

# Adelaide Economic Development Agency Transitional Funding Arrangement 2020/21

**ITEM 10.5** 15/12/2020  
**Council**

Strategic Alignment - Strong Economies

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Public

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## EXECUTIVE SUMMARY

Council at a Special meeting on 6 October 2020 resolved to implement a City-Wide Business Model through an amendment to the Charter of the Rundle Mall Management Authority. The amendments, including a change of name to the Adelaide Economic Development Agency (the Agency), are envisaged to come into operation on 18 January 2021, following gazettal of the Charter on 14 January 2021.

As part of the consideration of the report, Council resolved to consider approval of the 2020/21 funding for the Agency from a reallocation of funding currently directed to city economic development and associated marketing activities under the approved 2020/21 Business Plan and Budget, at a subsequent meeting.

Council approval is now sought for transitional funding of the Agency for the remainder of the 2020/21 financial year. It is proposed that the Agency be funded by a reallocation of existing funding approved by Council as part of the 2020/21 Business Plan and Budget process to deliver economic development and associated marketing activities for the city. This will ensure that activities and projects approved by Council will continue to be delivered in 2020/21.

Funding received through the Rundle Mall separate rate will be used specifically and only to deliver on the 2020/21 Rundle Mall Business Plan and Budget and to promote, market and manage the Rundle Mall precinct.

As required by the *Local Government Act 1999* (SA), the Agency will consult with Council in the development of its Annual Business Plan and Budget for 2021/22. This will coincide with the City of Adelaide's Business Plan and Budget process and will commence early in 2021.

Further details are provided in this report.

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### THAT COUNCIL

1. Approves 2020/21 transitional funding for the Adelaide Economic Development Agency from a reallocation of funding of operational activities, projects and operating costs (including staff costs) directed to city economic development and associated marketing activities under the 2020/21 Business Plan and Budget.
2. Notes that funding received through the Rundle Mall separate rate will continue to be used specifically and only to deliver on the 2020/21 Rundle Mall Business Plan and Budget and to promote, market and manage the Rundle Mall precinct.
3. Notes that funding of the Adelaide Economic Development Agency for future years will form part of the annual Business Plan and Budget process, including consultation with Council required under the *Local Government Act 1999*.

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Strong Economies</b> Implement a City-Wide Business Model
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	The Adelaide Economic Development Agency will be managed within existing resources.
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
20/21 Budget Allocation	Transitional funding for the remainder of 2020/21 is proposed through a reallocation of budget in the 2020/21 Business Plan and Budget for economic development and city marketing activities to the Agency, in addition to the Rundle Mall separate rate.
Proposed 21/22 Budget Allocation	Council will be consulted in the development of the Adelaide Economic Development Agency's Annual Business Plan and Budget 2021/22, with the final budget to be submitted to Council for approval.
Life of Project, Service, Initiative or (Expectancy of) Asset	The subsidiary will operate under Section 42 of the <i>Local Government Act 1999</i> (the Act) until such time as Council resolves for the subsidiary to be wound up. Pursuant to Section 3 (4) of Schedule 2 of the Act, the subsidiary charter may be reviewed by Council at any time.
20/21 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Ongoing costs for operation and delivery of programs by the Agency would be funded through the annual Business Plan and Budget process in consultation with Council.
Other Funding Sources	The subsidiary has the ability to generate secondary revenue above and beyond its funding requirements and would seek opportunities to partner with other agencies and the private sector.

## DISCUSSION

1. Council at its Special Meeting on 6 October 2020 resolved to implement a City-Wide Business Model through an amendment to the Charter of the Rundle Mall Management Authority. The amendments are envisaged to come into operation on 18 January 2021 (after the amended Charter is published in the Government Gazette on 14 January 2021). This will include a change of name to the Adelaide Economic Development Agency (the Agency).
2. As part of its discussions regarding the formation and operation of the Agency, particularly relating to the proposed funding for the Agency, Council further resolved:
 

“To consider approval of the 2020/21 funding for the Rundle Mall Management Authority (to be renamed as the Adelaide Economic Development Agency), from a reallocation of funding directed to city economic development and associated marketing activities under the 2020/21 Business Plan and Budget, at a subsequent meeting.”
3. The City of Adelaide (CoA) currently collects its annual rate revenue via general rates and the Rundle Mall separate rate. Economic development, marketing and support for festivals and events within the city are currently funded through general rates and include a combination of projects and general operations.
4. The 2020/21 Business Plan and Budget includes funding of approximately \$5M for operational activities such as City Growth, festivals and sponsorship, strategic partnerships (eg StudyAdelaide, Adelaide Convention Bureau, Festivals Adelaide, Renew Adelaide and Australia Day Council). This funding for operational activities includes staff costs of approximately \$600k.
5. In addition, there is a further \$2.7M for operating costs (including staff costs) to deliver economic development and associated marketing functions. This amount does not include other marketing and community engagement activities undertaken for other parts of the organisation.
6. Table 1 shows the allocation of funding for operational activities and operating costs as included in the Council approved 2020/21 Business Plan and Budget. The table identifies the proposed funding split between the Agency's transitional budget and City of Adelaide to enable continued delivery of Council's approved economic development and associated marketing projects and activities for the remainder of 2020/21.

Table 1 – 2020/21 Transitional Budget

Council approved 2020/21 Business Plan & Budget	\$'000s (inc carry forwards)	
	AEDA	CoA
<b>Thriving Communities - Page 12</b>		
Online Advertising -On line advertising for reach and engagement across interstate and local websites and digital platforms	40	30
Public Relations - Build awareness of City of Adelaide plans and strategies and consolidate relationship with residents, businesses and customers of the city	20	20
Web and Digital Development - Ongoing enhancement of the City of Adelaide website and digital platforms	60	63
<b>Strong Economies - Page 13</b>		
Adelaide Convention Bureau Funding - Funding contribution to support the Adelaide Convention Bureau to attract business conventions, exhibitions, incentives tourism and other events to Adelaide	382	
City and Corporation Brand - Promote Adelaide to local, national and international markets, increasing awareness and enhancing the reputation of the City to help deliver economic, sociocultural and environmentally sustainable outcomes for the City	40	10
City Growth - Contribute to city growth by attracting and retaining business investment and property development, building business growth and capability and supporting retail precincts. Researching the future of retail, business activations across our sponsored events, supporting the entrepreneurial sector, driving growth across city	1,149	

living and ensuring research and insights are available to inform future activity across all areas.		
Education Adelaide Funding - Funding contribution to support Study Adelaide to promote Adelaide as a destination for international students	274	
Renew Adelaide Funding - Funding contribution to Renew Adelaide, an external not for profit urban renewal organisation that works to revitalise under-used and empty buildings and shopfronts with projects of economic benefit to the community	225	
Visitor Growth - Funding to deliver initiatives that will contribute to visitor growth and the visitor experience in the City	217	
<b>Dynamic City Culture - Page 14</b>		
Australia Day Sponsorship - Support for the Australia Day in the City parade, concert and fireworks		179
Content Production - Provision of online content to promote Adelaide through video, Adelaide Living, photography and authored content	40	60
Festival & Event Sponsorship - Financial support to the community to assist in the staging of a diverse range of events and activities within the City (\$55K for operational expenses related to delivery of festivals and events is proposed to remain with COA to be utilised for advertising, signage and other sponsorship collateral).	1,836	55
Festivals Adelaide Initiative - A 3 year strategic partnership to support the growth of Adelaide's premier arts and cultural festivals and promote Adelaide as Australia's best festival city.	66	
<b>Operational activities across multiple services under Resources, Budget and Projects</b>		
Economic Development Staff costs to deliver on community outcomes outlined above.	598	
<b>Sub Total</b>	<b>4,947</b>	<b>417</b>
Operating costs associated with economic development and marketing & communications functions. e.g. Visitor Information Centre and overheads, staff costs, volunteer support, printing, stationery, etc.	<b>2,700</b>	0
<b>Total</b>	<b>7,647</b>	<b>417</b>

7. Funding of approximately \$3.8M is budgeted to be received through the Rundle Mall separate rate in 2020/21. This levy will continue to be used specifically to deliver the adopted 2020/21 Business Plan and Budget of the Rundle Mall Management Authority.
8. Revenue raised from concessions and activations within Rundle Mall will continue to be used to deliver the adopted 2020/21 Business Plan and Budget of the Rundle Mall Management Authority.

#### Next Steps

9. Under the *Local Government Act 1999* (SA) (the Act), the Agency (as a subsidiary of Council) must, in consultation with Council, prepare and adopt a business plan consistent with its Charter, and review the business plan on an annual basis.
10. The business plan must include the performance targets that the Agency is to pursue, a statement of the financial and other resources required to achieve the targets, as well as the measures to monitor and assess its performance.
11. It is intended that the development of the business plan will commence in early 2021 and involve consultation with Council. This will involve consideration of matters such as Festival & Event Sponsorship allocations, as well as Strategic Partnerships.
12. The annual budget for the Agency is required to be consistent with its business plan and Council's Strategic Plan. The Agency will consult with Council in the development its budget for 2021/22. It is proposed that this process will align with the City of Adelaide's Business Plan and Budget process.

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## ATTACHMENTS

Nil

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- END OF REPORT -