric bikes. Free bike scheme suspended.  5. Investigated online meeting options for staff who can work from home.
1/04/2020	<b>All actively working' staff (those delivering the BCPs) supported to work from home where possible</b>  <b>BCT team engaged</b>		
3/04/2020	Response to meeting with the unions and also questions raised by staff around leave	CIMT	Council commander met with ELT to discuss leave options and make a decision on weeks 3 & 4 of BCP.  1. Special leave made available for employees without sufficient leave for weeks 3 & 4 of BCP.
6/04/2020	Responding to reduced staff numbers in CLC	CIMT	CIMT met and discussed the cleaning regime for CLC now there are less staff physically in the building.  1. Decided to close all but 1 meeting room on each floor to reduce the cleaning needs. Signage erected to reflect the closures.
7/04/2020	Updating BCP's in response to the initial enactment of our Business Continuity Plans, to plan for the next phase following week 4.	BCT	The BCT contacted Associate Directors via email on 6/04 seeking their help to update our business continuity plans. ADs and members of the BCT met on 7/04 and starting populated the BCP's for completion by Thursday COB 9 April 2020.
7/04/2020	Responding to Associate Directors who requested a communication platform/forum for business continuity matters for leaders	BCT	Business Continuity Leader Portal implemented for the Executive Team and Associate Directors to receive the latest updates from the BCT team and exchange ideas, issues and resources.
9/04/2020	Responding to Director Place's request for a dashboard to report on our business continuity plans	BCT	Business Continuity Dashboard published on Business Continuity Leader Portal. Associate Directors/Directors advised that they are the point of contact for staff for access to the dashboard.
15/04/2020	Preparing for the end of the 4-week Business Continuity Plans phase and determining our Business Continuity approach for week 5 and onwards	BCT	Executive Team & Associate Directors meet to discuss their recent updates to our business continuity plans and discuss the next phase for week 5 and onwards.
15/04/2020	CEO Briefing to update Council on COVID-19	BCT	Confidential CEO briefing held with Council to discuss the Administration's response to COVID-19 and enactment of BCP's. Director Place to share the BC Dashboard.

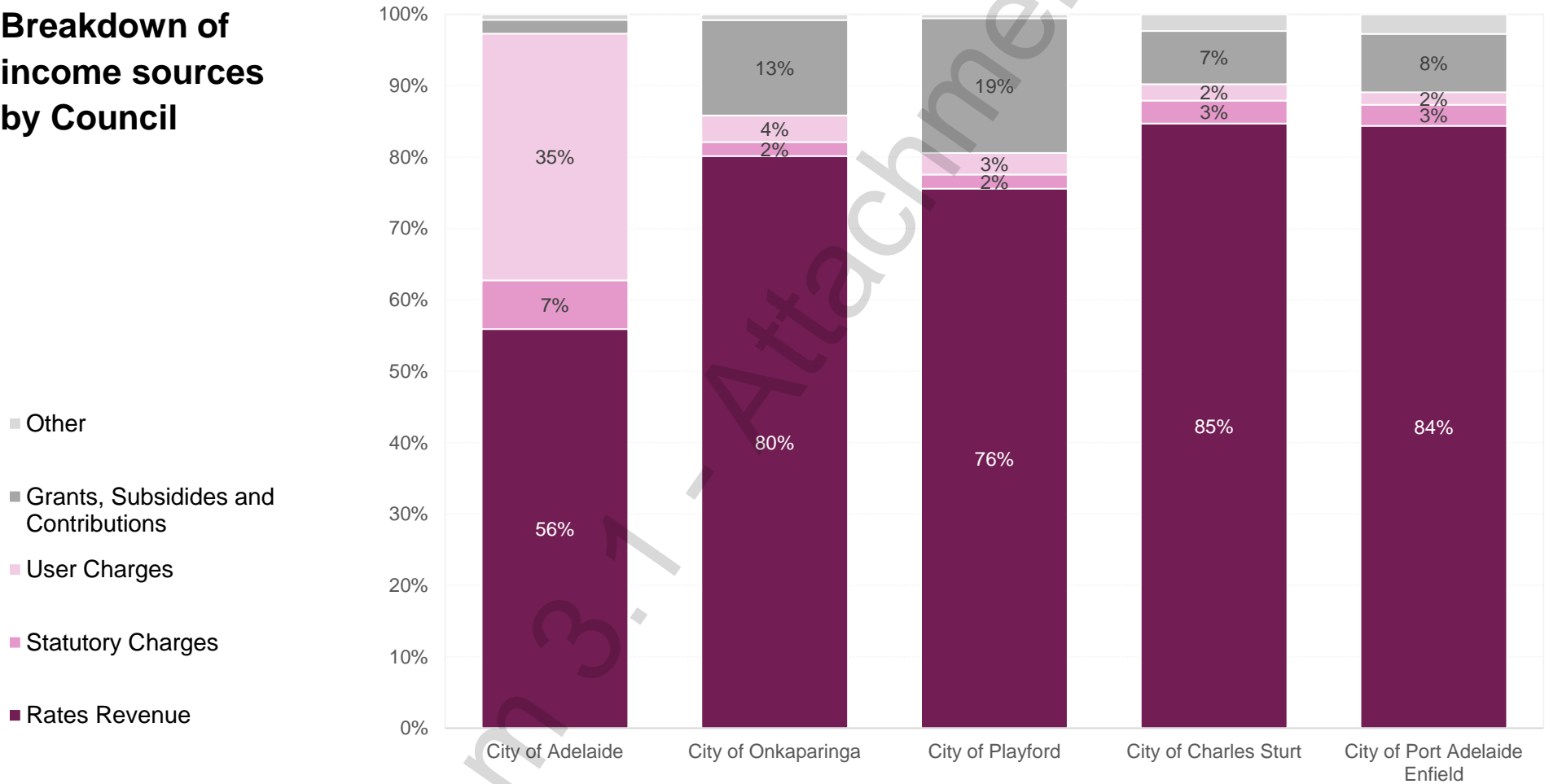
COVID-19 Decision Chart			
Date	Advice Provided	Legal Mechanism	Actions and Activities
17/04/2020	Responding to complaints from SAPoL & residents about basketball and tennis courts being open	CIMT	CIMT met and discussed the reasoning behind basketball and tennis courts remaining open. <b>1. Decided that adequate social distancing occurs on both basketball and tennis courts therefore there is no need to close off to the public.</b>
20/04/2020	Responding to state government lifting restrictions on hydrotherapy pools and advice from Golf Australia  <a href="http://triminterface/viewTrimDoc.aspx?TrimRef=ACC2020/57279">http://triminterface/viewTrimDoc.aspx?TrimRef=ACC2020/57279</a>  <a href="https://www.golf.org.au/updated-golf-australia-covid-19-position">https://www.golf.org.au/updated-golf-australia-covid-19-position</a>	CIMT	CIMT met and discussed the possibility of re-opening Adelaide Aquatic Centre for hydrotherapy and sport training sessions only and opening the North Adelaide Golf Course. <b>1. Decided not to re-open aquatic centre at this stage given the lack of demand for the permissible services and the operational costs associated with opening for such limited services.</b>  <b>2. Decided to re-open North Adelaide Golf Course in line with advice from Golf Australia from the 24th of April.</b>

# **ATTACHMENT B: COVID-19 FINANCIAL SUMMARY**

**Special Council Meeting 22 April 2020**

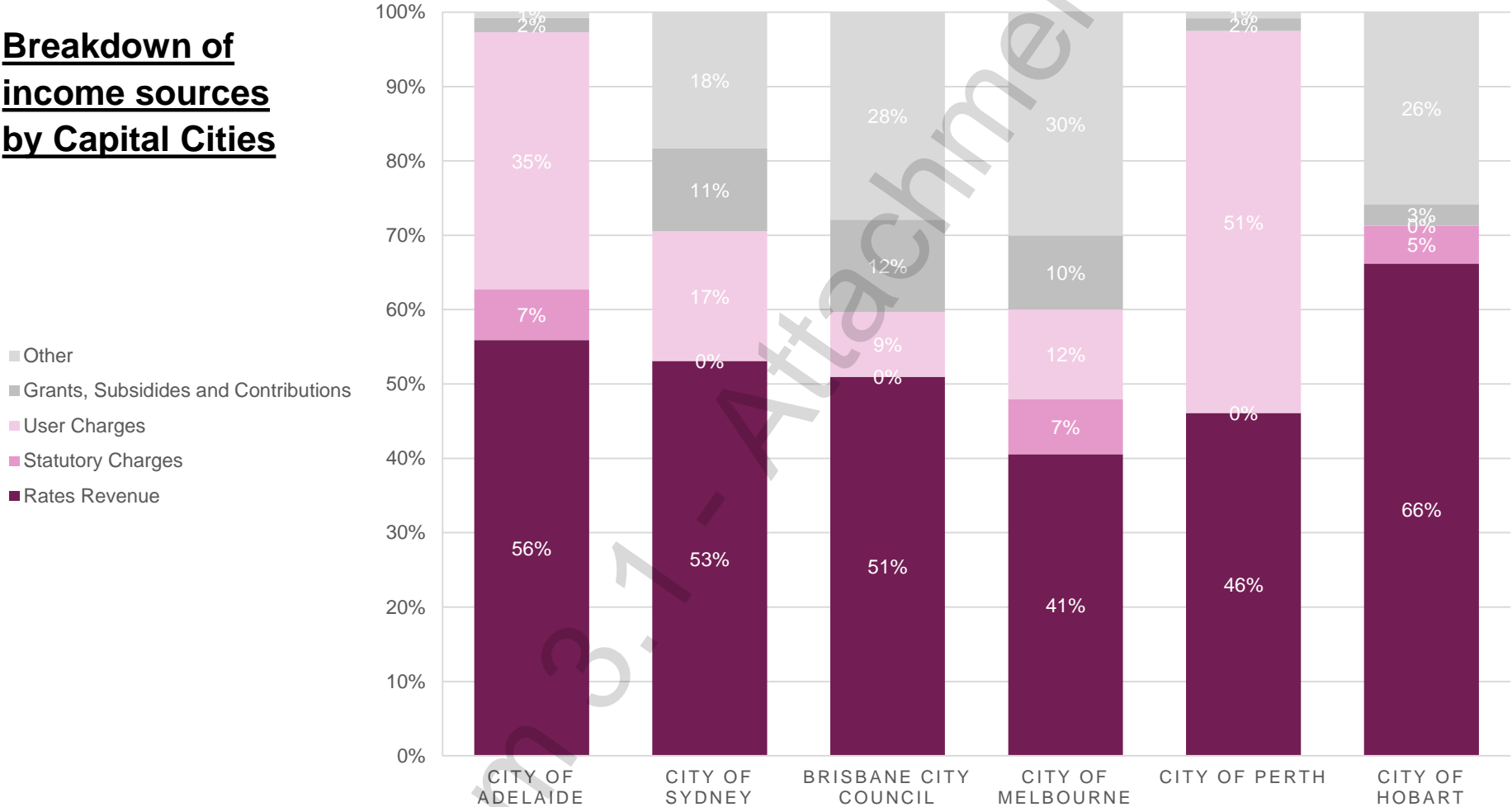
	JAN	FEB	MAR	APR	MAY	JUNE	2020/21
<b>FINANCIAL</b>	Business as usual	Business as usual	Minor impacts on income experienced as restrictions implemented e.g. events cancelled and shops closed	Larger scale income reductions, expenditure reduced. Support package	Potential financial impacts of total \$30.5m: - \$4.0m City Support Package - \$12.0m impact on income (parking, property, commercial, other) - \$14.5m impact on rates		Adjustments required to expenditure and borrowings based on limited income
<b>COVID</b>	World alerted to new Coronavirus. Initial spread	Cases reported in Australia. WHO confirm pandemic	Government enacts community quarantining / closures	Continuing spread, 'shut downs' continue, 'new-norm'	Likely continuation of community social distancing, State borders closed		Tracking of virus / develop vaccination. No timeframes on 're-opening'
<b>BCP</b>		BCP plans updated	BCP plans initiated: CoA essential and modified services enacted	CoA services continue to be impacted by Government regulations and restrictions		BCP plans reflect latest changes e.g. continued restrictions, recovery	
<b>RECOVER / REIMAGINE</b>				CoA initiates recovery planning	Council decides on recovery levers in the context of Q3 and re-imagining services	Recovery plans to reflect latest changes (lifting of social distancing, businesses re-opening etc)	

## Breakdown of income sources by Council

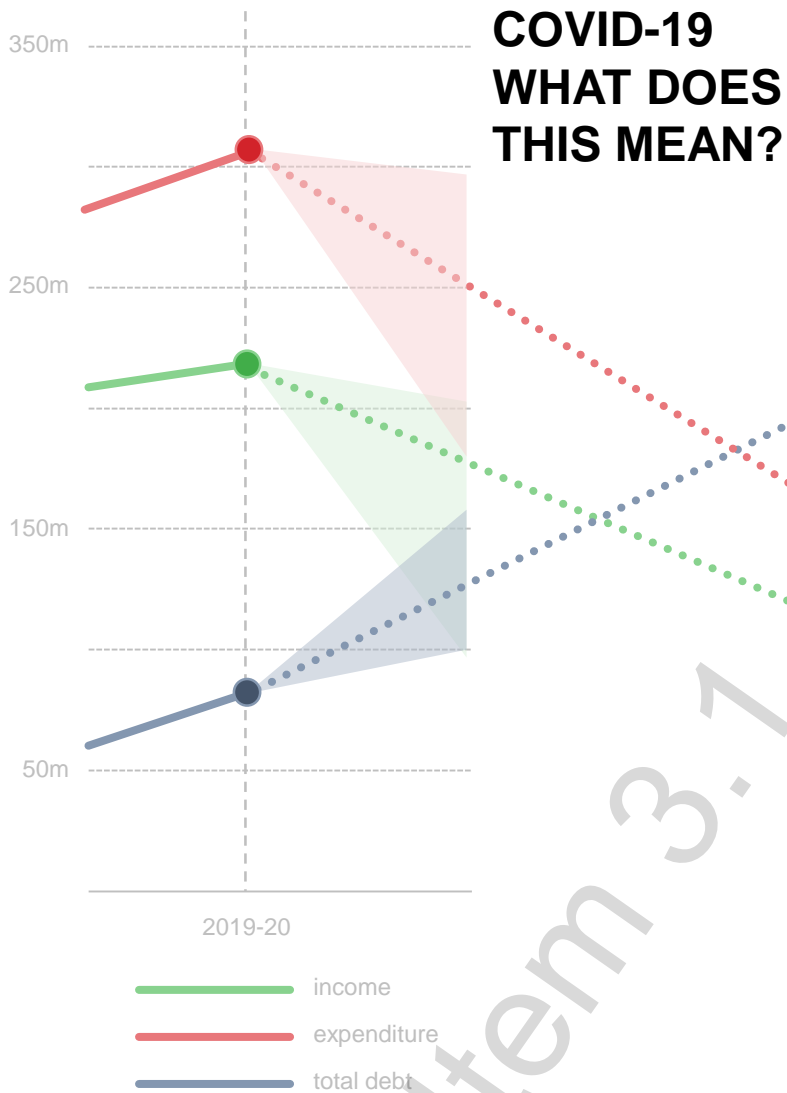


Source: 2018-19 Audited Financial Statements

## Breakdown of income sources by Capital Cities



Source: 2018-19 Audited Financial Statements



### 2019-20 Quarter 2 Revised Forecast

Budgeted operating deficit of \$18.9m and capital spend of \$70.8m. Forecast borrowings \$81.6m

2018-2019: Actual Operating Deficit: \$21.1m  
Capital \$49.2m

2017-2018: Actual Operating Deficit: \$17.4m  
Capital \$108.6m

Since 2017-2018 we've had an operating deficit which directly contributes to the increase in borrowings each year

This is linked to an increasing number of Council decisions that have put pressure on income and expenditure

Administration has already reduced its general operations by \$12m through a purposeful approach to efficiencies

### Financial implications of COVID-19

1. Rates impact to 30 June 2020
2. Income impact to 30 June 2020
3. Immediate action taken to free up cashflow and reduce operational expenditure to June 2020
4. Potential scenarios and recovery



# FINANCIAL IMPACT OF COVID-19

## RATES IMPACT TO 30 JUNE 2020

Already for Quarter Four, 76 requests have been received for 199 individual assessments:

- Total value of these is close to \$1million
- Majority of requests are for deferrals
- 3 month extension (to 31 August) granted where hardship is proven for deferral

Rates relief requests have come from individuals, individuals with multiple properties and all types of business / commercial  
**Quarter Four notices distributed this week**

**Coronavirus – latest information**

In response to Federal and State Government restrictions, the City of Adelaide has temporarily closed some of its non-essential services and facilities. All essential Council services currently remain open including the City of Adelaide Customer Centre.

We understand how important these facilities are to you as a customer. We will continue to monitor the situation closely so we may reopen our non-essential facilities as soon as possible.

For regular updates and a full list of services and facilities impacted, visit [cityofadelaide.com.au/covid19](http://cityofadelaide.com.au/covid19) or contact the Customer Centre on 8203 7203 or [customer@cityofadelaide.com.au](mailto:customer@cityofadelaide.com.au).

**Financial Hardship**

At the City of Adelaide, we understand that our ratepayers sometimes find it difficult to meet financial obligations due to changing circumstances and unforeseen events. By contacting us we will work with you to discuss alternative rates payment options to get you back on track as soon as possible.

How can we help?

- Confidentially discuss your situation
- Review your commitments
- Identify what support we can give
- Stay in touch with regards to your personal situation

Support may include:

- Payment arrangements
- Short-term payment deferral
- Postponement
- No fines or interest to be charged on outstanding rates
- No new debt recovery action to be instigated

Contact us on 8203 2703 or email [accountsreceivable@cityofadelaide.com.au](mailto:accountsreceivable@cityofadelaide.com.au) for a confidential discussion today.

**Stay Connected**

Keep yourself connected with your city community and take care during this challenging time. We've collected some ideas, stories and online experiences to share while practising social isolation or staying home. Visit the website to explore the city from your home: [cityofadelaide.com.au/connect-care](http://cityofadelaide.com.au/connect-care)

It is also important to check in with your vulnerable neighbours during this period. The City of Adelaide supports elderly residents registered with the Commonwealth Home Support Program to live independently and safely at home. You can check your eligibility for the service and apply online for an assessment at [myagedcare.gov.au](http://myagedcare.gov.au)

City of Adelaide website navigation: Your Council, Explore Adelaide, Adelaide Living, Invest Adelaide, More SBEL, ONLINE SERVICES.

Navigation: About Council | About Adelaide | What's On | Your Say Adelaide | Online Services | Careers

Menu: Resident, Community, Business, Transport & Parking, Development

UPDATE: Read the latest update regarding our response to the novel coronavirus (COVID-19) situation. Read more.

Rates

The City of Adelaide is committed to giving consideration and assistance to rate payers experiencing financial hardship. If you require support during this period, please complete the Rates Financial Hardship form below, which will allow us to assess your eligibility for financial hardship assistance.

**APPLICATION FORM**

For all the latest information and updates on our response to COVID-19 please visit [www.cityofadelaide.com.au/covid19](http://www.cityofadelaide.com.au/covid19).

Rates flyer, including information on the City Support package

Rates hardship application – easy to use online form:  
<https://www.cityofadelaide.com.au/resident/home-management/rates/>

## Potential rates impact for 2019/20

\$ millions	Assumptions	Low	High
Quarter 4 rates	10 – 50% deferral of rates	(\$2.7m)	(\$13.5m)
Existing debtors	25 - 50% deferral of payment	(\$0.5m)	(\$1.0m)
		<b>(\$3.2m)</b>	<b>(\$14.5m)</b>

# FINANCIAL IMPACT OF COVID-19

## INCOME IMPACT TO 30 JUNE 2020

\$ millions	Assumptions	Low	High
<b>Estimated income reduction</b>			
<b>Parking income (on-street)</b>	Current approach expiations, 25% casual paid parking	(\$4.0m)	(\$5.0m)
<b>City Support Package</b>		<b>(\$4.0m)</b>	
<i>Including Property Services</i>	3 months rent relief for tenants	(\$1.6m)	
<i>Including Central Market</i>	3 months rent relief for tenants	(\$0.8m)	
<i>Including Rundle Mall Levy</i>	3 months levy relief	(\$1.0m)	
<b>Commercial Business</b>	Reduced income (primarily from UPark) Temporary closures in place (some fixed costs)	(\$5.1m)	(\$6.4m)
<b>Park Lands Events</b>	Events postponed until 30 June 2020	(\$0.2m)	
<b>Other Fees &amp; Charges</b>	Reduction in activity in City	(\$0.2m)	(\$0.4m)
		<b>(\$13.5m)</b>	<b>(\$16.0m)</b>

<b>Potential financial impacts of COVID-19 to 30 June 2020</b>		Low	High
	City Support Package	(\$4.0m)	(\$4.0m)
	Impact on income (Parking, Property, Commercial, other)	(\$9.5m)	(\$12.0m)
	Impact on rates and existing debtors	(\$3.2m)	(\$14.5m)
	<b>Total impact</b>	<b>(\$16.7m)</b>	<b>(\$30.5m)</b>

# FINANCIAL IMPACT OF COVID-19

## REDUCTION IN FINANCIAL EXPENDITURE

Immediate action taken to free up cashflow and reduce operational expenditure to 30 June 2020

### Operations

**\$3.3m**

- Contractors, consultants, legal expenditure, audits and marketing
- Staffing
  - Training and Development
  - Overtime, temporary labour, apprentices and trainees

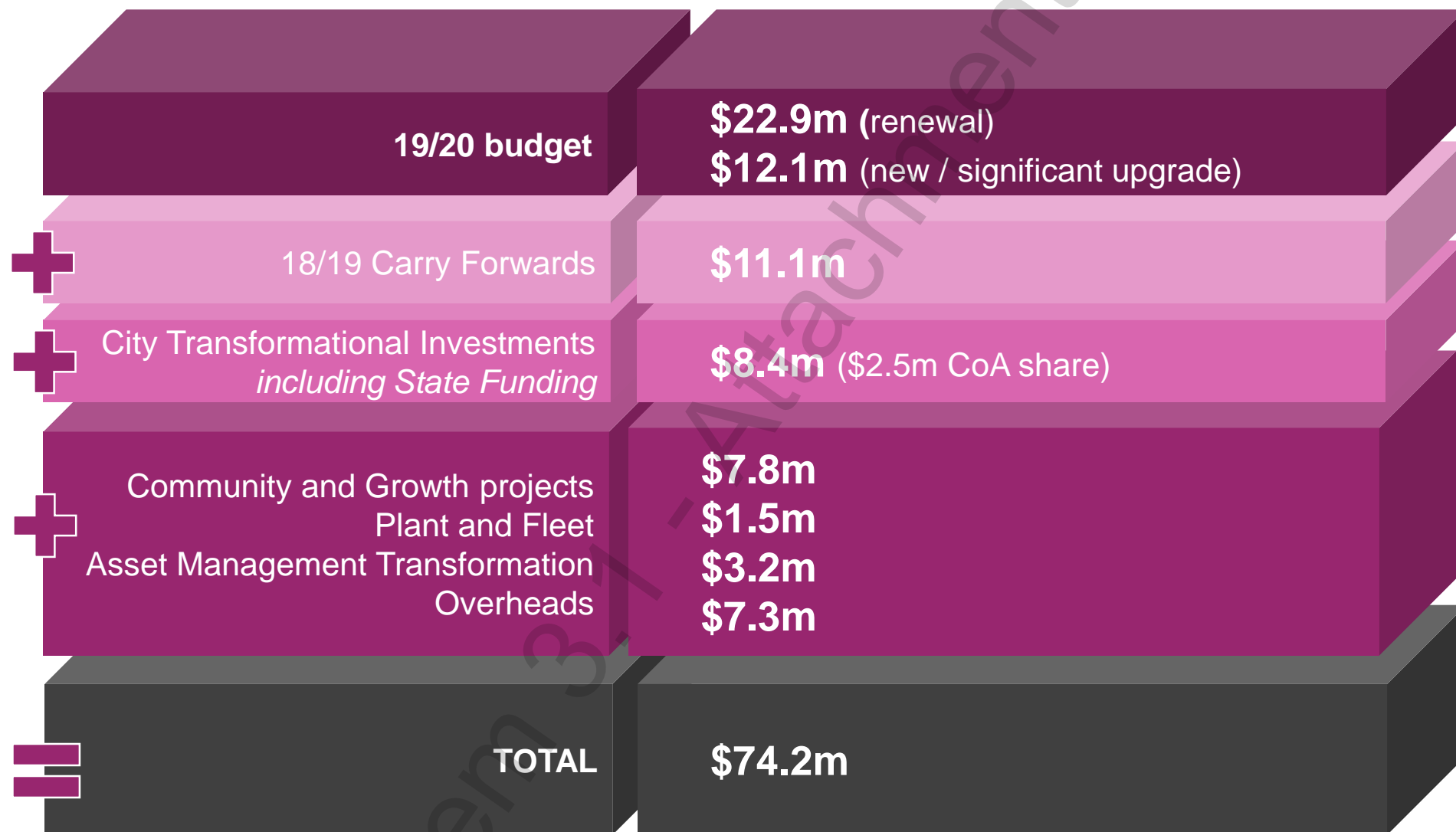
### Projects

**\$26.8m**

- **Strategic (\$3m)**
  - Services, projects and activities suspended until social distancing regulations are revised
- **Capital (\$23.8)**
  - Completed with savings
  - Scope reduced this financial year
  - Retimed
  - Reprioritised

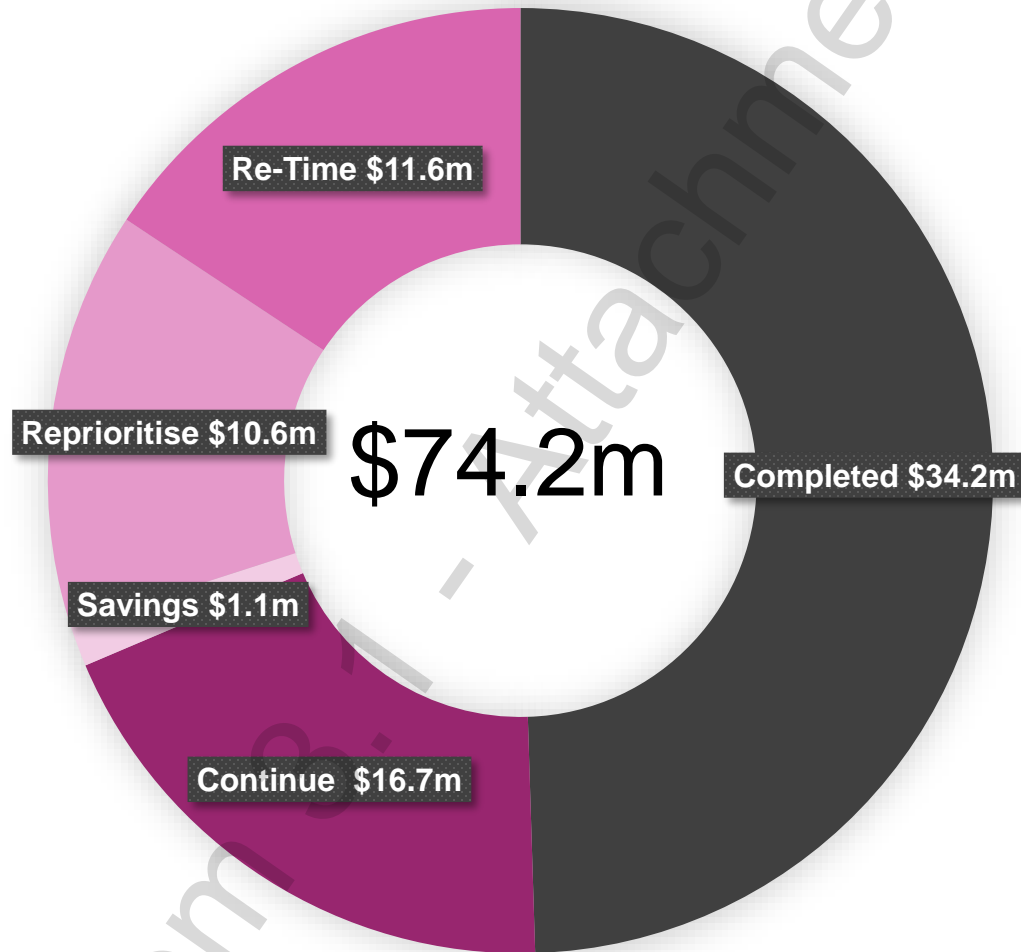
# CAPITAL + INFRASTRUCTURE <sup>19</sup>

## TOTAL CAPITAL INVESTMENT 19/20



# CAPITAL + INFRASTRUCTURE <sup>20</sup>

## TREATMENT OF CAPITAL SPEND IN RESPONSE TO COVID-19



### Considerations / Assumptions

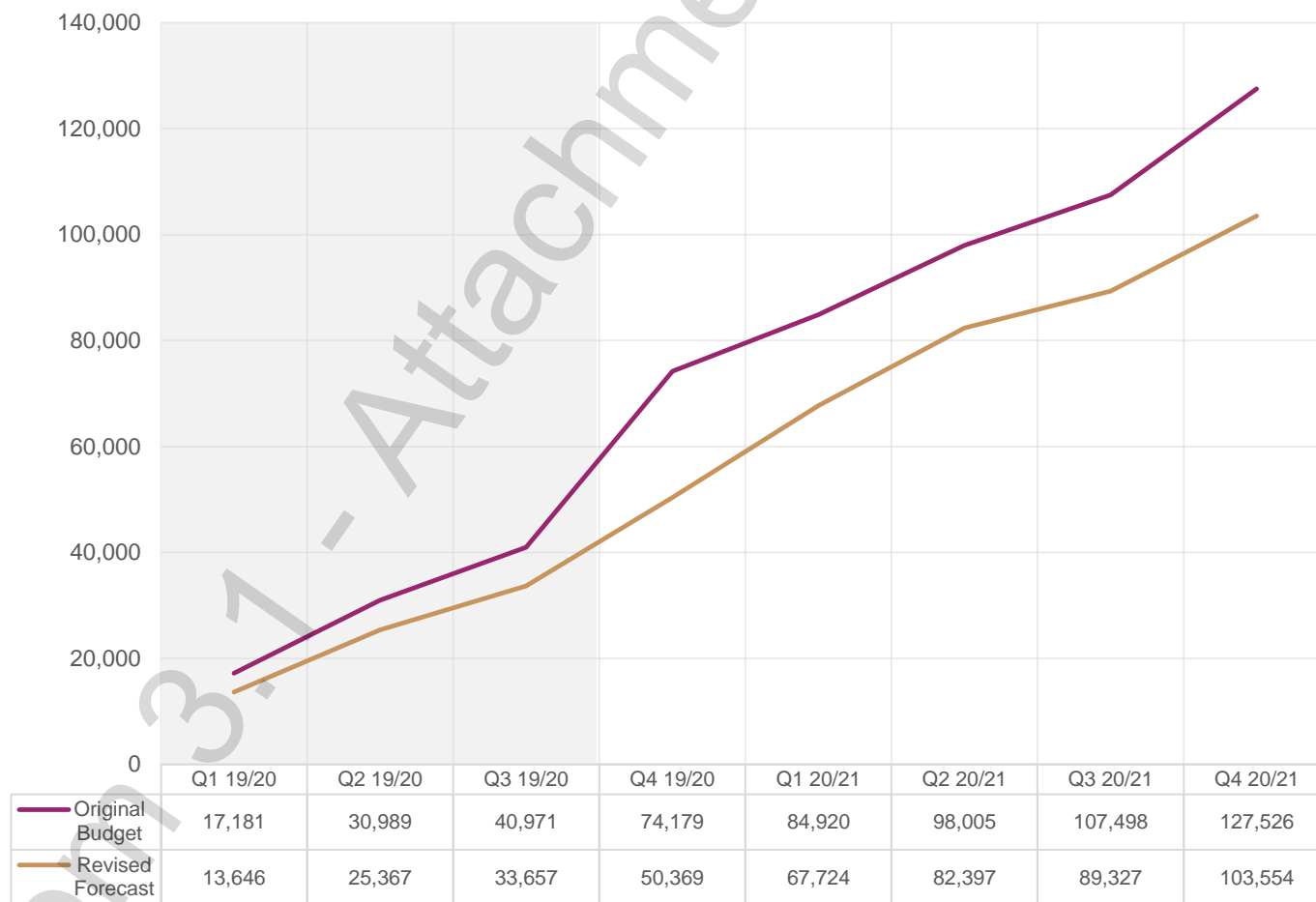
- 20/21 Renewal Program Reprioritised
- 20/21 Maintenance cost increased
- Minimal to no new/upgrade works in 20/21

#### 19/20 cashflow reduction:

- \$23.810m

#### 20/21 cashflow reduction:

- \$23.972m



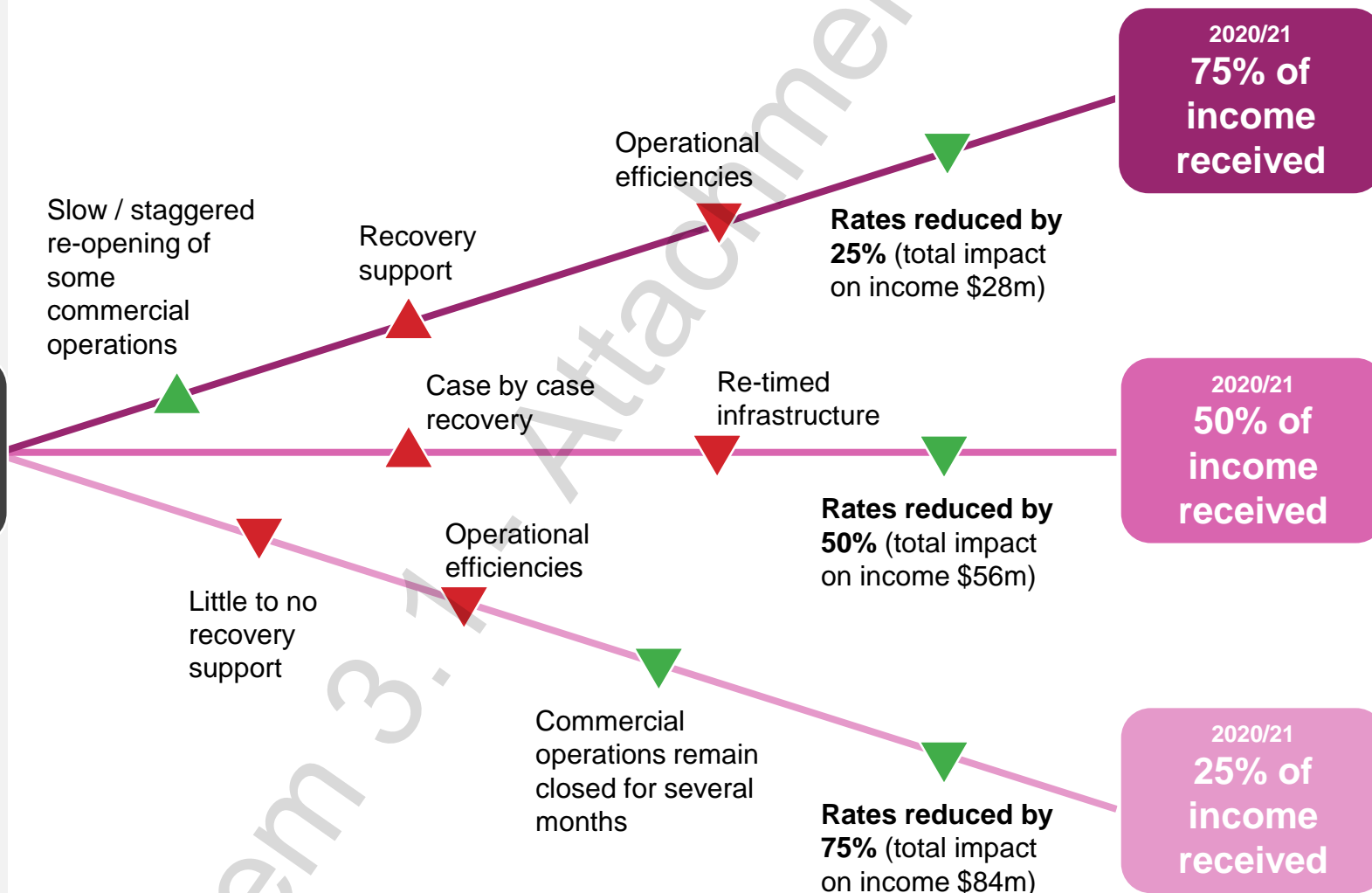
# FINANCIAL IMPACT OF COVID-19 POTENTIAL SCENARIOS AND RESPONSE LEVERS

## Response levers:

- Pause / Reprioritise Asset Renewals
- Pause / Defer Strategic Enhancements
- Secure Government funding for Priority Infrastructure and Stimulus Projects
- Realise potential of non/underperforming assets and reinvest in performing and demand driving assets

## CURRENT STATE

- Rationalise and Reduce our Services
- Rationalise and Reduce our Staffing
- Revisit financing – increase prudential limit/borrowing
- Revisit rates approach (valuations)
- Adjust sustainability ratios
- Invest in recovery



## Council has a strong balance sheet with net assets of \$1.7 billion

Our current Prudential Borrowing limit is \$89.4m (QF2 forecast borrowings \$81.6m).

The Prudential Borrowing limit is based on Council's *Treasury Policy* reviewed and adopted in December 2018:

- Asset Test: Maximum of 25% of saleable assets (currently \$358 million)
- Debt Service Coverage Ratio: Minimum of 5 times operations (funds available for projects and infrastructure) coverage of the annual principle and interest repayments
- Leverage Test: Maximum of 1.5 years of borrowings repaid from operations (funds available for projects and infrastructure)

## Unprecedented Circumstances – Record Low Interest Rates

Federal and State Governments are borrowing at unprecedented levels to support communities and the economy, taking advantage of record low interest rates.

SA Government has invested \$1 billion in COVID-19 packages to date (projecting at least \$21.2 billion in debt for 2022-23)

Federal Government has invested \$320 billion in COVID-19 packages to date (16.4% of annual GDP)

## Deloitte Access Economics

3 April 2020 Media Release

*“New analysis by Deloitte Access Economics shows that the budgetary impact of the fight against the coronavirus will have a rather smaller impact on the Australia of the future than many expect*

*Although the dollars are unprecedented, what’s even more unprecedented are the interest rates we’ll be paying on this new debt*

*Never in the two thousand years of recorded history of interest rates has it been cheaper for governments to borrow*

*Markets have reacted to the Federal Government’s package by dropping the rate on 10-year Commonwealth borrowing substantially further”*



## City of Adelaide compared to other SA Councils

2019-20 Annual Business Plan	City of Adelaide QF2 Budget	City of Onkaparinga	City of Playford	City of Charles Sturt	City of Port Adelaide/ Enfield	Average Other Councils
Net Financial Liabilities Ratio - maximum	80%	100%	160%	100%	75%	109%
Prudential Limit - Borrowings % of Rates Revenue	77%	100%	211%	100%	96%	127%
Prudential Limit - Borrowings % of Total Revenue	42%	82%	163%	86%	82%	104%
Rates Revenue (\$m)	\$116.5	\$141.2	\$82.0	\$109.9	\$106.1	\$109.8
Total Revenue (\$m)	\$213.9	\$171.1	\$105.9	\$127.2	\$124.4	\$132.2
Maximum Borrowings (\$m) (AT/DSC/LT)	\$89.4 / \$119.0 / \$93.5	\$141.2	\$173.0	\$110.0	\$102.0	\$131.5
Forecast Borrowings 2019-20 (\$m)	\$81.5	\$89.6	\$173.0	\$45.0	\$26.0	\$83.4

### Key Points:

- The Council by Council comparison suggests the City of Adelaide has significant capacity to borrow relative to other Councils
- The Debt Service Coverage Ratio (our ability to service debt) confirms capacity is significantly higher than the lowest limit
- Council's Treasury Policy is reviewed every two years (last revised December 2018) – bringing forward the review in the context of COVID-19 will enable a better prudential guide to Council's current and future borrowing capacity

## Quarter 3 Finance Report and Response Levers

Will be discussed in detail at:

- Audit Committee – Friday 1 May 2020
- Committee – Tuesday 5 May 2020
- Council – Tuesday 12 May 2020

The forum for critical decision making in the context of the Q3 Financial Report and with an understanding of the full range of possible recovery levers, including any future borrowings and our rates approach

## 2020 / 2021 Budget - TBC

Request to re-time delivery of the budget to align with Federal and State budgets is currently with the Minister for consideration