



THE COMMITTEE MINUTES

for the meeting

Tuesday 2 June 2020



Present - The Right Honourable the Lord Mayor [Sandy Verschoor]

Councillor Hyde (Deputy Lord Mayor) (Chair)

Councillors Abrahamzadeh, Couros, Hou, Khera, Knoll, Mackie, Martin, Moran and Simms (Deputy Chair).

Acknowledgement of Country

At the opening of the Committee Meeting, the Deputy Chair stated:

'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.'

Apologies and Leave of Absence

Apologies

Councillor Donovan

Confirmation of Minutes – 19/5/2020 & 26/5/2020 [TC]

That the Minutes of the meeting of The Committee held on 19 May 2020 and the Special meeting of The Committee held on 26 May 2020, be taken as read and be confirmed as an accurate record of proceedings.

Councillor Moran left the meeting at 5.42pm

Reports to be presented to Council

All reports in this section will be presented to Council on 9 June 2020 for consideration and determination

Strategic Alignment – Smart

1. Item 4.1 - Adelaide Aquatic Centre – Aquatic and Leisure Centre Final Needs Analysis [2019/01387] [TC]

Councillor Moran re-entered the meeting at 5.43pm

Tom McCready, Associate Director Property & Commercial, City of Adelaide introduced the item and responded to questions from Committee Members.

During the discussion:

- Councillor Khera left the meeting at 5.48pm and re-entered at 5.49pm
- Deputy Lord Mayor (Councillor Hyde) entered the meeting at 5.54pm and took the Chair at 5.59pm
- Councillor Moran left the meeting at 6.03pm, re-entered at 6.04pm
- Deputy Lord Mayor (Councillor Hyde) left the meeting at 6.05pm, whereupon Councillor Simms (Deputy Chair) took the Chair.

2. Item 4.2 - City Wide Business Model [2019/00615] [TC]

Ian Hill, Director Growth, City of Adelaide introduced the item. Ian Hill and Michelle English, Associate Director Economic Development & Sustainability, City of Adelaide responded to questions from Committee Members.

During the discussion:

- Deputy Lord Mayor (Councillor Hyde) entered the meeting at 6.08pm and retook the Chair, left at 6.11pm, whereupon Councillor Simms (Deputy Chair) took the Chair, re-entered at 6.12pm and retook the Chair at 6.14pm
- Councillor Moran left the meeting at 6.15pm, re-entered at 6.16pm and left at 6.33pm
- Councillor Abrahamzadeh left the meeting at 6.25pm and re-entered at 6.32pm
- Councillor Simms left the meeting at 6.29pm, re-entered at 6.31pm, left at 6.33pm, re-entered at 6.34pm, left at 6.40pm and re-entered at 6.41pm
- Councillor Mackie left the meeting at 6.36pm and re-entered at 6.40pm

Item 4.2, distributed separately is attached for reference at the end of the Minutes of this meeting.

Strategic Alignment – Green

3. Item 4.3 - Undergrounding Funding Application - 252 South Terrace Development [1999/00775-2] [TC]

Rudi Deco, Manager Governance, City of Adelaide responded to questions around a conflict of interest.

During the discussion, Councillor Simms left the meeting at 6.43pm

4. Item 4.4 - Significant Tree Removal - Lefevre Park/Nantu Wama (Park 6) [2013/03260] [TC]

Councillor Simms re-entered the meeting at 6.44pm

Matthew Morrissey, Associate Director Infrastructure, City of Adelaide responded to questions from Committee Members.

Strategic Alignment – Liveable

5. Item 4.5 - 2020/21 Grant Recommendations –Recreation and Sport, Arts and Cultural, Community Development [2019/00560] [TC]

Clare Mockler, Deputy CEO & Director Culture & Christie Anthoney, Associate Director Community & Culture, City of Adelaide responded to questions from Committee Members.

During the discussion, Councillor Couros left the meeting at 7.03pm and re-entered at 7.07pm.

The meeting **adjourned at 7.13pm** for a short break **and reconvened at 7.25pm** with the following Members of The Committee present:

The Right Honourable the Lord Mayor [Sandy Verschoor], Deputy Lord Mayor (Councillor Hyde) (Presiding), Councillors Abrahimzadeh, Couros, Hou, Khera, Knoll, Mackie, Martin and Simms.

6. Item 4.6 - City Connector Review [2019/02429] [TC]

Klinton Devenish, Director Place, City of Adelaide introduced the item. Klinton Devenish and Shanti Ditter, Associate Director Planning, Design & Development, City of Adelaide responded to questions from Committee Members.

During the discussion, Councillor Khera left the meeting at 7.43pm, re-entered at 7.47pm, left at 7.48pm and re-entered at 7.48pm

Item 4.6, distributed separately is attached for reference at the end of the Minutes of this meeting.

7. Item 4.7 - City of Adelaide Submission – Federal Parliamentary Inquiry into Homelessness [2017/03664] [TC]

Christie Anthoney, Associate Director Community & Culture, City of Adelaide was available to respond to questions.

Strategic Alignment – Corporate Activities

8. Item 4.8 - North Street traffic investigations [2016/01228] [TC]

Shanti Ditter, Associate Director Planning, Design & Development, City of Adelaide was available to respond to questions.

Exclusion of the Public

9. Item 5.1 - Exclusion of the Public to Consider [2018/04291] [TC]:

6.1 Strategic Property Matter [s 90(3) (b) & (d)]

6.2 City of Music Laneway Naming [s 90(3) (a) & (d)]

Order to Exclude for Item 6.1:

THAT THE COMMITTEE

1. Having taken into account the relevant consideration contained in s 90(3) (b) & (d) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of The Committee dated 2/6/2020 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 6.1 [Strategic Property Matter] listed on the Agenda in a meeting open to the public would on balance be contrary to the public interest.

Grounds and Basis

This Item contains certain information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, prejudice the commercial position of the council and prejudice the commercial position of the person who supplied the information and confer a commercial advantage to a third party.

More specifically, the disclosure of certain information in this report could reasonably prejudice the commercial position of the council including its future commercial dealings given that it contains financial information and further direction with regard to a Council asset holding.

Public Interest

The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances given that the information in this report, including certain financial information and further direction, may prejudice its future commercial dealings with regard to its asset. On this basis, the disclosure of such information may severely prejudice the City of Adelaide's ability to influence the proposal for the benefit of the City of Adelaide and the community in this matter.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)*, this meeting of The Committee dated 2/6/2020 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this meeting to enable this meeting to receive, discuss or consider in confidence Item 6.1 [Strategic Property Matter] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (b) & (d) of the Act.

Order to Exclude for Item 6.2:

THAT THE COMMITTEE

1. Having taken into account the relevant consideration contained in s 90(3) (a) & (d) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of The Committee dated 2/6/2020 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 6.2 [City of Music Laneway Naming] listed on the Agenda in a meeting open to the public would on balance be contrary to the public interest.

Grounds and Basis

The grounds for consideration in confidence are primarily associated with the personal implications for the musicians. There is a risk to the reputation and personal brand of the musicians if this matter is publicly discussed by Council. Consideration in confidence seeks to protect the reputation, to minimise any negative publicity, and to maintain the band's commercial opportunities.

Public Interest

The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information would involve the unreasonable disclosure of information concerning the personal affairs of the musicians named in the report which could negatively prejudice its commercial position and reputation.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)*, this meeting of The Committee dated 2/6/2020 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this meeting to enable this meeting to receive, discuss or consider in confidence Item 6.2 [City of Music Laneway Naming] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (a) & (d) of the Act.

Members of the public and Corporation staff present not directly involved with Items 6.1 & 6.2 left the meeting at 7.58pm.

Confidential Item 6.1

Strategic Property Matter
Section 90 (3) (b) & (d) of the *Local Government Act 1999 (SA)*
Page 4

Confidential Item 6.2

City of Music Laneway Naming
Section 90 (3) (a) & (d) of the *Local Government Act 1999 (SA)*
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The meeting re-opened to the public at 8.05pm.

Confidentiality Orders

Minute 10 - Item 6.1 – Strategic Property Matter [TC]

That in accordance with Section 91(7) & (9) of the *Local Government Act 1999 (SA)* and because Item 6.1 [Strategic Property Matter] listed on the Agenda for the meeting of The Committee held on 2 June 2020 was received, discussed and considered in confidence pursuant to Section 90(3) (b) & (d) of the *Local Government Act 1999 (SA)*, this meeting of The Committee do order that:

1. The resolution, the report, the discussion and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2027.
2. The confidentiality of the matter be reviewed in December 2021.
3. The Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.

Minute 11 - Item 6.2 – City of Music Laneway Naming [TC]

That in accordance with Section 91(7) & (9) of the *Local Government Act 1999 (SA)* and because Item 6.2 [City of Music Laneway Naming] listed on the Agenda for the meeting of The Committee held on 2 June 2020 was received, discussed and considered in confidence pursuant to Section 90(3) (a) & (d) of the *Local Government Act 1999 (SA)*, this meeting of The Committee do order that:

1. The resolution, the report, the discussion and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2027.
2. The confidentiality of the matter be reviewed in December 2021.
3. The Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.

Closure

The meeting closed at 8.05pm.

Councillor Hyde (Deputy Lord Mayor)
The Committee Chair

Documents attached:

Minute 2 – Item 4.2 - City Wide Business Model, Distributed Separately

Minute 6 – Item 4.6 - City Connector Review, Distributed Separately

City Wide Business Model

ITEM 4.2 02/06/2020

The Committee

2019/00615

Public

Program Contact:

Michelle English, AD Economic
Development & Sustainability
8203 7779

Approving Officer:

Ian Hill, Director Growth

EXECUTIVE SUMMARY:

The purpose of this report is to provide recommendations to Council regarding the implementation of a City-Wide Business Model (CWBM) with respect to its potential governance structure.

The *City-Wide Business Models Feasibility Study* was completed in October 2019 and evaluated alternative funding and governance models that aim to accelerate economic growth in the City. The study investigated and analysed several successful models operating in jurisdictions within Australia and overseas.

Significant consultation on CWBM options has occurred with the City Precinct Mainstreet Associations, Adelaide Business Collective, broader business community, State Government agencies, Industry Associations and City of Adelaide partners to inform these recommendations.

The proposed governance structure to implement a CWBM as a subsidiary of Council under Section 42 of the *Local Government Act 1999 (SA)*. It is considered this option is best placed to support Adelaide's CBD and North Adelaide specific business needs, opportunities and activities moving forward.

It is proposed to investigate whether the creation of the Section 42 subsidiary could occur through an amendment to the Charter of the Rundle Mall Management Authority by expanding its Objects, Purpose, Powers, Functions and Duties.

The rationale for the introduction of a CWBM is to accelerate economic growth of the City of Adelaide through attracting investment and supporting the growth of business, residents, visitors, events, festivals and students, in collaboration with key State Government agencies and through implementation of a comprehensive, city wide marketing and growth strategy.

Operating as a subsidiary of Council will enable it to respond with agility to changes in the commercial environment and redirect resources as needed, while aligning with Council's Strategic Plan and direction.

The following recommendation will be presented to Council on 9 June 2020 for consideration

That Council:

1. Approves the implementation of a City-Wide Business Model through the use of a subsidiary of Council under Section 42 of the *Local Government Act 1999*.
 2. Approves investigating an amendment to the Charter of the Rundle Mall Management Authority to expand its Objects, Purpose, Powers, Functions and Duties to broaden its existing scope to enable delivery of city-wide economic development outcomes as a subsidiary of Council under Section 42 of the *Local Government Act 1999*.
 3. Notes that a draft Charter for the subsidiary under Section 42 of the *Local Government Act 1999* will be presented to Council for its endorsement and submission to the Minister for Transport, Infrastructure and Local Government for approval.
 4. Notes the Indicative Implementation Timeline for the establishment of a subsidiary under Section 42 of the *Local Government Act 1999* to deliver city wide economic outcomes.
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IMPLICATIONS AND FINANCIALS:

City of Adelaide 2016 - 2020 Strategic Plan	<p>Strategic Alignment - Smart</p> <p>By June 2018, work with key stakeholders in mainstreets and districts to develop business plans that will provide greater participation at the local level and appropriate governance models, as well as work on projects such as an O'Connell Street enhancement program.</p> <p>The City of Adelaide 2020-2024 Strategic Plan 'Strong Economies' outcome – Implement a City-Wide Business Model.</p>
Policy	Not as a result of this report
Consultation	Preliminary consultation on the 'City Wide Business Model' framework has occurred with Precinct Groups, business representative groups, City of Adelaide partners, industry associations, State Government and City of Adelaide subsidiaries.
Resource	The implementation of a new city-wide business model will be managed within existing resources.
Risk / Legal / Legislative	The Charter for the proposed subsidiary will be prepared for endorsement of Council and submitted to the Minister for Transport, Infrastructure and Local Government in accordance with the <i>Local Government Act (SA) 1999</i> .
Opportunities	Improved alignment with the business sector that represents nearly 80% of rate revenue with a dedicated subsidiary governed by a skills-based board. Reinforcing the City of Adelaide as a small business friendly city and a great place to do business that encourages investment.
19/20 Budget Allocation	Not as a result of this report
Proposed 20/21 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	The proposed subsidiary would operate under Section 42 of the <i>Local Government Act 1999 (SA)</i> until such time as Council resolves for the subsidiary to be wound up.
19/20 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 proposed subsidiary would be funded through the annual Integrated Business Plan and Budget process.
Other Funding Sources	The proposed subsidiary would have 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.

BACKGROUND

1. At its meeting on 24 July 2018, Council resolved:

“Administration brings to a future workshop a report on opportunities to better support our Mainstreet Precinct Group, the report should include financial modelling, resourcing support, and any form of other support we can include.”

City of Adelaide Precinct Groups

2. The City of Adelaide's Precinct Group Support Program was established in 1994 to provide a place-based approach to economic development in the City.
3. Each of the current Precinct Groups operating in the City of Adelaide (CoA) is an Incorporated Association under the *Associations Incorporation Act 1985* (SA). They are all not-for-profit groups, legally separated from their members.
4. Each organisation is led by volunteer committee members representing businesses in their area, and in some cases, residents, with seven operating year-round and Chinatown Adelaide SA Inc operating annually and staging Chinese New Year celebrations.
5. Seven precinct organisations (excluding Chinatown Adelaide SA Inc) receive funding (\$25,000 per year) from the City of Adelaide via a non-competitive funding program along with \$8,000 for Christmas support. Additional funding is provided to Precincts through the competitive Mainstreet Advancement Grant process. There is a presumption that the Precinct Groups will raise sufficient additional funds to create initiatives to support the local community via other grant funding opportunities and membership.

Drivers for a City-Wide Business Model

6. A number of external drivers have been identified as impacting the economic outcomes for city businesses:
 - 6.1. Static State population growth
 - 6.2. Increased retail competition from global companies
 - 6.3. Increased retail competition from online sources
 - 6.4. Changing legislative environment with deregulation of shopping hours
 - 6.5. Increased investment and competition from suburban shopping centres
 - 6.6. Natural disasters (eg bushfires) and climate change (eg increase in number of extreme heat days)
 - 6.7. The public health response to COVID-19 (eg social distancing and restrictions on interstate and international travel).
7. In May 2019, Amanda Grocock and Associates (AGA) was engaged by the City of Adelaide (CoA) to undertake an analysis and investigation of alternative governance and funding models for city mainstreets.
8. The *City-Wide Business Models Feasibility Study* (Link 1 view [here](#)) was completed in October 2019 and evaluated alternative governance and funding models that aim to accelerate economic growth in the City. The study included reviewing various models used by other states and countries, including but not limited to, WellingtonNZ, Brisbane Marketing Authority and Golden Triangle Business Improvement District (BID). The feasibility study reviewed the experiences of these models and other jurisdictions and considered the potential for their application in the City of Adelaide.
9. A Committee Workshop on the findings of the feasibility study was presented on 7 November 2019.

Stakeholder Engagement

10. As part of the development of the feasibility study, consultation was undertaken with Precinct Group Chairs, Precinct Committee representatives and the Chief Executive Officers of allied attraction organisations (eg Adelaide Convention Bureau, Festivals Adelaide and Renew Adelaide) to seek their insights and perspectives on the current Precinct Group model and understand their aspirations for a potential City-Wide Business Model.
11. The consultation process identified a number of shortcomings with the city's existing Precinct Model. These include:
 - 11.1. The large number of precincts and their inconsistency in size results in a duplication of costs and resourcing, an inequitable funding model (eg larger precincts such as North Adelaide Precinct Association received comparatively less funding) and a dilution of potential impact.
 - 11.2. Inadequate funding and a reliance on volunteers are limiting the ability to deliver a unified approach that effectively leverages high spending visitors.

- 11.3. A lack of connection to a whole City vision and council initiatives.
12. Key aspirations for a new model identified by stakeholders include an opportunity to:
 - 12.1. Deliver city-wide growth with long term city goals
 - 12.2. Increase communication, collaboration and consistency of initiatives, and engagement with businesses and building owners
 - 12.3. Consolidate precinct areas
 - 12.4. Create a central body to eliminate conflicts of interest and clearly demonstrate a return on investment for the City of Adelaide
 - 12.5. Heighten customer experiences through marketing and activation
 - 12.6. Improve flexibility in responding to a changing economic climate and increase economic outcomes for businesses.
13. CoA staff met with Precinct Groups on 27 November 2019 to discuss concerns (such as funding implications and the potential change of role for Precincts under a CWBM) arising from the feasibility study. A further briefing on the CWBM approach was presented to Precinct Groups as part of the Lord Mayor's Precinct Forum on 19 February 2020.
14. Additional meetings occurred with the Property Council of Australia SA and its Mainstreets and Retail Committee (7 November and 5 December 2019 respectively), Rundle Mall Management Authority Board (18 November 2019) to provide an update on the progress of the CWBM.
15. An online workshop, *City Wide Business Model – An opportunity to have your say* was held on 4 May 2020. The workshop was attended by 41 individuals representing the business community across a range of sectors, including Precinct Groups and members of the Adelaide Business Collective. Additional participants included Council Members, the Hon Rachel Sanderson MP Member for Adelaide, and CoA staff.
16. Discussions during the forum clearly indicated a desire for the City of Adelaide to progress quickly with implementation of a CWBM. Following the workshop, participants and those unable to attend were invited to participate in the survey *Perceptions of the City-wide Business Model* (Link 2 view [here](#)). The survey attracted fifty-two (52) respondents, including owners/managers of city-based businesses (69%) and landlord/property owners (19%).
17. Eighty percent (80%) of respondents indicated support for the CWBM. Qualitative responses indicated a preference for the CWBM to have local representation at board/committee level.
18. Participants were asked to rank the most important functions of a CWBM. The top four functions included destination marketing to increase customer traffic (97%), business growth initiatives (76%), provide a unified and independent business voice (62%) and investment attraction – attract new businesses to the city (54%).

DISCUSSION

19. The City of Adelaide 2020-2024 Strategic Plan 'Strong Economies' outcome includes the key action – Implement a City-Wide Business Model.

Purpose and Functions

20. The rationale for the introduction of a CWBM is to accelerate economic growth of the City of Adelaide through attracting investment and supporting businesses, residents, visitors, events and festivals and students, in collaboration with key State Government agencies and through implementation of a comprehensive, city wide marketing and growth strategy.
21. Creation of a focussed entity would provide opportunities to maximise efficiencies and improve City outcomes through:
 - 21.1. Leveraging the city brand
 - 21.2. Consolidation of existing activities across multiple areas
 - 21.3. Reducing duplication in services and filling gaps in administration of the current Precinct Group model
 - 21.4. Pooling resources for a city-wide long-term approach to economic development
 - 21.5. Being more agile and able to respond to and actively engage with commercial opportunities and changes in economic climate in a timely manner
 - 21.6. Creating and more effectively leveraging a range of existing strategic partnerships and target new ones

- 32.2. To promote the Rundle Mall and to encourage its use by residents, visitors and the community in general; and
- 32.3. To ensure that the Authority operates within the terms of its Charter and the Council's Strategic Plan.
33. The key powers, functions and duties of RMMA in delivering on its purpose include the promotion and marketing of Rundle Mall, and expending funds raised by the separate rate declared on land within the Rundle Mall Precinct for this purpose.
34. The matters to be set out in a draft Charter for the proposed subsidiary are likely to overlap with the RMMA's Charter in terms of promotion, marketing and encouraging visitation. Consequently, there is benefit in considering whether the RMMA's Charter can be amended to incorporate the whole City, with an expanded area of responsibility including economic development, investment attraction, business and visitor growth and city-wide marketing.
35. In preparing the draft Charter, Administration will liaise with RMMA and the Office of Local Government to determine if this approach is feasible, or whether it would be preferable to create a new subsidiary under Section 42.
36. Matters for discussion with RMMA would include:
- 36.1. Alignment of Charters and opportunities to reduce duplication of effort and leverage existing resources; and
- 36.2. Mechanisms to ensure the separate rate would be expended solely for the benefit of Rundle Mall.

Board of Management

37. The Board of Management would be responsible for managing the business and other affairs of the proposed subsidiary and ensure it acts in accordance with its Charter. It is recommended that the Board consist of up to eight members, including the Chairperson and the Lord Mayor (or their delegate) as Council's representative.
38. It is recommended that Board membership be skills based, with members collectively having a range of knowledge, skills and experience across the following areas:
- 38.1. Economic development
- 38.2. Brand, marketing and public relations
- 38.3. Retail and commercial
- 38.4. Visitor economy
- 38.5. Property development
- 38.6. Business acumen
- 38.7. People leadership
- 38.8. Strategic management
- 38.9. Financial management.
39. The RMMA Charter provides for a maximum of six Board Members, with one member being a member of Council. The range of appropriate skills and experiences required for Board Membership are not set out in the Charter but are nominated by the CoA's Chief Executive Officer and the RMMA Chair following an expression of interest process.
40. Given the proposed subsidiary's strategic importance in delivering economic growth and marketing of the City and its broader purpose and function than that of the RMMA, it is likely that the existing Board Membership of the RMMA would need to change if it became the proposed subsidiary. It is anticipated that Board members of the proposed subsidiary would be appointed by Council following an expression of interest process.
41. There is value in formalising the interests of City Precincts by providing a mechanism under the Charter for the Precinct Groups to raise matters of strategic importance (eg funding, coordinated marketing, etc) with the Board on a regular basis, and to provide for a two-way flow of information between the proposed subsidiary and the Precincts.
42. The Precinct Groups are independent, not-for-profit incorporated associations, led by volunteer committee members that represent their area. If Council supports City Precincts being recognised in the Charter of the proposed subsidiary, Administration will engage with the Precinct Groups on potential options for this to occur. These options will be brought back to Council for consideration as part of a draft Charter.

- 21.7. Attracting additional funding through alternative revenue streams (eg State Government, commercial partners and sponsorships)
- 21.8. Increasing collaboration (rather than competition) between City Precincts and other jurisdictions.
- 22. The key functions covered by the proposed entity would include economic development, investment attraction, business and visitor growth, and city-wide marketing.

Governance Model – Preferred Option

- 23. With a key objective of providing a more efficient and effective model for whole of city (including North Adelaide) business initiatives, the following alternative governance models have been considered:
 - 23.1. Council to retain full administrative control of a new model, engaging with stakeholders as and when required.
 - 23.2. Section 41 Committee – established under the auspices of the *Local Government Act (SA)* (the Act) which determines how funds will be spent.
 - 23.3. Section 42 Subsidiary – a body corporate established by Council under the Act which provides a specific service or services.
 - 23.4. Incorporated Precinct Group – Council could participate in the formation of an incorporated association, pursuant to the *Associations Incorporation Act 1985*.
- 24. Both the Rundle Mall Management Authority (RMMA) and the Adelaide Central Market Authority (ACMA) are subsidiaries of the City of Adelaide pursuant to Section 42 of the Act.
- 25. A Section 42 subsidiary is the preferred option for the City of Adelaide as:
 - 25.1. It allows for Council to retain the ability to align the objectives of the subsidiary with its strategic objectives.
 - 25.2. Stakeholder engagement undertaken by the subsidiary is separate from any Council engagement processes;
 - 25.3. Professional skills can be engaged to support execution at both board and administrative levels.
- 26. The proposed subsidiary would be responsible for preparing a Strategic Plan and Annual Business Plans, consistent with Council's objectives. Both Plans would be required to be approved by Council. The proposed subsidiary would also be responsible to prepare and submit an Annual Report to Council.
- 27. Approval of the Minister responsible for the Act is required to create and establish a subsidiary and to wind up a subsidiary. A copy of the proposed charter for the subsidiary must accompany an application to the Minister to establish a subsidiary.

Subsidiary Charter

- 28. If Council approves progressing with the establishment of the proposed subsidiary under Section 42 of the Act, a draft Charter will be brought back to Council for its consideration and to seek approval for it to be submitted to the Minister in accordance with Section 1 (3) of Schedule 2 of the *Local Government Act 1999* (Ministerial approval and Gazettal).
- 29. The draft Charter will be required to address matters such as purpose, constitution of a board of management, the power, functions and duties of the proposed subsidiary, its scope of activities, as well as staffing, funding and reporting obligations.
- 30. The objects and purposes of ACMA outlined in its Charter are:
 - 30.1. To oversee the management and operation of the Market in accordance with the Charter, the Market Charter and the Council's Strategic Plan
 - 30.2. To be responsible for maintaining and enhancing the iconic standing of the Market for the benefit of all stakeholders; and
 - 30.3. To be responsible for the Market becoming internationally recognised as a vibrant, diverse and unique fresh produce market community that is commercially sustainable for traders and the Council.
- 31. In delivering on the objects and purposes, ACMA plays a key role in holding a Headlease for the Market and granting subleases, licences and other rights of occupation. The ACMA subsidiary model is quite different from the powers, functions and duties envisaged for the proposed subsidiary.
- 32. The objects and purposes of RMMA outlined in its Charter are:
 - 32.1. To position the Rundle Mall as the State's premier retail and commercial shopping precinct in order to sustain retail, business and economic viability;

Funding

43. If Council agrees to progress with a Section 42 subsidiary as the proposed governance model, options for its funding will be brought back to Council for its consideration.

Resourcing

44. A General Manager of the proposed subsidiary would be appointed by CoA's Chief Executive Officer with the responsibility to confirm the administrative functions and required resourcing of the subsidiary and to assist with the recruitment of the subsidiary's Board in accordance with its Charter.
45. Administrative staff supporting CoA's two existing Section 42 subsidiaries (RMMA and ACMA) are employees of CoA. It is anticipated that administrative support for the proposed subsidiary will be drawn from the existing human resources within CoA's functions, including economic development, marketing and RMMA (if relevant). Savings should be achieved through identification and rationalisation of duplicate services.

Next Steps

46. Subject to Council's approval to proceed with a City-Wide Business Model in the form of a Section 42 subsidiary, Administration will undertake the following steps:
- 46.1. Review the RMMA Charter in collaboration with RMMA and the Office of Local Government to determine if it is feasible to expand its scope to deliver the desired outcomes of the proposed subsidiary.
- 46.2. Engage with Precinct Groups on potential options for recognition in the draft Charter.
- 46.3. Prepare a draft Charter for Council's consideration and to seek endorsement for it to be submitted to the Minister for Transport, Infrastructure and Local Government for gazettal.
- 46.4. Provide options to fund the proposed subsidiary for Council's consideration.
- 46.5. Table 1 below provides an Indicative Implementation Timeline for the proposed subsidiary, including engagement with Council Members and key decisions.

Table 1: Indicative Implementation Timeline

Date	Task / Decision
June 2020	<p>Committee and Council Report:</p> <ul style="list-style-type: none"> Approve the implementation of a City-Wide Business Model through the use of a subsidiary under Section 42 of the <i>Local Government Act 1999</i>. Approve investigating the Rundle Mall Management Authority and discussions with the RMMA and the Office of Local Government on the potential to expand the RMMA Charter, Objects, Purpose, Functions and Duties to become the proposed subsidiary. Engage with Precinct Groups on potential options for recognition in a draft Charter.
August 2020	<p>Council Report:</p> <ul style="list-style-type: none"> Decision on whether the proposed subsidiary is a new subsidiary or whether the RMMA Charter is amended. Draft Charter for the proposed subsidiary is presented to Council for approval. Options to fund the proposed subsidiary are presented to Council for approval. <p>Submission of Charter to Minister:</p> <ul style="list-style-type: none"> Council approved Charter for the proposed subsidiary is submitted to the Minister for Transport, Infrastructure and Local Government for approval and gazettal.
October 2020	<p>New Subsidiary created:</p> <ul style="list-style-type: none"> Ministerial approval granted and Charter of the proposed subsidiary is gazetted. <p>Recruitment of skills-based Board Members:</p> <ul style="list-style-type: none"> Commence Expression of Interest for skills-based Board Members. Chief Executive Officer to appoint General Manager of the proposed subsidiary. Administrative resources for the proposed subsidiary allocated by Council's Chief Executive Officer.
December 2020	<p>Council Report</p> <ul style="list-style-type: none"> Seek Council's endorsement of appointment of Board Members following recommendation by Council's Chief Executive Officer.
January 2021	<p>Formal commencement of the New Subsidiary</p>

DATA & SUPPORTING INFORMATION

Link 1 - City-Wide Business Models Feasibility Study

Link 2 - Perceptions of the City-Wide Business Model

ATTACHMENTS

Nil

- END OF REPORT -

Minute 2 - Item 4.2 - Distributed Separately

City Connector Review

ITEM 4.6 02/06/2020
The Committee

2019/02429
Public

Program Contact:
Shanti Ditter, AD Planning,
Design & Development 8203
7756
Approving Officer:
Klinton Devenish, Director Place

EXECUTIVE SUMMARY

As part of a major Public Transport Services Review, the Department of Planning, Transport and Infrastructure (DPTI) has advised of its intention to modify the City Connector service to improve efficiency and to remove sections of duplication with the free tram network in the City. Modification of the service will result in changes to routes and frequency. It is anticipated to operate at a reduced cost to the City of Adelaide.

The City Connector service was suspended by DPTI on 6 April 2020 based on advice from SA Health regarding COVID-19 restrictions. It remains suspended until further notice and is subject to advice from SA Health and the State Government.

The purpose of this report is to assess the impacts of the proposed City Connector route modifications and to examine potential alternatives to the service, to provide Council's feedback to DPTI.

The following recommendation will be presented to Council on 9 June 2020 for consideration

That Council:

1. Notes the City of Adelaide's need to resolve the Deed of Agreement with DPTI regarding the City Connector service.
2. Endorses the Administration to continue working with DPTI on options for providing a City Connector service, to further explore opportunities, costs and impacts of each option, with a report to be brought back to Council for endorsement, following consultation which will be undertaken by DPTI in June 2020.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2016-2020 Strategic Plan	Strategic Alignment – Liveable Encourage the State Government to improve public transport to promote greater patronage, including continued investment and expansion of the free City Connector Services
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Changes to the Connector Service will managed within existing resources
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Opportunity to provide a more efficient public transport service to the community
19/20 Budget Allocation	\$935k general operating
Proposed 20/21 Budget Allocation	\$923k general operating
Life of Project, Service, Initiative or (Expectancy of) Asset	A new Deed of Agreement will have an end date five years from the date of agreement, with opportunities for five-year extensions, up to a maximum of 25 years
19/20 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	\$923k (plus inflation) for the life of the deed to continue operating the service in addition to ongoing battery purchases for Tindo, and bus replacement at the end of the buses economic lives.
Other Funding Sources	DPTI will 50% co-fund a new City Connector service

DISCUSSION

Background

1. The Free City Connector service was expanded in 2014 to provide a service in the City and North Adelaide every 15-30 minutes, seven days a week. It currently caters for 17,000-18,000 passengers per week.
2. The service operates in a loop covering North Adelaide, with a 30-minute frequency in each direction, and the city, with 15-minute frequency in each direction.
3. The service is funded jointly by City of Adelaide (CoA) and the Department of Planning, Transport and Infrastructure (DPTI), with DPTI managing the service through the metropolitan east-west bus service provider Torrens Transit.
4. As part of its Public Transport Services Review, DPTI intends to modify the City Connector service (the service). The review is part of a network-wide suite of public transport changes aimed at improving efficiency.
5. While exclusively operating within the City of Adelaide, the City Connector forms part of the Adelaide Metro East – West contract area and any changes to the contract may have implications for the service.
6. DPTI's intentions for the review of the service is to remove duplication with the free tram network and improve the efficiency of the service.
7. The Deed of Agreement for the existing service was due to expire in 2023. The Minister for Transport, Infrastructure and Local Government has provided notice of his intention to terminate the existing Deed on 30 June 2020. A copy of the notice can be viewed (Link 1 view [here](#)).
8. The service costs approximately \$935k per annum which includes:
 - 8.1. \$872k contribution to DPTI to operate the service (indexed), inclusive of drivers, minor maintenance, fuel and operating six buses
 - 8.2. \$8k electricity for Tindo
 - 8.3. \$7k bus registration
 - 8.4. \$50k maintenance
9. The CoA owns three buses (2 diesel buses and Tindo) which are depreciating assets and will need to be replaced at the end of their economic lives, in addition to major lifecycle maintenance (including batteries for Tindo).
10. The service is relatively expensive when compared to other bus services in other cities:
 - 10.1. The cost per service kilometre is more than double the cost of bus services in other cities, at approximately \$22/km (compared to Sydney and Canberra bus services which are below \$10/km)
 - 10.2. The cost per passenger is approximately \$7 (fully subsidised by CoA and State Government), compared to Canberra and Brisbane services which are between \$4-5 per passenger
11. The service was suspended on 6 April 2020 due to COVID-19. We understand that the service will resume following further restrictions being lifted, based on advice from SA Health.

Proposed Route

12. The South Australian Public Transport Authority (SAPTA) recommends a proposed route for the modified service. A copy of the proposed route can be viewed (Link 2 view [here](#)).
13. The recommended route includes some key differences to the existing, including:
 - 13.1. A single, out-and-back service for the city and North Adelaide, compared to the existing looped services.
 - 13.2. A 20-minute service frequency instead of the existing 15-minute frequency in the city and 30-minute frequency in North Adelaide.
 - 13.3. Removal of duplication on King William Street and North Terrace corresponding to the locations where DPTI provides free tram services.
 - 13.4. Removal of services from Mackinnon Parade, Jerningham Street and Kingston Terrace in North Adelaide.
 - 13.5. Removal of services from Hill Street, Ward Street and Buxton Street in North Adelaide,
 - 13.6. Removal of services from Currie Street and Morphett Street in the City.

14. Following our discussions with SAPTA, we understand that the proposed route has been determined based on patronage, service timing and ease of use.
 - 14.1. Most stops removed from the route which are not along the tram corridors, generally have very low patronage with fewer than 25 passengers boarding at these stops per day. See **Service Impacts**, below, for more information.
 - 14.2. The existing service operates with a 15-minute frequency in the City and 30 minute frequency in North Adelaide. The proposed 20-minute frequency would be equally intuitive and improves accessibility in North Adelaide. Operating the service with an extended route would require additional buses (and therefore cost) or a reduced frequency.
15. SAPTA will be undertaking public consultation on the proposed Adelaide Metro network changes in June 2020, which will include the proposed changes to the City Connector route.
16. Council's feedback on the service will be provided to SAPTA for consideration as part of the consultation.
17. We understand that proposed service changes are anticipated to be introduced in late 2020.

Service Impacts

18. The route proposed by SAPTA will result in a reduction in the number of stops for the service within the CoA:
 - 18.1. 35 stops from a total of 65 will be removed, eight of these stops are along tram corridors and broadly aligned with tram stops.
 - 18.2. 28 of these stops are serviced by other regular Adelaide Metro routes.
 - 18.3. Six existing Adelaide Metro stops will be included, and three new stops constructed to accommodate the new route.
19. Some of the stops proposed to be removed have very low patronage, accommodating as few as four passengers per day (from surveys undertaken in late 2019). A map illustrating the popularity of each stop can be viewed here (Link 3 view [here](#)). A table ranking stops by popularity, patronage and impact from the proposed route can be viewed (Link 4 view [here](#)).
20. The removal of the Jerningham Street stop will have the greatest impact, as this is one of the most popular stops on the network. The removal of Hill Street will also impact access in North Adelaide west of Wellington Square.
21. The CoA has a population of approximately 24,000. This is projected to increase to over 50,000 by 2041. A map illustrating the current and projected population by area in the CoA can be viewed here (Link 5 view [here](#)). A map illustrating population age demographics can be viewed here (Link 6 view [here](#)).
 - 21.1. The proposed City Connector route will not directly service the west CBD area bordered by North Terrace, Grote Street, West Terrace and King William Street. However, the route will service Grote Street and the area is bounded by the tram to the north and west.
 - 21.1.1. This area accounts for 18% of the current population which is also expected to experience significant growth and is projected to make up 23% of the population of the City of Adelaide.
 - 21.1.2. City Connector patronage in this area is currently low, accounting for 12% of trips over 9 stops.
 - 21.2. Lower North Adelaide will be served by stops on Lefevre Terrace and Brougham Place but will lose the popular Jerningham street stop.
 - 21.2.1. The area accounts for 10% of the current and 5% of the projected population.
 - 21.2.2. City Connector patronage in this area is 7%, with Jerningham Street alone accounting for 6%.
 - 21.3. Accessibility to the west of upper North Adelaide is reduced, with some areas up to 1.1km from the nearest Connector bus stop.
 - 21.4. Service to the southern and eastern areas of the city remain unchanged.
22. A number of new developments are planned or under construction in the CoA. The majority are in the city, with a limited number in North Adelaide. A map illustrating planned and commenced development in the CoA can be viewed (Link 7 view [here](#)).
23. Developments are dispersed throughout the city. There is a large concentration in the west CBD, which is not served by the proposed route, but the majority of new developments are within one block of City Connector or tram services.

City of Adelaide Feedback

24. Improvements to the route can be made to increase accessibility and reduce impacts to users, including altering the service to travel along:
 - 24.1. MacKinnon Parade, Jerningham Street and Kingston Terrace, to service the Melbourne Street precinct
 - 24.2. Hill Street, Ward Street and Buxton Street, to service the western areas of upper North Adelaide
25. These alternate options can be viewed (Link 8 view [here](#)).

Free Adelaide Metro Travel

26. On 12 May 2020 Council endorsed a Motion requesting that the Lord Mayor write to the State Government requesting all Adelaide Metro Bus and Tram services operate free of charge within the City of Adelaide boundary.
27. Travel is already provided free to Seniors card holders on all Adelaide Metro services outside of weekday morning (7-9am) and afternoon peak (3-7pm) periods.
28. Providing free travel to everyone on all Adelaide Metro services in the city could serve as a replacement for the City Connector. A request for free Metro travel will be made to State Government following Council's decision in May 2020.
29. SAPTA has previously advised that zoned fares were considered as part of the Public Transport Services Review, but that the system was not considered feasible:
 - 29.1. Public transport in South Australia requires passengers to 'tap on' to validate as they board the service, but they do not have to 'tap off' when alighting and the infrastructure is not in place on buses to accommodate 'tap off'.
 - 29.2. The lack of 'tap off' infrastructure means that it would not be possible to monitor whether patrons are only using the free service within the CoA or are travelling beyond the city limits without validating.
 - 29.3. To implement free CoA bus travel would require the installation of 'tap off' facilities on all metro buses and a reprogramming of the validation software. This was considered prohibitively expensive and the option was not pursued at the time.

Other Transport Services

30. The CoA operates a weekly community bus for elderly residents. The service collects users from their homes and takes them to the Central Market. The service:
 - 30.1. Costs \$2 per round trip and attracts 12-15 users on average.
 - 30.2. Is 100% funded by the federal Government. Applications are managed by My Age Care.
 - 30.3. Was suspended at the end of March as a consequence of COVID-19.
31. The University of Adelaide operates a free after-hours shuttle bus for students and staff. The bus operates between 5:30pm and 11:30pm and provides transport to all residential areas in the CoA.
32. Both the University of Adelaide and the University of South Australia operate bus services between their respective campuses. The services are available for staff and students.

On-Demand Bus Service

33. On-demand transport is a public transportation system that dynamically adapts to demand. Vehicles only go where and when they are needed. Instead of hailing the bus at a traditional bus stop, passengers can either plan ahead or book at short notice and meet their bus at a nearby 'stop'. Service routes are determined based on passenger origin and destination and are optimised to reduce distance and journey time.
34. Services can use a single transport mode or integrate multiple modes – linking to traditional public transport, to rideshare services, and to emerging mobility options.
35. On-demand transport is an emerging discipline and continues to be refined to identify and address issues with the service. Successful operation of the service requires comprehensive planning and integration with the broader transport network, and we note that at present, an on-demand service is unlikely to replace the existing Connector bus service, but supplement existing transport options.
36. SAPTA has been trialling on-demand services in Gawler and Mount Barker.
 - 36.1. Background research was undertaken by service providers using tools such as mobile data to understand the movement of customers.

- 36.2. The research has indicated that on-demand services typically work well where a responsive service is needed to meet the challenge of low or irregular passenger demand, in sparsely populated areas, or in off peak periods.
- 36.3. In this context, low patronage would be hundreds per day rather than thousands as currently carried by the City Connector and on-demand services have not been found to scale up successfully when patronage is higher.
- 36.4. SAPTA has advised that, based on their findings and experience operating the service, they would not support the implementation of an on-demand service in the CoA.

City Access Strategy

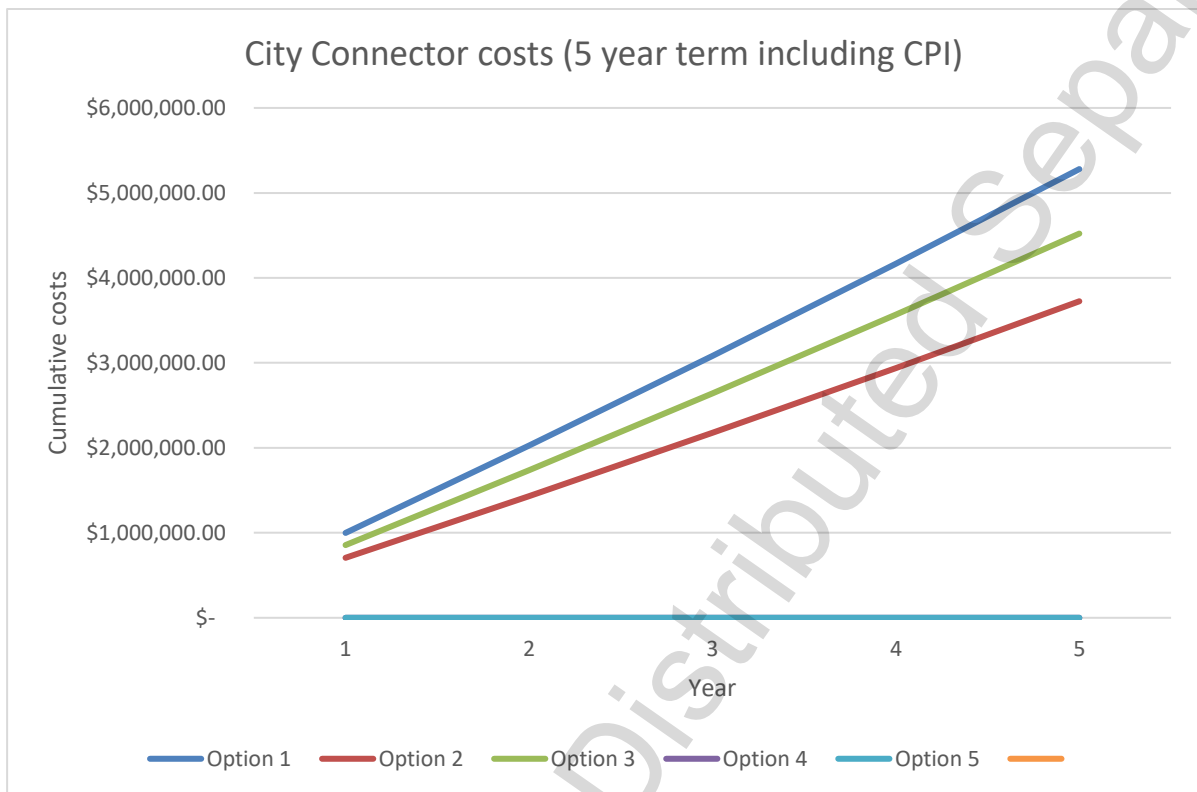
37. The City Access Strategy (the Strategy), a project from the Capital City Committee in collaboration with DPTI and CoA, aims to establish a future vision for transport and movement in the CoA.
38. The Strategy will take an integrated approach to the planning for transport infrastructure and services to support future growth in population, employment and visitors in the CoA and surrounding suburbs.
39. While not specifically examining any one service, the Strategy will consider bus movement in the city, with the aim of expanding service catchment and improving efficiency.

City Connector options

40. A number of options have been considered for the future of the Connector bus service including:
 - 40.1. Option 1: continue with existing Connector route, co-funded with DPTI
 - 40.2. Option 2: adopt the DPTI proposed Connector route, co-funded with DPTI
 - 40.3. Option 3: adopt the DPTI proposed Connector route with modifications to include Hill Street and Jerningham Street, co-funded with DPTI
 - 40.4. Option 4: cancel the Connector service, and trial an on-demand transport service or similar
 - 40.5. Option 5: cancel the Connector service
41. The options are summarised in the below table:

Options	Opportunities	Risks	Financial implications	Community implications
Option 1: continue with existing Connector route, co-funded with DPTI	<ul style="list-style-type: none"> Retains existing routes, coverage and frequency 	<ul style="list-style-type: none"> Not supported by DPTI and co-funding may not be agreed due to duplication with free tram services 	<ul style="list-style-type: none"> Estimated continuing cost per annum: \$923k Estimated 5 year contract cost: \$4.9m CoA may have to fund full service or cover shortfall High service costs remain 	<ul style="list-style-type: none"> Maintains current level of service
Option 2: adopt the DPTI proposed Connector route, co-funded with DPTI	<ul style="list-style-type: none"> Removes duplication with tram services Integrates with revised Metro network Improved frequency to North Adelaide 	<ul style="list-style-type: none"> Reduction in coverage (North Adelaide west, Melbourne St, Morphett St) 	<ul style="list-style-type: none"> Estimated continuing cost per annum: \$630k Estimated 5 year contract cost: \$3.4m Reduced, but still high service costs remain 	<ul style="list-style-type: none"> Reduced coverage within the city from existing Less confusing routes
Option 3: adopt the DPTI proposed Connector route with modifications to include Hill Street and Jerningham Street, co-funded with DPTI	<ul style="list-style-type: none"> Removes duplication with tram Retains existing North Adelaide coverage 	<ul style="list-style-type: none"> Will need to be agreed to by DPTI 	<ul style="list-style-type: none"> Estimated continuing cost per annum: \$780k Estimated 5 year contract cost: \$4.2m 	<ul style="list-style-type: none"> Reduced coverage within the city from existing Less confusing routes Reduced residential impact
Option 4: cancel the Connector service, and trial an on-demand transport service	<ul style="list-style-type: none"> Highly efficient compared to timetabled services Would highlight Adelaide as a progressive city 	<ul style="list-style-type: none"> Detailed investigation required before implementation An emerging approach, teething problems likely Not currently feasible for current Connector volumes 	<ul style="list-style-type: none"> Likely cost savings over Connector bus 	<ul style="list-style-type: none"> More direct and efficient than bus Users may take time to adapt Relies on technology which will be a barrier for some existing users Will not meet user demand
Option 5: cancel the Connector service	<ul style="list-style-type: none"> Funds could be directed elsewhere Discuss with DPTI opportunity to provide free travel within the City and North Adelaide 	<ul style="list-style-type: none"> Reputational risk to Council Reduces city connectivity 	<ul style="list-style-type: none"> Significant cost savings - \$1m per annum 	<ul style="list-style-type: none"> Would reduce accessibility of the city

42. Costs for the various options are summarised in the below chart over a 5 year term, which would be the initial duration of the service changes. The costs shown include operational costs and depreciation to the 3 buses that CoA own and contribute to the service. The costs for Option 4 are not included as the option has not been scoped or currently given due consideration by DPTI.



DATA & SUPPORTING INFORMATION

Link 1 - Minister for Transport - Intention to Terminate City Connector Services

Link 2 - Map of Proposed City Connector Route

Link 3 - Map of City Connector Stop Popularity

Link 4 - Table of City Connector Stop Patronage

Link 5 - Map of Current and Projected City of Adelaide Population

Link 6 - Map of City of Adelaide Population Age Demographics

Link 7 - Map of Recent and Planned Development in the City of Adelaide

Link 8 - Map of City of Adelaide's Proposed City Connector Route

ATTACHMENTS

Nil

- END OF REPORT -