

Sale of City Assets

ITEM 15.1 09/03/2021
Council

Council Member
Councillor Martin

2018/04053
Public

Contact Officer:
Justin Lynch, Chief Operating
Officer

QUESTION ON NOTICE

Councillor Martin will ask the following Question on Notice:

'Could the Administration advise in respect of the sale of the Pirie Street UPark and associated tenancies reported by The Advertiser on 17 January 2021:

1. What the ROI was for the last non Covid financial year, 2018/19?
2. Has the loss of income from the Pirie Street UPark and associated tenancies been factored into the long-term Financial Year and, if so, from which year?
3. What is the total of the income lost from the proposed sale of approximately 60 million dollars in City assets shown in the published QF2 report and has that total been factored into the long-term Financial Plan?'

REPLY

1. On 15 December 2020 Council authorised the initiation of an expression of interest for the sale and redevelopment of the 211 Pirie Street site as the 'core' opportunity. This expression of interest would allow for the adjoining Pirie Flinders UPark to be offered as an additional 'value add' opportunity enabling the potential for a wider precinct outcome.
2. The proposed sale and redevelopment of the land at 211 Pirie Street and further consideration of the Pirie Flinders UPark is subject to the revocation of the 211 Pirie Street land from its community land classification.
3. The expression of interest will enable Council to gauge market interest and consider how the Pirie Flinders UPark may add value to the 211 Pirie Street land. Consideration will be given to the broader benefits of any value-add proposals for the Pirie Flinders UPark having regard to the existing income derived from the asset.
4. The specific return on investment performance of the Pirie Flinders UPark is commercial in confidence, so not to prejudice Council's ability to commercially negotiate a satisfactory outcome should the sale of the Pirie Flinders UPark asset be pursued.
5. Notwithstanding the above, the loss of income from the Pirie Street UPark has been factored into the Long-Term Financial Plan from 2023-24. This includes the income from the associated parking revenue, and associated tenancies within the UPark building.
6. The corresponding Council Rates (revenue) to be received as a result of this sale has also been factored in from 2023-24, based on the existing building.

7. The total operating income reduction as a result of the sale of underperforming assets identified within the Strategic Property Action Plan approved by Council on 15 December 2020 (Item 12.2.4 Strategic Property Action Plan) is \$19.3m over the LTFP to 2030-31. The net impact to our operating position over the LTFP is \$13.5m after realising the associated savings in our operating expenditure of \$5.7m.
8. Proceeds from the sale of Council assets will be transferred to the City of Adelaide's future fund for the purpose of funding the future purchase of new income generating assets or to fund new capital works of a strategic nature for broader community benefits.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4.5 hours.
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Fun Tea Gouger Street

ITEM 15.2 09/03/2021
Council

Council Member
Councillor Martin

2018/04053
Public

Contact Officer:
Justin Lynch, Chief Operating
Officer

QUESTION ON NOTICE

Councillor Martin will ask the following Question on Notice:

'Could the Administration advise if the Fun Tea Shop in Gouger Street which is at the centre of a wage theft controversy;

1. Received, as a tenant of the City of Adelaide, rent relief and, if so, was it 10%, 50% or 100% and for what period?
2. Has applied for and received approval for any other financial assistance from the City of Adelaide?'

REPLY

1. Fun Tea Gouger Street is not a tenant with the City of Adelaide, this tenancy is in a building that City of Adelaide does not own. As such rent relief for Fun Tea Gouger is not applicable. Fun Tea's Pulteney Street location is the only business that operates in a City of Adelaide owned building and rent relief was not passed onto them as a sub-tenant.
2. Fun Tea Gouger have been offered a grant of up to \$10,000 excluding GST as part of the City of Adelaide Outdoor Activation Grant. The grant is offered for outdoor upgrades including illuminated signage, shop front artwork, outdoor furniture, outdoor heating, a pergola and outdoor ashtray. This offer was made in September 2020 during the first round of this grant and at this time, a claim to receive the funding has yet to be placed.
3. In July 2020, Fun Tea Gouger received a 50% rebate under the Chinatown and Market Precinct CCTV Rebate Scheme to the value of \$1,490 plus GST.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4.5 hours.
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QUESTION ON NOTICE

Councillor Martin will ask the following Question on Notice:

'One of the documents presented to a Committee meeting on 23 February 2019 reported the budgetary position of the City of Adelaide had been affected by "COVID-19 and a loss of other income, predominately parking and rent in the order of \$20m in 2020." The Administration told Elected Members the \$20 million was spread over two financial years.

Could the Administration advise what was amount for each of the 2019/20 and (so far for) the 2020/21 financial years and what were each of the components of that \$20 million?'

REPLY

1. In January 2020 the world learned of a new strain of coronavirus (COVID-19) which has since become a global pandemic. The repercussions of this virus have impacted every corner of our community and our economy, forcing our residents and businesses to live and work differently.
2. The City of Adelaide has not been immune to the impacts of this pandemic, which has resulted in losses of income, increased community support and challenges in delivering our services, projects and infrastructure.
3. The forecasted cumulative impact of COVID-19 on Council's income as at 2020-21 QF2 is \$28.7m, broken down as follows:

\$m	2019-20	2020-21 QF2	Total
Commercial Businesses	4.3	11.9	16.2
On-Street Parking & Expiations	1.4	6.0	7.4
Events	-	0.2	0.2
Subsidiaries	-	1.3	1.3
City Support Package	3.7	-	3.7
Total	9.4	19.3	28.7

4. The impact of COVID on Councils financial results have stretched further than loss of income. Subsidies offered to ease rate and rental payments, costs of cleansing, staffing and service changes are all areas that had direct impact to the operating position.
5. The effects of COVID are still expected in the proposed 2021/22 Business Plan and Budget. It is planned to provide a more detailed financial report to Council on the impact of COVID from 2019/20 through to the proposed 2021/22 budget. This report will be presented to Council by 30 June 2021.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4 hours.
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Purchase of Carbon Credits

ITEM 15.4 09/03/2021
Council

Council Member
Councillor Martin

2017/03667
Public

Contact Officer:
Tom McCready, Acting Director
City Shaping

QUESTION ON NOTICE

Councillor Martin will ask the following Question on Notice:

'On 4 February 2021, the City of Adelaide announced to Elected Members that it had received carbon neutral certification making it carbon neutral.'

Could the Administration advise:

1. The cost and dates of purchase of the carbon credits acquired to assist the City to achieve certification in the current financial year.
2. The percentage that these credits made up of the whole of variables addressed towards achieving that carbon neutral status.
3. The number and cost of carbon credits purchased, and the dates of purchase, in the financial years 2017-18, 2018-19, and 2019-20.
4. The percentage that these credits in each of these periods made up of the whole of variables addressed towards achieving carbon neutral status.
5. The total cost to the City of Adelaide of purchases of carbon credits from the financial year 2017-18 to March 2021.
6. The geographic location of every carbon credit purchase.

REPLY

1. In financial year 2020/21, the City of Adelaide purchased 26,000 carbon credits for the cost of \$47,450 in preparation for the Climate Active Certification process, and corresponding assessment of the 2019/20 corporate greenhouse gas emissions inventory and public disclosure. Note one carbon credit is equivalent to one tonne of carbon dioxide equivalent (tCO₂-e).
 - 1.1. In October 2020, 24,609 carbon credits were officially retired for the 2019/20 financial year. The additional 1,391 tonnes of carbon credits will be used as offsets for the 2020/21 financial year.
 - 1.2. The retired offsets for the 2019/20 financial year were purchased at the cost of \$45,035 for the portfolio mix at \$1.83 average cost per tonne. Available offsets ranged in price from \$1 to \$20 per tonne.
2. The retired carbon credits represent the full corporate greenhouse gas emissions inventory. The CoA has been taking cost effective actions to reduce its corporate greenhouse gas emissions for many years leading up to our certification year, including:

- 2.1. a long-term 100 per cent renewable electricity contract for all operations that is saving money while creating regional jobs in South Australia
- 2.2. significant improvements to our buildings' energy efficiency over the last decade. Collectively, upgrades in ten buildings saved Council over \$600,000 in the 18/19 financial year, with these savings continuing each year
- 2.3. installation of large solar systems on eight buildings, including several UParks, the Central Market, the Council Depot, the Aquatic Centre and our heritage listed Town Hall building
- 2.4. purchase of our first fully electric plug in passenger vehicle, adding to a growing number of hybrids and electric carts already used by our outdoor teams.
3. The City of Adelaide did not purchase or retire carbon credits to offset the CoA corporate greenhouse gas emissions inventory in financial years 2017/18, 2018/19 or 2019/2020. The carbon credits purchased in 2020/21 are detailed above as part of the carbon neutral certification process.
4. The total cost of carbon credits from financial year 1 July 2017 to March 2021 is \$47,450.
5. South Australian based carbon credits were sought as part of the procurement process, however none were available at the time of purchase.
6. The locations of the carbon credits are disclosed in the [City of Adelaide's public disclosure](#) and include:
 - 6.1. Boobera Native Forest Regeneration, Queensland
 - 6.2. Southern Cardamom Forest Protection, Cambodia
 - 6.3. Mytrah Wind Power, India

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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Increased Electricity Consumption

ITEM 15.5 09/03/2021
Council

Council Member
Councillor Martin

2019/02366
Public

Contact Officer:
Tom McCready, Acting Director
City Shaping

QUESTION ON NOTICE

Councillor Martin will ask the following Question on Notice:

'The minutes of the November meeting of Council contain an undertaking by the CEO to provide an explanation for a 5.5% increase in the Council's Electricity Consumption to the elected body. Could the Administration advise if and when that explanation will be provided?'

REPLY

1. An explanation for the 5.5% increase in the Council's Electricity Consumption had not as yet been provided, please refer to the following.
2. The 2020/2021 Quarter 1 Finance Report presented to the Council meeting on 10 November 2020 proposed to adjust expenditure for the electricity budget (2020/21 Quarter 1 Revised Forecast) for the whole financial year.
3. Specifically, the Quarter 1 Report stated "An increase in the electricity budget of (\$1.2) million. While the PPA has resulted in a significant reduction in the cost of electricity consumption, there has been a 5.5% increase in volume (from 19.5GWh to 20.5GWh) and an increase in pass-through regulatory charges (including a 10% increase of SAPN network tariff). Some mandatory regulated charges and the 9.5% transmission and distribution loss factors (included in all electricity contracts, whether standard or PPA) were omitted from the original budget calculations."
4. The 5.5% increase in electricity load proposed in the revised 2020/21 budget was to account for an earlier over-estimation of the amount of solar PV to be installed on City of Adelaide buildings and delays in its SAPN connection. Consequently, the electricity load provided for in the 2020/21 budget was under-estimated (19.5GWh instead of 20.5GWh).

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5 hours.
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Council Member
Councillor Martin

2018/02324
Public

Contact Officer:
Tom McCready, Acting Director
City Shaping

QUESTION ON NOTICE

Councillor Martin will ask the following Question on Notice:

'Noting that the Prudential Report into the possible development of 88 O'Connell Street, the land for which Council will own throughout construction, was completed last year, has the Administration considered whether there is any new risk to the City's substantial investment following the announcement of the purchase of the land directly opposite known as the North Adelaide Village by Sydney based developer REVELOP which could itself redevelop and, if any risks have been identified, what are they and can they be mitigated?'

REPLY

1. On 16 December 2020, Council entered into a contractual arrangement with Commercial & General to develop 88 O'Connell Street North Adelaide.
2. A number of risks and associated mitigation strategies were provided to Council which were considered in their deliberation on the matter and control measures put in place.
3. The purchase of the North Adelaide Village by Sydney based developer REVELOP is not considered a risk, but rather an opportunity to enable a more diverse product offering within the precinct which will further activate and increase visitation to O'Connell Street.
4. The development of 88 O'Connell Street will bring economic benefits to not only the developer but surrounding precinct including North Adelaide Village.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4 hours.
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Council Member
Councillor Hyde

2021/00600
Public

Contact Officer:
Justin Lynch, Chief Operating
Officer

QUESTION ON NOTICE

Councillor Hyde will ask the following Question on Notice:

'Could the administration please advise whether any City of Adelaide employee positions attract a final yearly salary, including other benefits, that are above the award rate for the respective professions?

If so, could the Administration please advise how many job categories are attracting a salary and benefits that higher than the award, and also how many FTE this affects? Could the Administration also advise on the total monetary difference between the actual salaries and benefits, and respective awards, across the Organisation and all relevant positions for one year?

REPLY

1. The City of Adelaide employees are paid in line with one of our four Enterprise Agreements with the exception of our common law contracted employees (37.7 fte) who are paid in line with the mercer salary range applicable for their role and our Ushers (all casuals) that are paid minimum wage and not covered by any of our Enterprise Agreements. Benefits are also paid in line with the Enterprise Agreements or any other specifics noted within a contract of employment.
2. Each of the Enterprise Agreements have a classification criteria attached that determines the classification level of a role and this then determines the salary to be paid.

The total monetary difference between the actual salary and benefits and the respective awards is not something we have to hand and is a piece of work if required would take an employee approximately a 2-4 weeks to review. This requires a full review of each of Enterprise Agreements in comparison with the applicable award to cost the differences between the two in relation to salaries for each classification and the cost of benefits.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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Council Member
 Councillor Hyde

2018/04053
 Public

Contact Officer:
 Klinton Devenish, Director
 Services, Infrastructure &
 Operations

QUESTION ON NOTICE

Councillor Hyde will ask the following Question on Notice:

'Could the Administration please advise the precise capital expenditure that is forecast on the Adelaide Aquatic Centre, when it is expected to be expended by and what the expenditure is for - to replace, repair or purchase?

Could the Administration please advise what the effects to Aquatic Centre Services would be if the City resolved to not expend those funds?'

REPLY

1. Council approved an undertaking of a detailed feasibility study for a new Regional Community Aquatic and Recreation facility on 10 November 2020 (Item 10.3 Adelaide Aquatic Centre - Future Options). As such, while the future state of the existing Aquatic Centre is being investigated, there are no planned renewals for 2021-22.
2. Quarterly asset condition assessments are completed at the Adelaide Aquatic Centre to provide risk assessments that inform decisions regarding renewal of assets and/or closure of services related to asset failure and risk.
3. In addition to condition and risk assessments, operational assets that do not pose a risk are managed reactively and renewals may be triggered based on an asset being beyond economical repair. This approach ensures safety is not compromised whilst ensuring expenses are delayed until Council provides further direction on the future of aquatic services.
4. If this approach is maintained into FY22/23 it is likely that there will be some closures of services and equipment breakage, hence forecasted expenditure re-commences in FY22/23.
5. The forecast capital spend on the Aquatic Centre is \$16.2m over the Long Term Financial Plan (LTFP), as incorporated in the following table:

Aquatic Centre Renewals \$'000s	2021-22 Draft Budget	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Building Renewals	-	3,315	1,866	2,431	829	822	2,721	798	1,200	1,200	15,183
Equipment	135	148	76	160	27	11	139	18	163	156	1,033
	135	3,464	1,942	2,591	856	833	2,861	816	1,363	1,356	16,216

6. The Building Renewal expenditure of \$15.2m is forecast to renew the building on a like for like basis and excludes any opportunities for enhancements.
7. Should Council resolve not to expend the building renewals forecast from 2022-23 onwards, the building will continue to deteriorate. Over a prolonged period, areas of the facility may be closed off to the community for safety reasons. This will have a direct impact on the delivery of the service, and corresponding income received.
8. The Equipment is for the replacement of existing assets of \$1.0m which are forecast to be replaced at the end of their useful life. A further breakdown of equipment is provided in the following table:

Equipment: \$'000s	2021-22										
	Draft Budget	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	
Health Club Equipment	59	65	-	91	-	-	66	-	93	86	460
Kiosk	-	-	7	-	-	-	-	-	-	-	7
Poolside (Lane Ropes, Pool Vacuums and Cleaning Equipment, Safety/Access, Thermal blankets)	75	84	69	69	27	11	74	18	70	69	567
	135	148	76	160	27	11	139	18	163	156	1,033

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4.5 hours.
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Staffing Numbers

ITEM 15.9 09/03/2021
Council

Council Member
Councillor Hyde

2021/00600
Public

Contact Officer:
Justin Lynch, Chief Operating
Officer

QUESTION ON NOTICE

Councillor Hyde will ask the following Question on Notice:

'Noting that in the most recent update on staffing numbers within the City of Adelaide highlighted 51 vacant FTE positions, could the administration please advise:

- The number of these positions that are still vacant?
- The role description/profession of each vacancy, including whether they are a front-line service or corporate service?
- When the Administration expects to fill these positions by?
- Whether wage expenditure on these positions is factored into the City's operating expenditure projections for the remainder of this financial year, the upcoming financial year and all subsequent years in the Long-Term Financial Plan?'

REPLY

1. The number of current vacancies on 5 March 2021 is 71, of which there are 24 that have not yet commenced the recruitment & selection process. As part of our recruitment & selection process we prioritise based on the when the role is needed and our budget for the role.

Those roles not already proceeding through the recruitment & selection process have been scheduled to commence at a future date based on the prioritisation process. The previously reported vacancy number of 51 was based on those roles not filled through Reshaping our Organisation Expression of Interest process. The current vacancy number includes new vacancies as a result of normal turnover and vacancies that are vacant as part of normal business operations and not part of Reshaping.

2. Current vacant roles listed below by type and program area:

No.	Role type	Program
1	Executive Common Law level role	Corporate Services
4	Manager Common Law level roles	Governance, Infrastructure, AEDA and Regulatory Services

5	Employee Enterprise Agreement level roles	AEDA
6	Employee Enterprise Agreement level roles	City Culture
20	Employee Enterprise Agreement level roles	City Operations
11	Employee Enterprise Agreement level roles	Corporate Services: 4 Customer & Marketing 2 Finance & Procurement 1 Strategy & Insights 4 Information Management
10	Employee Enterprise Agreement level roles	Infrastructure
1	Employee Enterprise Agreement level role	Office of the CEO
1	Employee Enterprise Agreement level role	Office of the Lord Mayor
7	Employee Enterprise Agreement level roles	Park Lands Policy & Sustainability
4	Employee Enterprise Agreement level roles	Regulatory Services
1	Employee Enterprise Agreement level role	Strategic Property & Commercial

3. The timing to fill the current vacancies is based on their priority assessment. We ensure we take a responsible approach to the timing of our recruitment and selection which includes budget considerations. Of note to date we have been able to save \$18m of the \$20m savings target set by Council.
4. These roles are all budgeted for with permanent roles budgeted for subsequent years. Any fixed term roles are budgeted for based on the length of fixed term contracts and any requirement of the role ongoing.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 5.5 hours.
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Reinstatements within the City of Adelaide

ITEM 15.10 09/03/2021
Council

Council Member
Councillor Hyde

2018/04053
Public

Contact Officer:
Klinton Devenish, Director
Services, Infrastructure &
Services

QUESTION ON NOTICE

Councillor Hyde will ask the following Question on Notice:

1. Noting the current management approach for reinstatements in the City of Adelaide is not meeting expectation, can the Administration advise how resources may be better allocated to achieve a better standard and faster reinstatement program?
2. Can the administration provide the estimated number of current reinstatements across Adelaide and North Adelaide that must be undertaken, including a breakdown of which utilities companies have caused reinstatements, how many they have caused and when?

REPLY

1. Under the telecommunications and utilities respective legislation, third parties have the authority to repair or maintain their infrastructure without notification to Council in some cases.
2. Third Parties are also obligated to reinstate the impacted Council infrastructure to our standards.
3. The current management approach adopted by the City of Adelaide is dependent on the cooperation, performance and responsiveness of third-party utility companies and contractors. Council has not set a level of service expectation in regard to reinstatements.
4. A capital works project was initiated through the 20/21 budget to address temporary reinstatements, whilst recovering cost from third parties. This involved engaging a temporary Reinstatements Coordinator until 30 June 2021.
5. The Reinstatement Coordinator is responsible for the coordination of procedures to identify and rectify reinstatements in a timely manner, quality control of the works undertaken by third parties and will also build relationships with third parties to educate contractors to ensure better quality works in the future.
6. A recent footpath condition audit has highlighted the following in our footpath network, the root cause and ownership of these issues is current being assessed by a technical officer and will inform future packages of work for appropriate third parties or our City Operations team:
 - 6.1. There are 516 known issues with reinstatements across the city, which do not have the correct material or are temporary reinstatements awaiting final reinstatement.
 - 6.2. There are also 248 Service Pits which had displaced more than 20mm and require rectification by service authorities.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4 hours.
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Cultural Report

ITEM 15.11 09/03/2021
Council

Council Member
Deputy Lord Mayor, Councillor
Courous

2013/01266
Public

Contact Officer:
Clare Mockler, Acting Chief
Executive Officer

QUESTION ON NOTICE

Deputy Lord Mayor, Councillor Courous will ask the following Question on Notice:

'Noting recent media reports regarding the motion for a Cultural Report that was unanimously agreed in April 2020 investigating the culture between elected members and administration. Can the CEO please advise the status of the report and when it will be made public?'

REPLY

1. The status of the Cultural Investigation Report is addressed in Item 12.2.1 on the Agenda for the Council meeting of 9 March 2021.

Staff time in receiving and preparing this reply	To prepare this reply in response to the question on notice took approximately 4 hours.
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