



# Audit and Risk Committee

## AGENDA & REPORTS

for the meeting

Friday, 4 August 2023  
at 8.30 am

in the Colonel Light Room, Adelaide Town Hall

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Membership	The Lord Mayor 1 Council Member 4 External Independent Members 2 Proxy Council Members
Quorum	4
Presiding Member	David Powell
Committee Members	The Right Honourable the Lord Mayor, Dr Jane Lomax-Smith Paula Davies John Oliver Simon Rodger Councillor Jing Li

## 1 Acknowledgement of Country

‘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 recognize and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kurna people living today.

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

## 2 Apologies and Leave of Absence

Nil

## 3 Confirmation of Minutes

That the Minutes of the meeting of the Audit and Risk Committee held on 14 June 2023, be taken as read and be confirmed as an accurate record of proceedings.

View public [14 June 2023](#) Minutes here.

## 4 Presiding Member Reports

## 5 Reports

5.1	Deloitte Review of the Adelaide Economic Development Agency	4 - 48
5.2	KPMG Review of the Adelaide Economic Development Agency	49 - 84
5.3	Climate Change Risk Adaptation Action Plan	85 - 88
5.4	Presiding Member's Annual Report	89 - 93
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5.6	Internal Audit Progress Report	98 - 102

## 6 Exclusion of the Public 103 - 104

In accordance with sections 90(2),(3) and (7) of the *Local Government Act 1999 (SA)* the Audit and Risk Committee will consider whether to discuss in confidence the reports contained within section 7 of this Agenda.

<b>7</b>	<b>Confidential Item</b>	
7.1	Strategic Risk and Internal Audit Update [s 90(3) ((i))]	105 - 108
<b>8</b>	<b>Report</b>	
8.1	LTFP Assumptions	109 - 131
<b>9</b>	<b>Emerging Key Risks</b>	
<b>10</b>	<b>Independent Member Discussion</b>	
<b>11</b>	<b>Other Business</b>	
<b>12</b>	<b>Closure</b>	

## Deloitte Review of the Adelaide Economic Development Agency

Friday, 4 August 2023

Audit and Risk Committee

Strategic Alignment - Strong Economies

Public

**Program Contact:**

Michael Sedgman, Chief  
Operating Officer

Corporate Services

**Approving Officer:**

Michael Sedgman - Chief  
Operating Officer

## EXECUTIVE SUMMARY

An independent review of the Adelaide Economic Development Agency (AEDA) has been completed by Deloitte. The Review resulted from a 13 December 2022 Council resolution, and it responds directly to that resolution.

The Review's findings and recommendations are based on a desktop review of key AEDA, City of Adelaide and Council strategic documents; and interviews with AEDA stakeholders.

Deloitte found AEDA performs well in its service delivery areas, and that opportunity exists to improve AEDA's strategic and advisory functions; governance arrangements and controls; reporting; and communication of decision-making processes.

AEDA's Board separately requested an independent review of AEDA at its meeting of 21 Nov 2022. That review with different terms of reference to the Deloitte Review, was conducted by KPMG, and its report was noted by the 25 July 2023 AEDA Board meeting.

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## RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

- 1 Notes the Deloitte review of the Adelaide Economic Development Agency (Attachment A to Item 5.1 on the Agenda for the 4 August 2023 meeting of the Audit and Risk Committee).
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<a href="#">Strategic Alignment – Strong Economies</a>
Policy	Not as a result of this report.
Consultation	Not as a result of this report.
Resource	The Deloitte Review was funded through the 2022/23 City of Adelaide Corporate Services budget.
Risk / Legal / Legislative	Not as a result of this report.
Opportunities	The Deloitte review recommends a number of actions to be undertaken to improve the operations and governance of the Adelaide Economic Development Agency.
23/24 Budget Allocation	Not as a result of this report.
Proposed 23/24 Budget Allocation	Not as a result of this report.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
23/24 Budget Reconsideration (if applicable)	Not as a result of this report.
Ongoing Costs (eg maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

## DISCUSSION

1. Council in its 13 December 2022 meeting resolved to conduct an independent review of the Adelaide Economic Development Agency (AEDA). A review conducted by Deloitte is now complete and presented at **Attachment A**.
2. Council's 13 December 2022 resolution (in part was) was that Council:
  - “2. *Requests the CEO coordinate an independent review of AEDA with a view to assessing the effectiveness of the Agency in relation to its objectives and make to recommendations for its future operation and any improvements including consideration of the relationship between the Agency, Council, and stakeholders. This review is to be conducted by an organisation or individual independent from the Agency with Business and Local Government knowledge and/experience. The review should include the following:*
    - 2.1 *Measure of effectiveness of AEDA in service provision to small businesses in the city of Adelaide by the Agency or Council contractors against the objects of the agency and compare this to the outcomes of the previous City of Adelaide Enterprise Adelaide unit.*
    - 2.2 *Assessment of any benefit or increased effectiveness of establishing the Agency under Section 42 subsidiary under the Local Government Act 1999 than if its decision-making had been undertaken by the City of Adelaide elected body.*
    - 2.3 *Identification of any cost and staff duplication identified in the KPMG report have been addressed and whether Council's administrative capacity has been impacted by the establishment of AEDA*
    - 2.4 *Identification any duplication of effort or opportunities to partner with the State Government in the areas of business support and economic development of the City.*
    - 2.5 *Identification any governance issues that have arisen related to the performance of the Agency, its staff, or its Board or to the responsibilities of the elected body under the Local Government Act.*
    - 2.6 *Evaluation the extent of Rundle Mall trader satisfaction with the Agency's management of the Rundle Mall Precinct.*
    - 2.7 *Providing an assessment of the return on investment of AEDA against its own performance targets.*
    - 2.8 *Consultation with key stakeholders including small business, rundle street traders and precinct groups.*
    - 2.9 *Making recommendations as to whether the agency should continue in its current form.”*
3. The Review scope reflects the 13 December 2022 Council resolution, to examine:
  - 3.1. The *effectiveness* of AEDA service provision to support small business
  - 3.2. The benefit of AEDA operating as a *subsidiary* to the City of Adelaide (CoA)
  - 3.3. *Duplication* of service provision against CoA marketing and events functions
  - 3.4. *Duplication* of service provision against State Government agency functions
  - 3.5. *Opportunities* for improved governance
  - 3.6. Rundle Mall stakeholder *satisfaction* with service provision by AEDA
  - 3.7. *Return on investment* against AEDA's performance targets.
4. Deloitte derived findings and made recommendations through review of key AEDA, CoA and Council strategic documents, and interviews conducted with AEDA stakeholders, including:
  - 4.1. CoA Council Members
  - 4.2. CoA and AEDA executives and staff
  - 4.3. Rundle Mall business owners, operators, centre managers and leasing agents
  - 4.4. Presidents of Mainstreet Precinct groups
  - 4.5. State government agency leaders
  - 4.6. Small business operators.

5. Review findings fall under four headings – strategic context; the value of AEDA independence; governance and operations; and return on investment.
6. Review findings suggest AEDA performs service delivery functions well (eg. delivering services to existing clients; accessing local economic insights from stakeholders; effective partnering with external stakeholders), and found no significant duplication of State Government agency functions.
7. The Review found opportunity exists to extend AEDA’s strategic and advisory functions; improve governance arrangements and controls; improve reporting; improve services to new businesses; and communicate decision-making processes better.
8. The Review presents findings thematically and summarises the main messages from stakeholder interviews, (pages 6-26 of **Attachment A**).
9. The Review recommends 21 actions based on its findings, under themes of role clarity; governance; transparency; quantified metrics; economic strategy; and marketing and branding. Actions are recommended either for immediate, medium-, or long-term action, and are summarised below (detailed in the Review, **Attachment A**, pages 27-34).
10. Seven recommendations for **immediate action** (within 6 months):
  - 10.1. Review and enhance AEDA’s capability to provide strategic economic insights for the city.
  - 10.2. Define risk-based requirements for justifying key grant, sponsorship and campaign financing decisions (systematising risk-assessment of funding decisions).
  - 10.3. Review and simplify Executive reporting structures between AEDA and the CoA.
  - 10.4. Review effectiveness of outsourced small business service functions to support new and emerging businesses, to inform future operating and contracting models.
  - 10.5. Develop an overarching CoA Economic Development Strategy (which would underpin AEDA priorities, targets, measures and deliverables).
  - 10.6. Develop further CoA strategies to indirectly drive economic growth (eg. strategies for residential population growth, housing).
  - 10.7. Ensure CoA is acknowledged as the key funding body for large events and campaigns.
11. Ten recommendations for **medium-term action** (6 – 12 months):
  - 11.1. Diversify economic development activation activities (beyond current retail focus).
  - 11.2. Establish clear terms of reference for cross-over business units (eg. marketing, grant administration functions within CoA).
  - 11.3. Review AEDA’s Mainstreet Precincts engagement model.
  - 11.4. Ensure CoA Governance has greater oversight at initial stages of key AEDA operational processes.
  - 11.5. Implement an ongoing assurance model for AEDA, and undertake an internal audit on AEDA’s administration of grant allocation.
  - 11.6. Ensure more targeted AEDA reporting to Council (relevant and aligned to economic activities and with sufficient evidence support).
  - 11.7. Clearly define risk and mitigation strategies required by the Audit and Risk Committee.
  - 11.8. Better target strategic AEDA KPIs towards economic development outcomes.
  - 11.9. Better employ operational AEDA KPIs, measured against appropriate baselines (including more rigorous project, financial and timeline variation reporting).
  - 11.10. Review marketing and event management services panel contracts to meet both AEDA and CoA business needs.
12. Four recommendations for **long-term action** (12+ months):
  - 12.1. Ensure more active, timely engagement with traders in developing AEDA’s events and campaign program.
  - 12.2. Increase stakeholder access to baseline demographic and economic metrics (to better support their investment and commercial decisions).
  - 12.3. Maintain AEDA brand independence (to drive increased engagement and participation with external stakeholders).

- 12.4. Articulate and document AEDA and CoA marketing units respective roles, responsibilities and collaboration principles.
13. Summary recommendation 11.7 above specifically relates to the Audit and Risk Committee. The detailed Review recommendation (**Attachment A**, p.31, recommendation 3.2) notes “*current reporting is too focused on event outcomes and not necessarily on AEDA’s strategic / operational/ business risk profiles and mitigation strategies, or assurance on control processes*”.
14. Two medium-term actions (listed as 11.5 and 11.9 above) are currently being addressed – respectively, a scheduled internal audit of AEDA grants; and a process bringing “strategic projects” under the oversight of the City’s Project Management Office.
15. The Deloitte report will be presented to the City Finance and Governance Committee on 15 August 2023.
16. AEDA’s Board separately requested an independent review of AEDA at its meeting of 21 November 2022, which has been conducted in parallel with that requested by Council. With different terms of reference, it was conducted by KPMG, and its report noted by the AEDA Board meeting on 25 July 2023. KPMG’s findings and recommendations will be presented for Council firstly at the Audit and Risk Committee on 4 August 2023, and to the City Finance and Governance Committee on 15 August 2023.
17. An implementation plan addressing the recommendations of the Deloitte review will be prepared and will include how to address recommendations where CoA has been identified as the responsible agency.
18. The recommendations and management actions to address them will be recorded in the CoA Promapp system, and regularly monitored and reviewed to ensure delivery. This monitoring will be included in regular Strategic Risk and Internal Audit group update reporting to the Audit and Risk Committee.

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## DATA AND SUPPORTING INFORMATION

Nil

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## ATTACHMENTS

**Attachment A** – Deloitte review of the Adelaide Economic Development Agency

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- END OF REPORT -

**Deloitte.**



## Review of the Adelaide Economic Development Agency

City of Adelaide

Final Report

21 July 2023

# Executive Summary

## Context

Deloitte has undertaken an independent review of the Adelaide Economic Development Agency (AEDA) in the context of Council Resolution (dated 13 December 2022) with a view to:

Assess the effectiveness of the Agency in relation to its objectives.

Make recommendations for its future operation.

Identify any improvements including consideration of the relationship between the Agency, Council and stakeholders.

More specifically, under the Terms of Reference of this review, findings and recommendations are provided in the context of:

1. The *effectiveness* of AEDA's service provision to support small business.

2. The benefit of AEDA operating as a *subsidiary* to the CoA.

3. *Duplication* of service provision against CoA marketing and events functions.

4. *Duplication* of service provision against other State Government agency functions.

5. *Opportunities* for improved governance.

6. Rundle Mall stakeholder *satisfaction* with service provision by AEDA.

7. *Return on investment* against AEDA's performance targets.

## Methodology

This review incorporated desktop assessments of CoA and AEDA artefacts including (but not limited to) AEDA's Charter and associated Objects, various AEDA and CoA reports, documentation relating to CoA operating guidelines and frameworks, and Council meeting agendas and minutes.

This was supplemented with key stakeholder conversations that included CoA Councillors, CoA and AEDA Executives, CoA and AEDA operating staff, a sample of Rundle Mall owners and operators, centre managers, leasing agents, mainstreet Precinct Presidents, State Government (including the Department of the Premier and Cabinet, the Department for Trade and Investment and SA Tourism Commission), and small business traders.

# Executive Summary

## Key Findings

The key findings in response to the seven lines of enquiry from Council (that underpin the terms of reference for this review) align with the following four broad themes.



### Strategic context

- It is recognised that AEDA are highly valued by CoA and external stakeholders for the provision of delivery services for economic activations.
- Noting the absence of key CoA strategic policies and targets (specifically an **economic development strategy**, as well as residential growth, housing), there is opportunity (and appetite) for AEDA to provide greater advisory services in strategy development.



### Value of Independence

- AEDA has an agility and 'degree of freedom' that makes the Agency an attractive partner for stakeholders.
- AEDA's strong relationships with stakeholders provide access to region specific insights and execution opportunities not easily accessible to Government.
- AEDA's independence provides a level of continuity for external stakeholders (independent of election cycles).



### Governance & Operations

- Requirements for justifying decision making for key financial decisions (i.e. selection of grants, sponsorships, campaigns) have not been clearly defined.
- Documentation of control frameworks are either absent or are not operational in nature, resulting in a lack of rigor in consistent operational processes and reporting.
- There has been limited assurance / review over AEDA's compliance to appropriate control frameworks and Council requirements.



### Return on Investment

- Metrics against AEDA's Business Plan are generally output based and do not measure the effectiveness of investments in driving economic growth outcomes.
- Reporting on social and economic outcomes from major AEDA activations and campaigns is occurring, but nature and format of reporting should be reviewed to improve visibility of economic development outcomes.

# Executive Summary

## Summary of Recommendations

A total of **21 Recommendations** have been identified as part of this Review reflected across the four overarching themes of Strategic Context, Value of Independence, Governance and Operations, and Return on Investment. Of these, **7 are identified as HIGH priorities** for commencement, requiring immediate attention within the next 6 months.

At a more granular level, the Recommendations have been further categorised into reflect specific issues relating to Role Clarity, Governance, Transparency, Quantified Metrics, Economic Strategy, and Marketing and Branding.

1. ROLE CLARITY	PRIORITY
1.1 Review and enhance AEDA's capability to provide economic strategic insights, in line with Recommendation 5.1 for the creation of an economic development strategy.	IMMEDIATE
1.2 Consider diversification of activation drivers for economic development.	MEDIUM
1.3 Establish clear Terms of Reference for cross-over business units (e.g. marketing, grant administration).	MEDIUM
2. GOVERNANCE	
2.1 Define risk-based requirements for justifying key financial decisions for grants, sponsorships, campaigns.	IMMEDIATE
2.2 Simplify and clearly document reporting structures between the Managing Director of AEDA, CEO of CoA and Chair of AEDA.	IMMEDIATE
2.3 Review the engagement model with mainstreet Precincts.	MEDIUM
2.4 Ensure greater formalised oversight by the CoA Governance Unit at initial stages of key operational processes performed by AEDA.	MEDIUM
2.5 Implement ongoing assurance model for AEDA and undertake an internal audit on AEDA's administration of grant allocations.	MEDIUM
2.6 Review effectiveness of outsourced small business service functions to support new and emerging businesses, to inform future operating and contracting models.	IMMEDIATE
3. TRANSPARENCY	
3.1 More targeted reporting by AEDA to Council that is relevant and aligned to desired economic outcomes, and supported with sufficient evidence.	MEDIUM
3.2 Clearly define and agree the type and the level of risk and mitigation strategies AEDA needs to report on to the Audit and Risk Committee.	MEDIUM
3.3 More active and timely engagement with traders in the development of AEDA's program of events and campaigns.	LONG
3.4 Increase accessibility to baseline demographic and economic metrics to better inform investment and commercial decisions.	LONG

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months





# Executive Summary

## Summary of Recommendations (continued ...)

4. QUANTIFIED METRICS	PRIORITY
4.1 Strategic performance KPIs for AEDA (including against its Business Plan) need to be more targeted towards economic development outcomes.	MEDIUM
4.2 Operational performance KPIs for AEDA need to be measured against appropriate baselines.	MEDIUM
5. ECONOMIC STRATEGY	
5.1 Development of an overarching CoA Economic Strategy.	IMMEDIATE
5.2 Further development of other CoA strategies (e.g. residential population growth, housing) that indirectly drive economic growth for the CoA.	IMMEDIATE
6. MARKETING & BRANDING	
6.1 Maintain the independence of the AEDA brand to drive increased engagement and participation with external stakeholders.	LONG
6.2 Acknowledge partnership with the CoA as a key funding body for large events / campaigns.	IMMEDIATE
6.3 Articulate and document roles and responsibilities, and the of principles of collaboration between AEDA and CoA marketing business units.	LONG
6.4 Review established panel contracts for marketing and event management services to ensure they meet the current needs of both AEDA and CoA marketing business units.	MEDIUM

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months



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*Executive Summary*

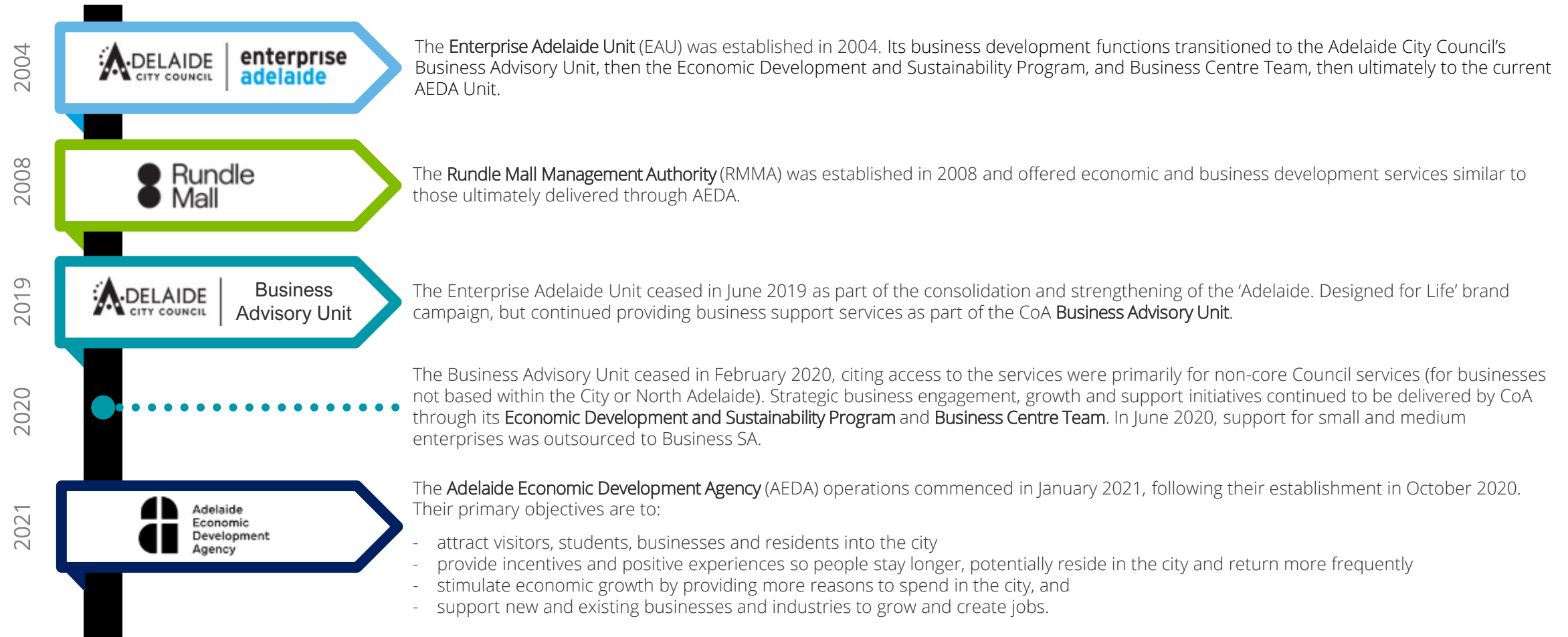
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# 1. Background and Context

The Adelaide Economic Development Agency (AEDA) was established on 6 October 2020, as a subsidiary body of the City of Adelaide (CoA). Operations by AEDA commenced on 18 January 2021, following significant stakeholder engagement and planning around the terms of their Charter.

Being only recently established, it is important to recognise the previous units that were established before AEDA with a similar purpose of stimulating economic growth in the City of Adelaide. These are outlined in the timeline below, which shows the City of Adelaide’s recognition of the importance of accelerating economic growth in the City.

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# Terms of Reference for the Review

## Council Resolution of 13 December 2022



01

Measure of **effectiveness of AEDA in service provision to small businesses** in the City of Adelaide by the Agency or Council contractors **against the objects of the agency and compare this to the outcomes of the previous** City of Adelaide Enterprise Adelaide unit.

02

Assessment of any **benefit or increased effectiveness of establishing the Agency** under Section 42 subsidiary under the *Local Government Act 1999* than if its decision-making had been undertaken by the City of Adelaide elected body.

03

Identification of any **cost and staff duplication identified in the KPMG report** have been addressed and whether Council's administrative capacity has been impacted by the establishment of AEDA.

04

Identification of any **duplication of effort or opportunities to partner with the State Government** in the areas of business support and economic development of the city.

05

Identification any **governance issues** that have arisen **related to the performance of the Agency, its staff, or its Board** or to the responsibilities of the elected body under the *Local Government Act 1999*.

06

Evaluation the extent of **Rundle Mall trader satisfaction** with the Agency's management of the Rundle Mall Precinct.

07

Providing an assessment of the **return on investment** of AEDA against its own performance targets.

08

Consultation with **key stakeholders** including **small business, Rundle Street traders and precinct groups**.

09

Making **recommendations** as to whether the agency should continue in its current form.

# Terms of Reference for the Review

## AEDA's Charter – gazette 24 February 2022

Under the terms of the Charter, AEDA's Powers, Functions and Duties are summarised as follows:	01	02	03	04	05	06	07
Work collaboratively with key external stakeholders to avoid duplication of effort in delivery			●	●			
Market and promote the City of Adelaide <ul style="list-style-type: none"> <li>- commercial and residential property development</li> <li>- existing and new businesses, industries and entrepreneurs</li> <li>- festival and event destination</li> </ul>	●	●		●		●	●
Promote, develop and activate precincts, including: <ul style="list-style-type: none"> <li>- Rundle Mall</li> <li>- main street precincts as commercial hubs of economic, cultural and social significance</li> </ul>	●	●				●	●
Financial management <ul style="list-style-type: none"> <li>- expend CoA allocated funds appropriately</li> <li>- invest funds (where appropriate)</li> <li>- raise funds through sponsorships, grants, advertising, fees and charges</li> </ul>							●
Make recommendations relating to maintenance and upgrade of Rundle Mall's existing infrastructure to a high standard	●						●
Risk management and compliance with relevant legislative and compliance requirements		●			●		
Governance (set up and operation)		●	●		●		
Develop key documents including: <ul style="list-style-type: none"> <li>- Strategic Plan</li> <li>- Long Term Financial Plan</li> <li>- Annual Business Plan</li> <li>- Budget</li> <li>- Quarterly Report to Council's CEO</li> <li>- Annual Report to Council</li> </ul>		●			●		

## 2. Our Approach

### Methodology

Noting that AEDA is approaching its third year of operation, Deloitte was engaged by the City of Adelaide to undertake an independent review of the Agency in response to the matters identified in the Council resolution of 13 December 2022. This includes examining and evaluating AEDA's performance against its Objects and Purpose with a view to identify areas of strengths, areas that could be enhanced, and to make recommendations for its future operations and opportunities.

Our approach is underpinned by four (4) key phases.



# 3. Summary of Key Findings



## Strategic Context

1. AEDA is widely viewed by stakeholders as a delivery agent for activations that support economic development behalf of the City of Adelaide (CoA) and Governments.
2. Noting the absence of key CoA strategic policies and targets (economic, residential population growth, housing), there is opportunity to review the primary function of AEDA (i.e. advisory or delivery body).

## Value of Independence

3. Stakeholders value to independence of AEDA for the following reasons:
  - agility in decision-making (i.e. easier to partner with)
  - provide access to region specific insights not easily accessible to Government

- continuity (i.e. outside of election cycles).
4. The strength of AEDA's brand is underpinned by the team's strong individual relationships with stakeholders.

## Governance & Operations

5. Requirements for justifying decision making for key financial decisions have not been clearly defined, which is a point of confusion for external stakeholders (e.g. business case framework).
6. Reporting structures are not clearly articulated within the AEDA charter, which has resulted in ad-hoc and informal communication between AEDA and CoA.
7. While there is clarity in roles and responsibilities between internal AEDA and CoA business units, this is not formally documented and a point of confusion for both Council and external stakeholders.

8. There is a lack of rigor in relation to AEDA's administration of appropriate control frameworks that drive consistent processes and reporting. This includes (but is not limited to) consideration of governance, risk identification and management, procurement, and assurance.

The underlying issue is the absence of documented CoA control frameworks, and where frameworks are in place, they are not operational in nature.

9. CoA's approach towards assurance over AEDA's operations needs to be better defined. Internal Audit are yet to undertake assurance of AEDA's operations to provide the appropriate oversight required to ensure compliance.

## Return on Investment

10. The *AEDA Business Plan* identifies measures against planned actions. These metrics are generally output based (i.e. complete / partially complete / incomplete) and do not measure the effectiveness of investments at driving economic growth outcomes.
11. AEDA reports on social and economic outcomes from its major activations and campaigns. A stronger reporting framework would provide greater visibility of return on investment to Council and to other key stakeholders.

# Question One

## Summary of observations

Measure of *effectiveness* of AEDA in service provision to small businesses in the City of Adelaide by the Agency or Council contractors against the objects of the agency and compare this to the outcomes of the *previous City of Adelaide Enterprise Adelaide unit*

Key service provisions identified for small businesses		Effectiveness Rating
Support new businesses, industries and entrepreneurs • <i>Market and promote the City of Adelaide</i> • <i>Promote, develop and activate precincts</i>	Rundle Mall Precinct	●
	Other Precincts	●
Support existing businesses, industries and entrepreneurs • <i>Market and promote the City of Adelaide</i> • <i>Promote, develop and activate precincts</i>	Rundle Mall Precinct	●
	Other Precincts	●
Administer allocation of grant funding • <i>Financial management</i>	Rundle Mall Precinct	●
	Other Precincts	●
Curate and deliver marketing campaigns • <i>Market and promote the City of Adelaide</i> • <i>Promote, develop and activate precincts</i>	Rundle Mall Precinct	●
	Other Precincts	●
Curate and promote events and activations • <i>Market and promote the City of Adelaide</i> • <i>Promote, develop and activate precincts</i> • <i>Make recommendations relating to maintenance and upgrade of Rundle Mall's existing infrastructure to a high standard</i>	Rundle Mall Precinct	●
	Other Precincts	●

Service Provision

- Function of the previous Enterprise Adelaide Unit to support new and existing small businesses has been lost; **Business SA are not meeting the needs of the small business sector.**
- Preference for a **single point of contact** that can then reach across both AEDA and CoA; preference is for AEDA to play this role.

Key Observations \*

Marketing

- AEDA did a great job **post-COVID** to bring people back into the CBD.
- Earlier engagement** by AEDA on their proposed program of events / campaigns would benefit traders in their forward planning and increase participation rates.
- Stronger marketing** of events and campaigns required; traders often hear about them too late to actively participate.
- AEDA Business Summit provides **good thought leadership** that is relevant to business stakeholders.

Transparency

- External stakeholders identified highlighted ambiguity in relation to **administration of grants / programs** (i.e. AEDA or CoA). Greater visibility is also required of grant **assessment framework** to help improve success rate for applicants.
- While AEDA collects and makes available **economic analysis data**, it is **not sufficiently granular** for the commercial sector to make informed business decisions.

Operational

- Alignment of AEDA and CoA **budget cycles** required to **streamline** timely receipt of funds from successful grant applications.
- Rundle Mall traders feel better supported and serviced by AEDA and happy with the state of Rundle Mall, mostly as a result of the \$3.8m Rundle Mall Levy.

\* Limited access to quantified economic metrics against which to measure 'effectiveness' of services provided. Majority of above observations are primarily based on anecdotal evidence provided through stakeholder engagements.



# Question One

## Detailed observations

Measure of *effectiveness of AEDA in service provision to small businesses in the City of Adelaide by the Agency or Council contractors against the objects of the agency and compare this to the outcomes of the previous City of Adelaide Enterprise Adelaide unit*

Key service provisions identified for small businesses		Effectiveness Rating	Observations <span style="float: right;"> <span style="color: green;">●</span> High level of satisfaction.                      <span style="color: orange;">●</span> Opportunities for improvement.                      <span style="color: red;">●</span> To be addressed                 </span>
Support new businesses, industries and entrepreneurs <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>	Rundle Mall Precinct	<span style="color: orange;">●</span>	<ul style="list-style-type: none"> <li>External stakeholders acknowledged that the 'Welcome Packs' for prospective and new traders to the Rundle Mall Precinct are a great idea, but some (new) stakeholders were not aware of them.</li> <li>CBD business insights published by AEDA are of some decision-making value to prospective business investors and existing traders, but awareness was not strong among the external stakeholders sampled.</li> </ul>
	Mainstreet Precincts	<span style="color: red;">●</span>	<ul style="list-style-type: none"> <li>Services previously provided by Adelaide Enterprise Unit to support emerging and new businesses (which was effective and highly tailored to the needs of potential traders) has now been outsourced to Business SA.</li> <li>External stakeholder consultations identified that AEDA's 'referral model' to other third party providers is not working, with issues including difficulty accessing the right information and often being referred onwards to other parties and paid services.</li> <li>The contract with Business SA expired on 21 December 2022 and AEDA now have an interim 'pay per use' arrangement to provide information and advisory services. This will be reviewed following release of the State Government's <i>Small and Family Business Strategy</i>.</li> <li>CBD business insights published by AEDA are of some decision-making value to prospective business investors and existing traders, but awareness was not strong among the external stakeholders sampled.</li> </ul>
Support existing businesses, industries and entrepreneurs <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>	Rundle Mall Precinct	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>The AEDA Business Summit provides good thought leadership that is relevant to business stakeholders.</li> <li>External stakeholders noted a high level of accessibility and responsiveness from AEDA.</li> <li>Noted a preference for a single point of contact that could then reach across both AEDA and CoA, given CoA is perceived to work in silos, which makes it difficult to find the right contact within the organisation.</li> <li>Rundle Mall stakeholders are happy with the physical state of Rundle Mall, including cleanliness.</li> <li>Not happy with some of the activations (e.g. temporary pop ups), as they detract attention to adjacent established (rate paying) businesses (i.e. decreased mall frontage).</li> </ul>
	Mainstreet Precincts	<span style="color: orange;">●</span>	<ul style="list-style-type: none"> <li>External stakeholders noted that the loss of dedicated Precinct Coordinators has reduced accessibility to services and increased response times.</li> <li>A preference for a single point of contact was also noted as they are typically required to interact with both AEDA (i.e. events and promotions) and CoA (i.e. civic matters).</li> </ul>

# Question One

## Detailed observations






Measure of *effectiveness of AEDA in service provision to small businesses in the City of Adelaide by the Agency or Council contractors against the objects of the agency and compare this to the outcomes of the previous City of Adelaide Enterprise Adelaide unit*

Key service provisions identified for small businesses		Effectiveness Rating	Observations <span>● High level of satisfaction. ● Opportunities for improvement. ● To be addressed</span>
Administer allocation of grant funding • <i>Financial management</i>	Rundle Mall Precinct	●	<ul style="list-style-type: none"> <li>Longer lead times required for grant applications; insufficient time to prepare submissions.</li> <li>Timing of receipt of successful grant funding is an issue, due to misaligned budget processes between AEDA and CoA.</li> </ul>
	Mainstreet Precincts	●	<ul style="list-style-type: none"> <li>Available grants could be better socialised with precinct traders. Often do not find out about them until submissions close.</li> <li>Ambiguity around assessment framework for grant submissions. External stakeholders noted that grant applications are sometimes unsuccessful due to a lack of transparency of the assessment framework.</li> <li>Focus on grants for large activation events, which does not necessarily align with the needs of precincts, which typically preference smaller scaled activation events.</li> </ul>
Curate and deliver marketing campaigns • <i>Market and promote the City of Adelaide</i> • <i>Promote, develop and activate precincts</i>	Rundle Mall Precinct	●	<ul style="list-style-type: none"> <li>Rundle Mall Precinct stakeholders are generally happy with the campaigns and promotions and acknowledged that AEDA are doing a great job to drive visitation back into the precinct.</li> </ul>
	Mainstreet Precincts	●	<ul style="list-style-type: none"> <li>Majority of campaigns curated by AEDA are focused on large scale activations (e.g. events or marketing) that would be of benefit to small businesses.</li> </ul> <p>However, precinct traders often do not find out about them until too late. Potential for increased participation with alternate socialisation of the campaigns with small business traders.</p>
	More generally	n/a	<ul style="list-style-type: none"> <li>From post-campaign reports, voucher redemptions for marketing campaigns (e.g. \$30 Eats) typically resulted in additional spend by participants at venues they would not typically frequent.</li> <li>Participating businesses were broadly distributed across all the Mainstreet Precincts. The evaluation however did not differentiate redemption rates or additional spend across the different precincts.</li> </ul>

# Question One

## Detailed observations

Measure of *effectiveness of AEDA in service provision to small businesses in the City of Adelaide by the Agency or Council contractors against the objects of the agency and compare this to the outcomes of the previous City of Adelaide Enterprise Adelaide unit*

Key service provisions identified for small businesses		Effectiveness Rating	Observations <span style="float: right;">  High level of satisfaction.                      Opportunities for improvement.                      To be addressed                 </span>
Curate and promote events and activations <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> <li>Make recommendations relating to maintenance and upgrade of Rundle Mall's existing infrastructure to a high standard</li> </ul>	Rundle Mall Precinct		<ul style="list-style-type: none"> <li>External stakeholders noted a general increase in foot traffic during events, but difficult to correlate direct uplift contribution as a result of the activation event.</li> <li>Potential for more engagement when planning events to ensure installations do not disrupt 'brick-and-mortar' traders (e.g. pop up kiosks).</li> </ul>
	Mainstreet Precincts		<ul style="list-style-type: none"> <li>External stakeholders noted that major marketing events typically focus on Rundle Mall, with little noticeable uplift – and in some instances downturn – of economic benefits to other precincts. Need for more whole-of-city event activations.</li> <li>Lack of notice and/or information about events that small traders could potentially participate in; tailored communications would help increase awareness.</li> </ul>
	More generally	n/a	<ul style="list-style-type: none"> <li>Review of Top 10 retailers by consumer spend were primarily large retail traders. No visibility on economic impact on small business traders.</li> <li>General retailer feedback in post-event reports correlated with external stakeholder comments, including:                             <ul style="list-style-type: none"> <li>not enough notice</li> <li>not enough marketing</li> <li>good vibe and atmosphere.</li> </ul> </li> </ul>

# Question Two

## Summary of observations

Assessment of any *benefit or increased effectiveness* of establishing the Agency under Section 42 subsidiary under the Local Government Act 1999 than if its decision-making had been undertaken by the City of Adelaide elected body.

Key operational outcomes	Effectiveness Rating
Alignment with Objects of the Agency <ul style="list-style-type: none"> <li>Risk management and compliance with relevant legislative and compliance requirements</li> <li>Develop key documents</li> </ul>	●
Role clarity <ul style="list-style-type: none"> <li>Governance (set up and operation)</li> </ul>	●
Independence <ul style="list-style-type: none"> <li>Governance (set up and operation)</li> </ul>	●
Brand identity <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>	●

Alignment

- There is **strong alignment** with the outcomes listed in AEDA's *Business Plan 22-23* and AEDA's *Charter (2022)*, but remit is potentially too broad under AEDA's current resourcing and capability profile.
- The monitoring of AEDA's performance against its current Business Plan does not provide sufficient **insight of the 'value'** of the Agency's contributions against its Objects and Purpose of the Charter.
- This is mostly driven by the strong **need for an overarching CoA Economic Strategy** against which the effectiveness of AEDA's market-facing services can measure.

Similarly, there is the **need for clear CoA residential growth targets** against which AEDA can then develop appropriate initiatives to support, drive and measure residential development activations.

Key Observations

Independence

- Stakeholder perception indicates that AEDA's independence is important for maintaining the agility needed to provide **improved efficiencies** in decision-making and the delivery of initiatives (i.e. free from the machinery of government).
- The diverse expertise, experience and networks of the AEDA Board members was also noted as being of high importance.
- External stakeholder perception also favoured AEDA's independence to **ensure 'best for city' decision-making** (separate to changing political agendas).

- Key services previously delivered by the Adelaide Enterprise Unit to support prospective and existing businesses with the CoA precinct are now **outsourced** to Business SA.

What was not apparent was AEDA's role in **validating the quality of the services provided** by Business SA to support emerging small businesses.

- Within the AEDA and CoA business units**, there appears to be a **clear understanding** of the different roles and responsibilities, but this is not formally documented and remains an operational risk (e.g. staff turnover).
- Outside of AEDA and CoA**, roles and responsibilities are **less clear**, which potentially reduces service delivery efficiencies for both AEDA and CoA.

Role Clarity

- AEDA has established a **strong brand** with the external stakeholders engaged. It is **unclear how awareness of AEDA's brand is placed more broadly** with the small business and residential communities due to the limited sample size.
- While the independence of AEDA's brand does (anecdotally) drive increased local trader participation at events or campaigns, from a public perspective, there is no evidence to suggest brand awareness (AEDA and CoA) influences participation or uptake.
- The strength of AEDA's brand is predicated on the strength of the team's **individual relationships** with stakeholders.






Marketing

# Question Two

## Detailed observations

Assessment of any *benefit or increased effectiveness of establishing the Agency under Section 42 subsidiary under the Local Government Act 1999 than if its decision-making had been undertaken by the City of Adelaide elected body.*


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Key operational outcomes	Effectiveness Rating	Observations
<p>Alignment with Objects of the Agency</p> <ul style="list-style-type: none"> <li><i>Risk management and compliance with relevant legislative and compliance requirements</i></li> <li><i>Develop key documents</i></li> </ul>		<p>  High level of satisfaction.            Opportunities for improvement.            To be addressed         </p> <ul style="list-style-type: none"> <li>There is strong alignment between the actions listed in AEDA's <i>Business Plan FY 22-23 and FY 23-24</i> and the Objects and Purpose in AEDA's <i>Charter (2022)</i>. However, the performance indicators against which the FY 22-23 Business Plan are measured lack appropriate metrics to assess the <u>effectiveness</u> of the listed actions the attraction of investment, growth of the visitor economy, support for residential growth, or the marketing the city as a whole (i.e. not only Rundle Mall) – from an economic development lens. It is noted that the FY 2023-24 Business Plan is somewhat improving the quantitative elements of the measures, but there is further opportunity to include metrics better aligned to assessing contribution to economic development.</li> <li>There is a perception that AEDA's remit is too broad, ranging from residential and student housing, attracting commercial investment, tourism and destination marketing to event marketing and delivery; opportunity for refinement to focus limited resources. As a subsidiary established under Section 42 of the <i>Local Government Act 1999</i>, the Agency is positioned to be an advisory body, but currently operates more like a delivery arm of the CoA.</li> <li>AEDA do not current play any role in shaping economic development policy / strategy. There is a clear need for an overarching CoA Economic Strategy against which AEDA can measure the effectiveness of its market-facing services to grow economic development. Both AEDA and CoA currently lack the in-house capabilities to develop an economic strategy.</li> <li>AEDA recognises that marketing Adelaide as a destination city is key for residential growth (which includes growing the student population). However, to support and drive growth, clear residential growth targets (including consideration of target demographics and growth timeframes) need to be set by CoA in alignment with broader DPC strategies, policies and targets.</li> </ul>
<p>Role clarity</p> <ul style="list-style-type: none"> <li><i>Governance (set up and operation)</i></li> </ul>		<ul style="list-style-type: none"> <li>It was noted that the key business support services previously delivered by the Adelaide Enterprise Unit have now been outsourced to Business SA. AEDA are engaging with Business SA on a quarterly basis to review and shape the nature of services provided, but a greater focus on insights into satisfaction and effectiveness is needed, particularly for potential and recent new businesses.</li> <li>Within AEDA and CoA, there appears to be clarity amongst the various business units that typically cross over (e.g. marketing, grant administration, governance) regarding roles and responsibilities. There is a risk that without formal documentation (e.g. detailed RACI), ambiguity may be introduced as a result of staff turn over in both AEDA and CoA.</li> <li>Outside of the operational units of AEDA and CoA, roles and responsibilities are less clear. This potentially reduces the efficiency of service provision for both AEDA and CoA as stakeholders do not know who to engage with.</li> </ul>

# Question Two

## Detailed observations

Assessment of any *benefit or increased effectiveness of establishing the Agency under Section 42 subsidiary under the Local Government Act 1999 than if its decision-making had been undertaken by the City of Adelaide elected body.*

Key operational outcomes	Effectiveness Rating	Observations
Independence <ul style="list-style-type: none"> <li><i>Governance (set up and operation)</i></li> </ul>		<p>  High level of satisfaction.            Opportunities for improvement.            To be addressed         </p> <ul style="list-style-type: none"> <li>External stakeholders, from an operational governance perspective, indicated that AEDA's independence resulted in improved agility and efficiency in decision-making and delivery of initiatives (i.e. free from the machinery of government).</li> <li>External government stakeholders also noted the value of AEDA's independence as a major contributing factor for successful partnerships, which are more challenging than partnerships directly with Councils (across metropolitan Adelaide). It was noted that the value of AEDA was in its direct access to frontline stakeholders.</li> <li>The diverse experience and expertise of the AEDA Board members (and their extended networks) was also noted as being important for shaping and delivering activations to successfully promote economic development or residential growth in the CoA.</li> <li>External stakeholder perception also favoured AEDA's independence to promote a 'best for city' decision-making outlook (i.e. separate from changing political agendas associated with election cycles at the Local and ultimately State and Commonwealth Government levels).</li> </ul>
Brand identity <ul style="list-style-type: none"> <li><i>Market and promote the City of Adelaide</i></li> <li><i>Promote, develop and activate precincts</i></li> </ul>		<ul style="list-style-type: none"> <li>External stakeholders noted the strength of AEDA's brand in driving increased Rundle Mall trader participation in events and campaigns. It is uncertain if this sentiment on brand awareness extends to the broader (small) business and residential communities outside of the Rundle Mall precinct. While the independence of AEDA's brand does (anecdotally) drive increased local trader participation at events or campaigns, from a public perspective, there is no evidence to suggest brand awareness (AEDA and CoA) influences participation or uptake. Underpinning the strength of the AEDA brand are the strong individual relationships cultivated with stakeholders (i.e. accessibility, service integrity, reliability, respect).</li> <li>Stakeholders were not confident in correlating additional foot traffic and spend (associated with events) to any patron awareness of the AEDA brand itself.</li> </ul>

# Question Three

## Summary of observations

Identification of any *cost and staff duplication identified in the KPMG report have been addressed* and whether Council's administrative capacity has been impacted by the establishment of AEDA.

In the context of Rundle Mall operations, the KPMG *Rundle Mall Program Performance Review (October 2021)* noted:

“ There is a **risk of duplication** and synergies being missed as a result of AEDA and the CoA having their own **Marketing and Events functions**. ”



“ Review **external Consultant and Marketing services** to determine any overlap of activities **where internal resources could be better utilised**. ”



### Key Observations

#### Role Clarity

- More broadly, CoA Marketing team promotes Council or civic matters, whereas AEDA markets visitor-led activities.
- There is still some ambiguity on roles and responsibilities, but AEDA and CoA marketing teams are working collaboratively towards a **role definition matrix** (i.e. RACI).
- Role and administration of **social media for activation and service provisions** needs to be clarified.






#### Operational

- Event management, campaign strategy development and data analytics services are outsourced by both AEDA and CoA, with **limited internal capability and capacity in-house**.
- Existing **panel contracts** are in place to streamline procurement across both AEDA and CoA.
- It was noted that legacy external service provision contracts did not all **comply with CoA procurement requirements** (e.g. exclusion of termination clauses).

# Question Three

## Detailed observations

Identification of any *cost and staff duplication identified in the KPMG report have been addressed* and whether Council's administrative capacity has been impacted by the establishment of AEDA.

Key operational outcomes	Effectiveness Rating	Observations
<p>Role clarity</p> <ul style="list-style-type: none"> <li>Governance (set up and operation)</li> <li>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</li> </ul>		<p>  High level of satisfaction.            Opportunities for improvement.            To be addressed         </p> <ul style="list-style-type: none"> <li>CoA marketing accountable for Council, civic matters or rate payer led initiatives (e.g. Council elections, community services, sustainability initiatives, "Your Say"), while AEDA markets visitor-led activities (e.g. ExpAdl, Adelaide Fashion Week, Fringe).</li> <li>Ambiguity still exists due to overlap of 'experience' and 'civic' service provisions. For example, the Adelaide park lands are promoted through ExpAdl (i.e. AEDA) from an activation perspective (e.g. picnics), but heritage and park land services (playgrounds, amenities) are the responsibility of CoA.</li> <li>AEDA and CoA marketing teams now meeting regularly and are developing a roles and responsibility matrix (i.e. RACI).</li> <li>AEDA have sufficient autonomy to conceptualise and develop their program of events, whereas CoA marketing focuses on curation, programming and delivery only (i.e. look to other CoA business units for ideation of events).</li> <li>Social media promotion of services and activations needs clarification (roles and administration).</li> </ul>
<p>Marketing resources</p> <ul style="list-style-type: none"> <li>Governance (set up and operation)</li> <li>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</li> </ul>		<ul style="list-style-type: none"> <li>AEDA and CoA outsource event management, campaign strategy, marketing and data analytics services.</li> <li>Panel contracts are in place to streamline procurement between CoA and AEDA marketing teams.</li> <li>It was noted that a legacy external service contract did not align with CoA's standard contractual terms and conditions (i.e. exclusion of termination clauses).</li> </ul>



# Question Four

## Summary of observations

Identification of any *duplication of effort or opportunities to partner with the State Government in the areas of business support and economic development of the city.*

Key operational outcomes	Effectiveness Rating
Operational efficiency <ul style="list-style-type: none"> <li>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</li> </ul>	●
Adelaide as a destination <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</li> </ul>	●
Economic complexity <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</li> </ul>	●
Supporting residential growth <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> </ul>	●

### Key Observations

Role Clarity

- Strong acknowledgement by Government stakeholders that the services delivered by AEDA are very much **complementary** to their own.
- Acknowledged that **purpose and role clarity** (for both AEDA and CoA) still needs to be addressed. The AEDA brand is strong with stakeholders that have engaged with them, but it is not clear how it links to the CoA brand.
- Not always clear what **decision-making delegation** AEDA are empowered with, and what still resides with Council.

Independence

- AEDA's independence is valued, noting that Council and State Governments change regularly, so having an independent Agency provides a **level of continuity**.
- AEDA have an **agility** and **'degree of freedom'** that make them **easier to partner** with.
- There are some things that AEDA's independence allows it to do that State Government cannot (e.g. concierge service).






Operational

- While State Government generally has much larger geographic centres to focus on, agencies like AEDA provide on-the-ground knowledge and networks (i.e. **region specific**) to help develop and deliver campaigns and events that align to broader Government strategic objectives.
- Regular and valued engagement** between AEDA and State Government agencies.

# Question Four

## Detailed observations

Identification of any *duplication of effort or opportunities to partner with the State Government in the areas of business support and economic development of the city.*

Key operational outcomes	Effectiveness Rating	Observations
<p>Operational efficiency</p> <ul style="list-style-type: none"> <li><i>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</i></li> </ul>		<p>  High level of satisfaction.            Opportunities for improvement.            To be addressed         </p> <ul style="list-style-type: none"> <li>Independence of AEDA functions incredibly well and does well for promoting economic development in the City.</li> <li>Benefit of having a Board with a diverse range of expertise and networks, which may not necessarily be available if the function remained in CoA.</li> <li>Noted that Council and State Governments change regularly, so having an independent Agency provides a level of continuity.</li> <li>Strong acknowledgement by Government stakeholders that the services delivered by AEDA are very much complementary to their own, noting that Government generally good at 'strategy' but not 'delivery' and 'implementation'.</li> <li>Local Government needs to keep advocating for economic growth to keep State Government accountable for implementation of its strategies.</li> <li>Activations curated by AEDA can provide State Government with a platform to table broader agendas.</li> <li>AEDA have an agility and 'degree of freedom' that make them easier to State Government to partner with.</li> <li>AEDA can move quickly within an authorising framework to execute decisions quickly. This is often a challenge when working with Councils across metropolitan Adelaide.</li> <li>Stakeholders noted a preference to engage with AEDA, but primarily as a conduit into the CoA more broadly (to avoid additional bureaucracy).</li> <li>Not always clear though what decision-making delegation AEDA are empowered with, and what still resides with Council. Role and governance still needs to be addressed.</li> <li>AEDA brand is strong with those who have engaged with them, but it is not clear how it links to the CoA brand; for those that have not already engaged with AEDA, awareness appears to be low.</li> </ul>
<p>Adelaide as a destination</p> <ul style="list-style-type: none"> <li><i>Market and promote the City of Adelaide</i></li> <li><i>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</i></li> </ul>		<ul style="list-style-type: none"> <li>SATC define 12 Regional Tourism Regions, including Adelaide, but it is noted that promotion of Adelaide metropolitan areas is the responsibility of local councils, including the CoA.</li> <li>While State Government generally has much larger geographic centres to focus on, agencies like AEDA provide on-the-ground knowledge, insights and networks to help develop and deliver campaigns and events that align to broader Government strategic objectives.</li> <li>AEDA do a great job at delivering activations that can, when partnered with State Government, be used more broadly to promote Adelaide as a destination, noting that the team at AEDA work well and in a collaborative manner with SATC, meeting on a fortnightly basis.</li> <li>AEDA's capabilities to curate the Visitor Information Centre is not necessarily aligned, and they currently require the support of SATC experience.</li> <li>AEDA is empowered to do things that State Government cannot. For example, AEDA can play a concierge role, which if delivered by State Government may be construed as preferencing one business over another.</li> </ul>

# Question Four

## Detailed observations

Identification of any *duplication of effort or opportunities to partner with the State Government in the areas of business support and economic development of the city.*

Key operational outcomes	Effectiveness Rating	Observations <span style="float: right;">  High level of satisfaction.            Opportunities for improvement.            To be addressed         </span>
Economic complexity <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Work collaboratively with key external stakeholders to avoid duplication of effort in delivery</li> </ul>		<ul style="list-style-type: none"> <li>AEDA is not seen to bring many ideas to Government and are primarily focused on delivering its activations. Focus of AEDA was previously on getting businesses through COVID, but is now perceived to be a ‘follower’ rather than a leader (i.e. others bring the ideas to AEDA who then play a supporting role to deliver activations). This may be due to a lack of an overarching CoA economic development strategy.</li> <li>It was not clear how (or if) AEDA is engaging with other Agencies and Bodies that are driving similar economic development outcomes (e.g. Committee for Adelaide, Property Council of Australia), or what value they could add to drive economic complexity (i.e. do not appear to possess the right skills and capabilities within their current team).</li> </ul>
Residential growth <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> </ul>		<ul style="list-style-type: none"> <li>DPC has a broad population growth strategy with a strong focus to not only bring international students to Adelaide, but to also encourage them to remain in Australia post-completion of their education. Having a vibrant city centre is key to this retention strategy, which is why the partnership between AEDA and DPC is so complementary.</li> <li>CoA may have an overarching strategy to grow the residential population in the City, but not necessarily to the extent of identifying target demographics or residential zones.</li> <li>AEDA are an important and active member of DPC’s Attraction Group, with:               <ul style="list-style-type: none"> <li>across government sharing of market research data</li> <li>ability to operate at a regions specific level that State Government cannot.</li> </ul> </li> </ul>

# Question Five

## Summary of Observations

Identification of any *governance issues* that have arisen *related to the performance of the Agency, its staff, or its Board* or to the *responsibilities of the elected body under the Local Government Act 1999*.

Key operational outcomes	Effectiveness Rating
Operating model <ul style="list-style-type: none"> <li>Risk management and compliance with relevant legislative and compliance requirements</li> <li>Governance (set up and operation)</li> </ul>	●
Management reporting <ul style="list-style-type: none"> <li>Governance (set up and operation)</li> <li>Develop key documents</li> </ul>	●

### Key Observations

- AEDA's governing bodies have been established **without a clear strategic direction / economic policy**, and they currently function more so as a **delivery arm of Council** (which AEDA is not necessarily set up for).  
AEDA do not current play any role in **shaping economic policy / direction**.
- AEDA **access corporate services function within the CoA**, which reduces function duplication and operational efficiencies, but engagement touchpoints are not clearly defined.
- Precinct groups** are not happy with the current operating model, as they feel **under-represented** in AEDA initiatives.

Operating Model

Management Reporting

- Reporting structures are not clearly articulated** within the AEDA charter.  
**Reporting lines between AEDA and CoA Executives are not streamlined** for efficient and effective transfer of information.
- Management reporting currently **does not provide a balanced scorecard**, with reporting skewed to a small number of measures. For example, there is limited reporting of risk to the Audit and Risk Committee.
- Examples of financial reporting includes expenditure on activations and events, but does not provide insight into **fiscal performance against allocated budgets**.

Assurance

- Although within Internal Audit's remit, CoA is yet to perform an **audit of AEDA's operations**. AEDA's financials are externally audited by BDO in conjunction with the CoA's, but there is no clear framework in place to support assurance over AEDA's operations.






Governance Oversight

- AEDA are required under their Charter to comply with CoA control frameworks, which are either absent or not operational in nature.
- The CoA governance function does not have early and consistent oversight over AEDA's **risk assessment** processes for the curation and delivery of events.
- Limited processes / governance to ensure appropriate due-diligence over the **grant and sponsorship agreement process** to ensure it is operating effectively.

# Question Five

## Detailed observations

Identification of any *governance issues* that have arisen *related to the performance of the Agency, its staff, or its Board* or to the *responsibilities of the elected body* under the Local Government Act 1999.

Key operational outcomes	Effectiveness Rating	Observations
<p>Operating model</p> <ul style="list-style-type: none"> <li><i>Risk management and compliance with relevant legislative and compliance requirements</i></li> <li><i>Governance (set up and operation)</i></li> </ul>		<p>  High level of satisfaction.            Opportunities for improvement.            To be addressed         </p> <ul style="list-style-type: none"> <li>There is an absence of an overarching CoA strategic economic vision.</li> </ul> <p>AEDA were established to be a separate body from CoA to allow agility in decision-making for generating economic opportunities for the city. However AEDA's governing bodies have been established without a clear strategic direction / economic policy, and are instead functioning more as a delivery arm for Council; AEDA are not set up to effectively deliver events, which is resource intensive.</p> <ul style="list-style-type: none"> <li>AEDA currently access corporate services function within the CoA to reduce function duplication and operational efficiencies, but touchpoints are not clearly defined.</li> <li>Precinct representation is through a single representative on the AEDA Advisory Committee, which provides the formal mechanism for city businesses, mainstreet Precincts to engage with AEDA on initiatives that may involve them.</li> </ul> <p>Precinct groups are not satisfied that this operating model is functioning successfully, as they currently feel under-represented in AEDA initiatives.</p> <p>Key concerns raised include:</p> <ul style="list-style-type: none"> <li>- promotion is disproportionately focused on Rundle Mall Precinct</li> <li>- lack of consultation on grants or precinct initiatives</li> <li>- information flow between AEDA and Precincts is poor, with precinct groups often first finding out about AEDA initiatives through public marketing (without prior consultation)</li> <li>- absence of AEDA representatives at Precinct group meetings due to a lack of capacity.</li> </ul> <p>There are also currently no mechanisms to review and renominate their representation on the AEDA Advisory Committee.</p>
<p>Management reporting</p> <ul style="list-style-type: none"> <li><i>Governance (set up and operation)</i></li> <li><i>Develop key documents</i></li> </ul>		<ul style="list-style-type: none"> <li>Reporting lines between AEDA and CoA are not clearly articulated within the Charter, and are currently not being streamlined for efficient and effective transfer of information:           <ul style="list-style-type: none"> <li>- AEDA CEO reports to the AEDA Board, informally to the CoA CEO, and sits on the CoA Executive Table</li> <li>- CoA Lord Mayor sits on the AEDA Board</li> <li>- No direct reporting lines between AEDA Board and CoA CEO.</li> </ul> </li> </ul> <p>Although inclusion of the AEDA CEO on the CoA Executive Table helps streamline communications between the two entities, it was noted that there are a number of informal touchpoints between AEDA and CoA Executives where decisions / directives are communicated that remain un-minuted and have bypassed the Board. There is need to clarify and document these reporting lines.</p>

# Question Five

## Detailed observations

Identification of any *governance issues* that have arisen *related to the performance of the Agency, its staff, or its Board* or to the *responsibilities of the elected body* under the Local Government Act 1999.

Key operational outcomes	Effectiveness Rating	Observations <div style="float: right; font-size: small;"> <span style="color: green;">●</span> High level of satisfaction.                     <span style="color: orange;">●</span> Opportunities for improvement.                     <span style="color: red;">●</span> To be addressed                     </div>
Management reporting (continued ...) <ul style="list-style-type: none"> <li>• <i>Governance (set up and operation)</i></li> <li>• <i>Develop key documents</i></li> </ul>		<ul style="list-style-type: none"> <li>• External stakeholder engagements identified a perceived lack of transparency and due-diligence over governance and administration of grant funding. Examples were cited of submissions satisfying AEDA's requirements but vetoed by Council; it should be noted that these are anecdotal only and have not been verified.</li> </ul> <p>Internal stakeholder engagements raised concerns that grant acquittal processes are not being appropriately managed, with some organisations receiving multiple allocations for the same outcome.</p> <ul style="list-style-type: none"> <li>• Currently, the process for evaluating and justifying (e.g. business case process) allocation of grant funding and sponsorships and selecting campaigns is varied. In some instances, it is comprehensive, while in other instances it is not. While financial expenditure is required to be approved in line with CoA's delegations of authority, there is currently no clear or consistent process for adequately justifying this expenditure.</li> <li>• AEDA's operational governance and risk management responsibilities are managed by CoA.</li> </ul> <p>CoA's governance function does not have early and consistent oversight over AEDA's risk assessment process for events and are only engaged on an ad hoc basis upon request by AEDA; this may be due to informal or undefined mechanisms within the CoA to trigger oversight over operations. A lack of or late engagement may mean risks are not appropriately mitigated or managed when delivering events.</p> <ul style="list-style-type: none"> <li>• CoA Internal Audit is yet to perform an audit over any of AEDA's operations.</li> <li>• AEDA follows CoA policies and submits its audited financial statements to the CoA Audit and Risk Committee for review and approval.</li> </ul> <p>AEDA's financials are externally audited by BDO (in conjunction with the CoA's), but there is no clear framework in place to support assurance over AEDA's operations. Management reporting currently does not provide a balanced scorecard, with reporting skewed to a small number of measures. For example, there is limited reporting of risk to the Audit and Risk Committee (ARC), and the ARC have not clearly defined and agreed the type and the level of risk and mitigation strategies they expect AEDA to report on.</p> <p>Financial reporting on activations highlighted expenditure, but documentation provided as part of this review failed to report financial performance against original budgets.</p>

# Question Six

## Summary of observations

Evaluation the extent of Rundle Mall trader satisfaction with the Agency's management of the Rundle Mall Precinct

### Key Observations

Key service provisions	Satisfaction Rating
Awareness of AEDA's services <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>	●
Service delivery <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>	●
Access to insights data <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>	●

#### Awareness

- External stakeholders **did not have a clear understanding of AEDA's broad goals, objectives or KPIs** in alignment with its Charter or Business Plan.
- Varying awareness** of AEDA's services.
- Desire for **greater visibility of forward events program** to allow traders to plan and manage marketing programs and budgets.
- AEDA's **engagement with stakeholders** as part of the development of their Strategic Plan is a positive step forwards.

#### Operational

- Rundle Mall stakeholders **generally happy with AEDA**, with a strong preference to engage with AEDA instead of CoA. Reasons cited include:
  - preference for **single point of contact** to help navigate CoA processes and service structure
  - greater commercial / retail acumen.**
- Within the Rundle Mall Precinct, stakeholders would like to see greater **focus outside of Rundle Mall itself** (e.g. laneways, fringes).
- Would like to see greater autonomy for AEDA in decision making and financial management to improve efficiency of grant allocations.




#### Transparency

- Data provided by AEDA is typically **too generalised** to be of use to the traders in informing commercial decisions.
- Some of the data presented **does not align with trader observations** (e.g. foot traffic). Traders would like to better understand the data collection framework, or to have **access to raw data sets.**

# Question Six

## Detailed observations

Evaluation the extent of *Rundle Mall trader satisfaction* with the *Agency's management of the Rundle Mall Precinct*

Key operational outcomes	Satisfaction Rating	Observations
Awareness of AEDA's services <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>		<ul style="list-style-type: none"> <li>External stakeholders did not have a clear understanding of AEDA's broader goals, objectives or KPIs in alignment with its Charter or Business Plan.</li> <li>There was varying awareness of AEDA's service provisions, including events and campaigns.</li> <li>Rundle Mall stakeholders would like greater visibility on event program for sufficient time to engage and participate. Earlier visibility on promotions and events would benefit traders, as most of the large enterprises lock in their marketing programs and budgets early (i.e. 14 month look ahead).</li> <li>Saw the recent engagement by AEDA with stakeholders to develop its Strategic Plan as a positive step forward.</li> </ul>
Service delivery <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>		<ul style="list-style-type: none"> <li>Rundle Mall traders are generally happy with the level and nature of engagements with AEDA, with stakeholders believing that AEDA have done a good job in increasing city vibrancy,</li> <li>Rundle Mall stakeholders cited a preference to engage with AEDA over CoA for the following reasons:               <ul style="list-style-type: none"> <li>greater accessibility of AEDA staff (i.e. single point of contact) to help navigate the more complex and siloed CoA structure</li> <li>greater commercial / retail acumen and focus, in comparison to engagements with CoA.</li> </ul> </li> <li>Rundle Mall stakeholders would like to see the independence from the CoA brand maintained, to allow for greater autonomy on decision making and budgets associated with grant allocations.</li> <li>There was a perception that AEDA has a strong focus on Rundle Mall itself, and not necessarily including the broader Rundle Mall Precinct (i.e. adjacent laneways and fringes).</li> </ul>
Access to insights data <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>		<ul style="list-style-type: none"> <li>Acknowledged that data sharing has improved, but data currently being shared is of limited value to business owners or agents, noting:               <ul style="list-style-type: none"> <li>too high level and generic (i.e. not suitable for informing commercial decisions)</li> <li>confidence in accuracy and interpretation of data is questionable</li> <li>preference to see raw data (instead of "pretty graphics")</li> <li>desire to see demographic trend data for people living in the city.</li> </ul> </li> </ul>

 High level of satisfaction.
  Opportunities for improvement.
  To be addressed



# Question Seven

## Summary of observations

Providing an assessment of the *return on investment* of AEDA against its own performance targets

### Key Observations

Key Assessment Areas	Effectiveness Rating
<b>Strategic alignment</b> <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>	<span style="color: red;">●</span>
<b>Activations and marketing</b> <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> <li>Make recommendations relating to maintenance and upgrade of Rundle Mall's existing infrastructure to a high standard</li> </ul>	<span style="color: orange;">●</span>
<b>Financial accountability</b> <ul style="list-style-type: none"> <li>Financial management</li> </ul>	<span style="color: orange;">●</span>

**Alignment**

- The AEDA Business Plan FY 2022/23 has **good alignment** against the **Objects and Purpose of the Charter**.
- However, **KPIs are output based and 'binary'**, and not suited for measuring effectiveness of planned actions, particularly in reference to economic development targets
- Absence of an overarching **CoA Economic Strategy** against with AEDA can set economic uplift targets and measure performance.

**Marketing**

- Performance metrics** are assessed and documented by AEDA in **post-event and post-campaign reports**.  
Abridged reports appended to Board papers to Council and 'taken as read' and not necessarily presented and discussed.
- Typical focus of AEDA activations in the retail and hospitality sectors, which does not always address **attraction of broader business investment or residential growth outcomes**.
- More **targeted metrics** for measuring direct contribution of activations, marketing campaigns and activities required.
- The **Visitor Information Centre** is not located **appropriately** to be effective.






**Transparency**

- Acknowledged that **not all functions within AEDA's remit will provide a direct return on investment** (e.g. AEDA Business Summit, WellFest Adelaide, strategic partnerships).
- Evidence of ad hoc reporting to Council on activation expenditure but reporting on **fiscal performance against budgets** was absent.

# Question Seven

## Detailed observations


Providing an assessment of the *return on investment* of AEDA against its own performance targets

Key operational outcomes	Satisfaction Rating	Observations
<p>Strategic alignment</p> <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> </ul>		<p>  High level of satisfaction.            Opportunities for improvement.            To be addressed         </p> <ul style="list-style-type: none"> <li>AEDA's Business Plan FY 2022/23 are aligned with their key objectives relative to the Charter (i.e. business, investment and residential growth, visitor growth, Rundle Mall, and brand and marketing).</li> <li>While the KPIs noted against planned actions in the FY 2022/23 Business Plan are a significant improvement over that of FY 2021/22, they remain relatively binary (i.e. Complete / Active / Partially Complete) and are not positioned to assess effectiveness or quantify contribution of the action outcomes against AEDA's key result areas.</li> <li>The absence of a CoA Economic Strategy is likely a contributing factor for the lack of reporting against economic uplift targets and performance.</li> <li>It was acknowledged that not all functions within AEDA's remit necessarily will provide a return on investment.</li> </ul>
<p>Activations and marketing</p> <ul style="list-style-type: none"> <li>Market and promote the City of Adelaide</li> <li>Promote, develop and activate precincts</li> <li>Make recommendations relating to maintenance and upgrade of Rundle Mall's existing infrastructure to a high standard</li> </ul>		<ul style="list-style-type: none"> <li>AEDA compiles post-campaign and post-event reports, which include a summary of the marketing reach, foot traffic, participation rate, redemption rate, spend (including redemption value, additional spend and total spend), and public feedback surveys.</li> </ul> <p>Due to the small sample size of post-activation reports provided as part of this review, observations are not conclusive.</p> <p>The reports reviewed indicate that in regard to economic uplift, the following observations were noted:</p> <ul style="list-style-type: none"> <li>increased foot traffic</li> <li>moderate participation rates</li> <li>increase in average spend over baselines.</li> </ul> <p>No reporting provided on performance against campaign / event budgets or targeted outcome metrics (e.g. participation rate, average additional spend) or opportunities for improvement.</p> <p>The CoA typically provided with abridged reports via Board packs to Council and 'taken as read' and not necessarily presented and discussed.</p> <ul style="list-style-type: none"> <li>AEDA's activations, marketing campaigns and activities appear to typically focus on the retail and hospitality sectors (and predominantly centred around the Rundle Mall Precinct), with limited provisions for attracting broader business investment or residential growth provided as part of this review.</li> <li>Need to consider more targeted metrics for measuring direct contribution of activations, marketing campaigns and activities.</li> <li>The Visitor Information Centre was perceived to not be effective, being too far away from Rundle Mall (i.e. more prominent position) to capture passing visitations.</li> </ul>

# Question Seven

## Detailed observations

Providing an assessment of the *return on investment* of AEDA *against its own performance targets*

Key operational outcomes	Satisfaction Rating	Observations
Financial accountability <ul style="list-style-type: none"> <li>Financial management</li> </ul>		<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <span style="color: green;">●</span> High level of satisfaction.             <span style="color: orange;">●</span> Opportunities for improvement.             <span style="color: red;">●</span> To be addressed           </div> <ul style="list-style-type: none"> <li>It was acknowledged that not all functions within AEDA's remit necessarily will provide a return on investment (as is typical with most government services). This includes investments to support new and existing businesses that do not return any direct financial return (e.g. AEDA Business Summit, strategic partnerships).</li> <li>Reporting on expenditure for activations and initiatives have historically been provided to Council (reference AEDA Annual Report and sample Council report dated 14 June 2022). It is unclear if this is part of AEDA's formal governance and reporting framework or ad hoc at the request of Council. Reporting included participation rate and total spend (by participants) summaries, but noted that post-campaign and post-event reports were not appended to the report.</li> </ul>

# 4. Overview of Recommendations

Key themes



# Recommendations

1. ROLE CLARITY	PRIORITY
<ul style="list-style-type: none"> <li>Function and duties of the Agency</li> <li>Operational roles and responsibilities</li> </ul>	
<p><b>1.1 Review and enhance AEDA's capability to provide economic strategic insights, in line with Recommendation 5.1 for the creation of an economic development strategy.</b></p> <ul style="list-style-type: none"> <li>The AEDA <i>Agency Charter (2022)</i> provides sufficient flexibility for AEDA to play both a strategic advisory and delivery role to support and promote economic development within the CoA.</li> <li>It is recognised that AEDA are highly valued by CoA and external stakeholders for the provision of delivery services for economic activations.</li> <li>There is further opportunity (and stakeholder appetite) for AEDA to leverage the experience of its Board members to provide independent advice on the strategy development.</li> <li>This may necessitate a review and realignment of AEDA's resource capabilities to bolster its strategic advisory capabilities.</li> <li>This will be critical for informing AEDA's FY25 Business Plan.</li> </ul>	<b>IMMEDIATE</b>
<p><b>1.2 Consider diversification of activation drivers for economic development.</b></p> <ul style="list-style-type: none"> <li>Established during the COVID pandemic, there has been a strong emphasis to date on supporting the retail and hospitality sectors (particularly within the Rundle Mall Precinct) to drive visitation back into the CBD.</li> </ul> <p>There needs to be greater diversification of activations beyond promotion of the retail industry (i.e. cultural and social sectors) to drive economic development.</p>	<b>MEDIUM</b>
<p><b>1.3 Establish clear Terms of Reference for cross-over business units (e.g. marketing, grant administration)</b></p> <ul style="list-style-type: none"> <li>Clearly define and document roles and responsibilities, and opportunities to collaborate.</li> <li>Establish regular communication touchpoints.</li> </ul>	<b>MEDIUM</b>

PRIORITY	COMMENCEMENT TIMEFRAME
<b>IMMEDIATE</b>	0 - 6 months
<b>MEDIUM</b>	6 - 12 months
<b>LONG</b>	12+ months



# Recommendations

2. GOVERNANCE		PRIORITY
<ul style="list-style-type: none"> <li>Decision making &amp; reporting</li> <li>Operating models</li> <li>Assurance</li> </ul>		
2.1	<b>Define risk-based requirements for justifying key financial decisions for grants, sponsorships, campaigns.</b> <ul style="list-style-type: none"> <li>CoA with AEDA should define requirements for how key financial decisions are to be justified (based on value / nature) and who is required to approve these decisions. For example, large grants / sponsorships to go through consistent business case and evaluation process.</li> </ul>	IMMEDIATE
2.2	<b>Simplify and document reporting lines between AEDA and CoA.</b> <ul style="list-style-type: none"> <li>CoA should clearly articulate who within AEDA is accountable to CoA and for what, and document these reporting lines.</li> </ul>	IMMEDIATE
2.3	<b>Review the engagement model with mainstreet Precincts.</b> <ul style="list-style-type: none"> <li>The review should consider of the current level and nature of engagement touchpoints between AEDA and the Mainstreet Precincts and suggest opportunities to driver greater inclusion and communication.</li> <li>The review should also consider the terms of reference for Mainstreet Precinct representation on the AEDA Advisory Committee to ensure it best meets the needs of the Precinct stakeholders.</li> </ul>	MEDIUM
2.4	<b>Ensure greater oversight by the CoA Governance Unit at initial stages of key operational processes performed by AEDA.</b> <ul style="list-style-type: none"> <li>Conduct assurance reviews of AEDA's key operational processes against CoA's control frameworks to meet legislative or compliance requirements.</li> <li>Key operational processes highlighted include (but are not limited to) the administration of grant funding, procurement processes, and risk assessments for staged events.</li> </ul>	MEDIUM
2.5	<b>Implement ongoing assurance model for AEDA &amp; undertake an internal audit on administration of grant allocations.</b> <ul style="list-style-type: none"> <li>Need for consideration of the full grant allocation lifecycle, including the call for submissions, alignment of the assessment framework against AEDA's objectives, and the approval and acquittal process through CoA. It is noted that a review of the grant management process is already flagged in the <i>FY23/24 Internal Audit Plan</i>.</li> <li>Consider potential streamlining of approvals via AEDA Board (as opposed to via Council).</li> </ul>	MEDIUM

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months

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# Recommendations

<b>2. GOVERNANCE</b> <ul style="list-style-type: none"> <li>Decision making &amp; reporting</li> <li>Operating models</li> <li>Assurance</li> </ul>	<b>PRIORITY</b>
<b>2.6 Review effectiveness of outsourced small business service functions to support new and emerging businesses, to inform future operating and contracting models.</b> <ul style="list-style-type: none"> <li>AEDA's contract with Business SA expired in December 2022 and is currently engaged on a 'pay per use' arrangement.</li> <li>External stakeholder engagement will be critical for understanding the effectiveness of services provided by Business SA (with a particular focus on supporting new and emerging small businesses), to inform any new contractual model.</li> </ul>	<b>IMMEDIATE</b>

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months



# Recommendations

3. TRANSPARENCY		PRIORITY
<ul style="list-style-type: none"> <li>Information flow</li> <li>Decision making frameworks</li> </ul>		
3.1	<p><b>More targeted reporting by AEDA to Council that is relevant and aligned to desired economic outcomes, and supported with sufficient evidence.</b></p> <ul style="list-style-type: none"> <li>The volume of information flowing to Council (i.e. not just from AEDA) is such that it may be difficult for Council to 'see the wood from the trees' and details informing decision-making may be easily overlooked.</li> <li>Review report structures and templates to ensure critical content informing decision-making is presented upfront.</li> <li>Context and content of reporting should be ratified with Council upfront on an annual basis.</li> <li>Greater focus on reporting on business plans, budgets and operational performance against economic outcomes.</li> </ul>	MEDIUM
3.2	<p><b>Clearly define and agree the type and the level of risk and mitigation strategies AEDA needs to report on to the Audit and Risk Committee.</b></p> <ul style="list-style-type: none"> <li>Current reporting is too focused on event outcomes and not necessarily on AEDA's strategic / operational / business risk profiles and mitigation strategies, or assurance and control processes.</li> </ul>	MEDIUM
3.3	<p><b>More active and timely engagement with traders in the development of AEDA's program of events and campaigns.</b></p> <ul style="list-style-type: none"> <li>Timely stakeholder engagement and publication of AEDA's forward events and campaigns program will better inform marketing strategies for businesses within the CoA (particularly with Precincts beyond Rundle Mall), which will drive an increase in participation rates.</li> </ul>	LONG
3.4	<p><b>Increase accessibility to baseline demographic and economic metrics to better inform investment and commercial decisions.</b></p> <ul style="list-style-type: none"> <li>Current reporting of statistics (foot traffic, average spend etc) is too generalised to inform investment and commercial decision-making by commercial stakeholders.</li> <li>Potential to present data sets in line with industry sectors, Precincts etc.</li> <li>Consider the provision of access to raw data sets with commercial stakeholders (upon request).</li> </ul>	LONG

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months





# Recommendations

4. QUANTIFIED METRICS	PRIORITY
<ul style="list-style-type: none"> <li>• Definition of metrics aligned to strategic targets</li> <li>• Reporting</li> </ul>	
<b>4.1 Strategic performance KPIs for AEDA (including against its Business Plan) need to be more targeted towards economic outcomes.</b> <ul style="list-style-type: none"> <li>• Performance metrics should consider quantifiable uplift in economic outcomes.</li> </ul>	MEDIUM
<b>4.2 Operational performance KPIs for AEDA need to be measured against appropriate baselines.</b> <ul style="list-style-type: none"> <li>• Greater rigor in project management and associated reporting for delivery of activations and initiatives. This includes financial reporting, which should comparatively assess original budgets (for activities, campaigns and events) against expenditures, and changes in delivery timeframes.</li> </ul>	MEDIUM

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months

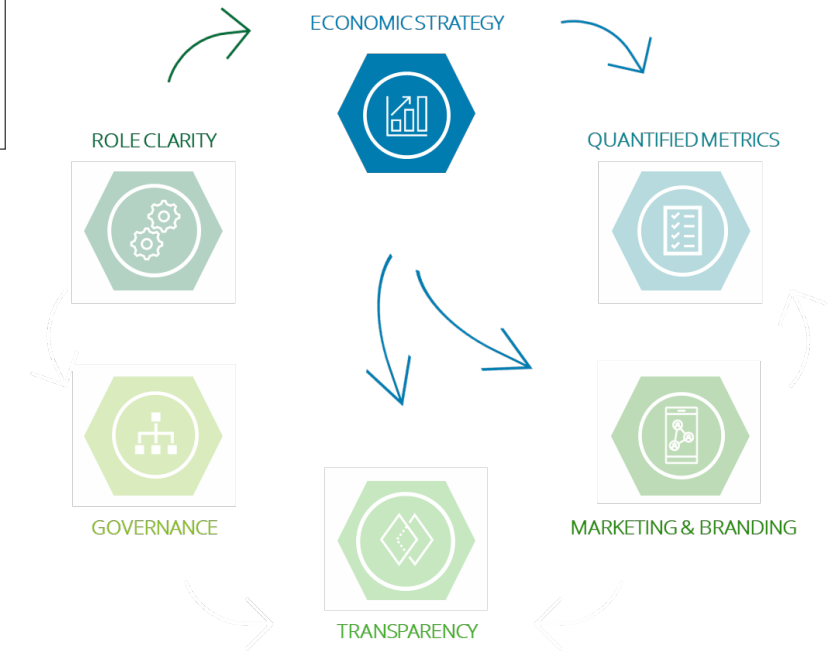


# Recommendations

5. ECONOMIC STRATEGY	PRIORITY
<ul style="list-style-type: none"> <li>Independent advisory</li> </ul>	
<p><b>5.1 Development of an overarching CoA Economic Development Strategy.</b></p> <ul style="list-style-type: none"> <li>It was acknowledged by all stakeholders that the CoA does not currently have a defined economic strategy or policy to underpin investment decision-making to deliver economic activation and growth outcomes.</li> <li>It was also acknowledged that neither CoA or AEDA currently have the resource capability to drive the development of an economic strategy.</li> <li>However, with an independent Board (with diverse expertise in hospitality, property development, place making, business development, investment, events and tourism) and direct connectivity to frontline stakeholders, AEDA is well positioned to be a key stakeholder in the development of a 'best-for-city' economic strategy that aligns with broader State and Commonwealth economic objectives.</li> <li>This will be critical for informing AEDA's FY25 Business Plan.</li> </ul>	IMMEDIATE
<p><b>5.2 Further development of other CoA strategies (e.g. residential population growth, housing) that indirectly drive economic growth for the CoA.</b></p> <ul style="list-style-type: none"> <li>It was acknowledged that while CoA has broad residential growth and housing strategies, they do not articulate clear target metrics against which AEDA can measure associated planned actions to support economic growth.</li> <li>This will be critical for informing AEDA's FY25 Business Plan.</li> </ul>	IMMEDIATE

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months

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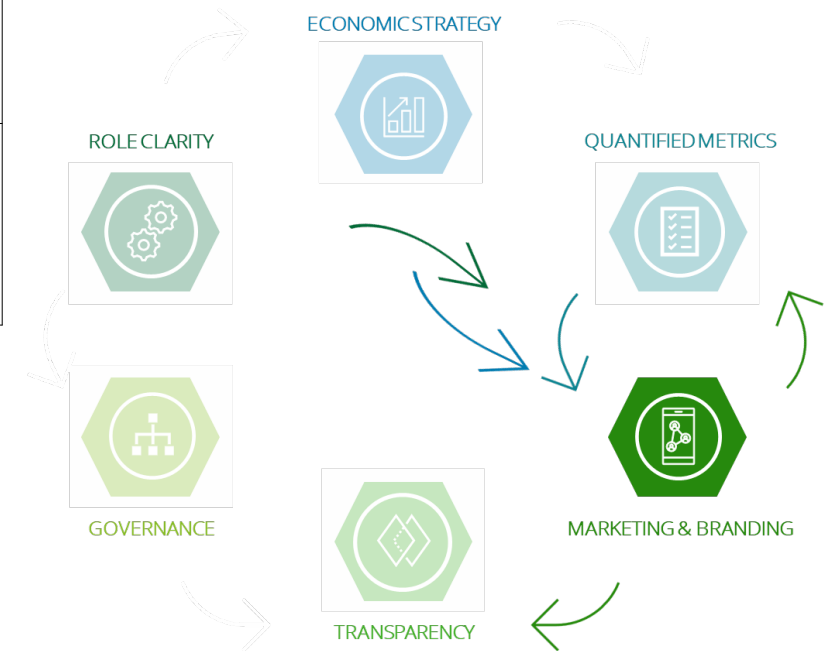


# Recommendations

6. MARKETING & BRANDING		PRIORITY
<ul style="list-style-type: none"> <li>Independence</li> <li>Governance</li> </ul>		
6.1	<p>Maintain the independence of the AEDA brand to drive increased engagement and participation with external stakeholders.</p> <ul style="list-style-type: none"> <li>Stakeholders recognise and value the agility and decision-making efficiency of AEDA, which increases engagement levels.</li> </ul>	LONG
6.2	<p>Acknowledge partnership with the CoA as a key funding body for large events / campaigns.</p> <ul style="list-style-type: none"> <li>For strategic events and campaigns, AEDA should acknowledge the CoA as a major partner / sponsor as part of their marketing.</li> </ul>	IMMEDIATE
6.3	<p>Articulate and document roles and responsibilities, and the of principles of collaboration between AEDA and CoA marketing business units.</p> <ul style="list-style-type: none"> <li>It is understood that a responsibility matrix (i.e. RACI) is currently being developed. This should also set the framework for active collaboration between relevant parties.</li> <li>Formal documentation should be made available to interested internal and external stakeholders.</li> </ul>	LONG
6.4	<p>Review established panel contracts for marketing and event management services to ensure they meet the current needs of both AEDA and CoA marketing business units.</p> <ul style="list-style-type: none"> <li>Broadly includes consideration of event management, campaign strategy, marketing and data analytics services.</li> <li>Important that procurement of external services are streamlined to mitigate and manage procurement and engagement risks (including standard contractual terms and condition).</li> </ul>	MEDIUM

PRIORITY	COMMENCEMENT TIMEFRAME
IMMEDIATE	0 - 6 months
MEDIUM	6 - 12 months
LONG	12+ months

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## KPMG Review of the Adelaide Economic Development Agency

Strategic Alignment - Strong Economies

Public

**Friday, 4 August 2023**  
Audit and Risk Committee

**Program Contact:**  
Greg Ratsch, Acting Managing  
Director AEDA

**Approving Officer:**  
Michael Sedgman, Chief  
Financial Officer

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## EXECUTIVE SUMMARY

The Adelaide Economic Development Agency (AEDA) commenced operation as a subsidiary of the City of Adelaide (CoA) on 18 January 2021. Clause 4.15.1 of the AEDA Charter states “The Board of the Agency will undertake an annual performance evaluation of the Agency.”

At its meeting on 21 November 2022, the AEDA Board requested the engagement of an independent, external consultant to undertake an evaluation of AEDA’s performance against its Objects and Purpose included in the AEDA Charter and its Business Plan and Budget. It was agreed that the outcome of the review be reported to the City of Adelaide’s Audit and Risk Committee and to Council.

KPMG was engaged by CoA on behalf of AEDA to undertake the review and the subsequent report and recommendations were discussed by the AEDA Board at its meeting on 25 July 2023.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Review of the Adelaide Economic Development Agency (AEDA) as shown in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 4 August 2023.
-

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<a href="#">Strategic Alignment – Strong Economies</a>
Policy	Clause 4.15 of the AEDA Charter ( <a href="#">Link 1</a> ) advises that AEDA will undertake an annual performance evaluation and provide a report on the outcome to Council.
Consultation	Not as a result of this report
Resource	KPMG Review funded through the 2022/23 AEDA budget.
Risk / Legal / Legislative	Not as a result of this report
Opportunities	The KPMG review has proposed a number of recommendations to assist AEDA transition from a Covid response position to a strategic operation.
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. The Adelaide Economic Development Agency (AEDA) is a fully owned subsidiary of Council under Section 42 of the *Local Government Act 1999 (SA)* (the Act).
2. Clause 4.15.1 of the AEDA Charter states “The Board of the Agency will undertake an annual performance evaluation of the Agency.”
3. At its meeting on 21 November 2022, the AEDA Board requested the engagement of an independent, external consultant to undertake an evaluation of AEDA’s performance against its Objects and Purpose included in the AEDA Charter and its Business Plan and Budget. It was agreed that the outcome of the review be reported to the City of Adelaide’s Audit and Risk Committee and Council.
4. KPMG were engaged by the City of Adelaide (CoA) on behalf of AEDA to undertake the review. The scope of work for the engagement was:
  - 4.1. A review of AEDA’s achievements since its inception and delivery against the AEDA Business plans endorsed by Council as part of its annual Business Plan and Budget process.
  - 4.2. The ability of AEDA to respond to changing economic conditions, priorities and opportunities.
  - 4.3. An examination of economic development models used by other Australian capital cities including those used in Brisbane and Wellington.
  - 4.4. An assessment of the effectiveness of the current model including the identification of strengths and opportunities for improvement.
  - 4.5. How AEDA has communicated formally to the elected body, Audit Committee and informally to elected members regarding its operations and programs in relation to its annual business plan and programs.
5. Key findings of the review include:
  - 5.1. A summary of AEDA’s achievements since its inception in January 2021.
  - 5.2. Advice that the subsidiary model provides the opportunity to leverage the skills, experience, capability and connections of the Board to the benefit of AEDA, City of Adelaide and the economic strategic direction of Adelaide.
  - 5.3. AEDA is recognised and trusted by stakeholders including State Government.
  - 5.4. AEDA is operating in alignment with two larger, successful Australasian economic development agencies.
  - 5.5. A City Economic Development policy is needed to provide a clear vision and objectives, responsibilities for delivery and should align to State and Federal Government economic policy.
  - 5.6. AEDA needs to develop a Strategic Plan supported by a Long Term Financial Plan to provide clearer direction and funding stability that will enable AEDA to plan broader strategic long term initiatives.
  - 5.7. Need to develop streamlined and structured approval processes between the Board and CoA to enable responsive decision making of key initiatives, events, grants and sponsorships.
  - 5.8. Reviewing the current AEDA resourcing and requirements to provide efficiencies and more effective resourcing within AEDA and CoA.
6. The AEDA Board at its meeting on 25 July 2023 noted the report and the recommendations which provide clear initiatives over the short and medium-to-long term that can support AEDA to move to a sustainable strategic business. The AEDA Board also noted that CoA has been identified as having key responsibility for delivery of almost half the recommendations.
7. The AEDA Board also noted that concurrent with the KPMG review, a separate independent review of AEDA was requested by Council and undertaken by Deloitte. The outcomes of that review and adoption of any recommendations by Council may have an influence on the recommendations made by KPMG.
8. The KPMG report will be provided to the City Finance and Governance Committee on 15 August 2023.
9. An implementation plan addressing the recommendations of the KPMG review will be prepared and will include how to address recommendations where CoA has been identified as the responsible agency.
10. The recommendations and management actions to address them will be recorded in the CoA Promapp system and regularly monitored and reviewed to ensure delivery. This monitoring will be included in regular Strategic Risk and Internal Audit group update reporting to the Audit and Risk Committee.

11. A copy of KPMG's Review of the Adelaide Economic Development Agency (AEDA) is **Attachment A**.

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## DATA AND SUPPORTING INFORMATION

**Link 1** – Charter of the Adelaide Economic Development Agency

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## ATTACHMENTS

**Attachment A** – KPMG's Review of the Adelaide Economic Development Agency (AEDA)

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- END OF REPORT -



# Review of the Adelaide Economic Development Agency (AEDA)

July 2023





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# KPMG has been engaged by the City of Adelaide, to conduct a review of the Adelaide Economic Development Agency

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This report summarises Adelaide Economic Development Agency's (AEDA) achievements since its inception in January 2021, and includes a number of key recommendations to improve the effectiveness of the Agency.

Through detailed analysis, we have identified critical insights and observations that shed light on AEDA's current state, opportunities and challenges, achievements and how AEDA can position the Agency to grow and evolve for its next chapter.

## Review approach

### Stakeholder consultation



Engagement with **over 40 stakeholders** across AEDA, the City of Adelaide (CoA), South Australian Government and business representatives throughout April and May 2023.

### Analysis of AEDA's operating model



Informed by stakeholder interviews and a review of **over 70 pieces of AEDA's key documentation**, business plans, council reports, employee surveys and committee meeting papers.

### Analysis of Economic Development models



Deep dive into Brisbane Economic Development Agency and WellingtonNZ – both **successful entities that are city council subsidiaries**.

## Key findings

### Importance of the skills and experience of the Board

- The skills, experience and capability of the Board provide immense benefit to AEDA, the CoA and the strategic direction of the Agency. For example, via connections and providing valuable insight into the development of the Residential Action Plan.
- Leveraging the Board's expertise is consistent with other successful economic development agencies.

### AEDA can deliver...when given the opportunity

- The talent of AEDA staff and relationship with the Board has created a collaborative and willingness-to-deliver culture that drives high levels of business engagement, demonstrated by:
- AEDA's growing recognition and trust by key stakeholders, including State Government.
  - The Rundle Mall team's achievements in delivering the majority of the 2021 Program Performance Review report recommendations.

### Constricted decision-making

- The level of 'red tape' required by Council for decision making and funding approval is a major challenge. This, among other factors, has likely contributed to the perceived reluctance of AEDA staff and Council to communicate effectively and work together in a collaborative way.
- The timing of yearly budget approvals by Council in June places significant pressure on the AEDA team to plan and deliver key projects in a limited amount of time.

### The need to become more strategic

- When moving from Covid response initiatives to a long-term strategic operation, AEDA face barriers to progress toward future economic development opportunities, including:
- The absence of a City economic development policy by the CoA to provide overall vision and direction.
  - The absence of an AEDA strategic plan and long-term financial plan, to provide a clear purpose, objectives, responsibilities for delivery. These are key requirements stated within the AEDA Charter.

## What's next...

KPMG recommends a considered list of quick wins and strategic priorities. These include (but are not limited to):



AEDA Managing Director/Chair to present the quarterly progress report to the City Finance and Governance Committee



Develop streamlined and structured approval between the Board and the CoA, including clarity on branding and recognition



Conduct a review of current AEDA resourcing with a view to potential expansion



Develop the City Economic Development policy and AEDA Strategic Plan

# KPMG's approach to the review of the AEDA

The Adelaide Economic Development Agency (AEDA) is a subsidiary of the City of Adelaide (CoA), with a city-wide remit to drive and accelerate economic growth, promote the City as a world class destination for visitors, residents, and business, and position Rundle Mall as the State's premier retail and commercial shopping precinct.

The Agency has been in operation for 2.5 years. During that time the world has endured a global pandemic, and AEDA's focus has been primarily on short term operational support and targeted initiatives to assist the City to respond and recover the City economy. Post-pandemic, it is timely to conduct this review to inform the future direction of the Agency, as AEDA moves into its third Annual Business Plan and Budget cycle and transitions to a more strategic focus.

## KPMG's approach to this review included the following:

- Detailed review of over 70 pieces of AEDA's key documentation including (but not limited to) business plans, council reports, employee surveys and committee meeting papers;
- Extensive stakeholder engagement with over 40 key stakeholders across AEDA, the CoA and external stakeholders; and
- Economic model analysis of Brisbane and Wellington Economic Development Agencies, and a high-level snapshot of other comparable 'magnet' cities from across the world.

## The core components of this review are noted below.

### Stakeholder consultation



More than 15 hours of stakeholder engagement was conducted with over 40 stakeholders across AEDA, the CoA, and external stakeholders throughout April and May 2023, via a number of 1:1 and group interviews.

As a result, detailed insight on AEDA achievements, improvements and ways of working has been identified throughout this report.

*All views and discussion captured in this review are aggregated to ensure participant comments are not attributed to individuals.*

### Analysis of Economic Development models



The economic analysis deep dived into Brisbane City Council's economic development focussed subsidiary 'Brisbane Economic Development Agency' (BEDA) and Wellington City Council's economic development focussed subsidiary 'WellingtonNZ' (WNZ).

Key insights were generated from this deep dive analysis and a further high-level analysis was undertaken across key global magnet cities that have a similar population to Adelaide.

### Analysis of AEDA's operating model



The assessment provides a detailed overview of AEDA's performance against its Charter and Business Plans' delivery, since its inception in January 2021.

KPMG's operating model framework was referenced to analyse AEDA's current state, with a key focus on the governance, service delivery, people and process layers of the AEDA model.

Analysis of AEDA reports, key documents and consultation with various internal and external stakeholders was undertaken to understand the strengths, challenges, and opportunities for improvement.

# Overview of findings that emerged from the analysis

Based on this review, AEDA is a successful initiative that provides and capitalises on economic development opportunities for the City of Adelaide and surrounding regions.

Through an in-depth investigation, we have identified valuable insights and observations that shed light on AEDA's current state, opportunities and challenges, achievements, and how AEDA can position the agency to grow and evolve for its next chapter.

“Now is the time to grow and be more strategic, [for] more opportunities to flow... Council does not have the ED skills to drive this function itself.”

--- Stakeholder statement



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## AEDA operating model & performance

The AEDA was formed as a subsidiary of the CoA and officially commenced operations in January 2021. The existing 2020-21 budgets for the previous functions were consolidated and transferred under AEDA's management.

From forming AEDA, it is evident that the skills, experience and capability of the Board provide immense benefit to the agency, the CoA and the economic strategic direction of Adelaide. For example, key Board members, through their trusted connections, included major property developers in the consultation for the development of the Residential Action Plan. These connections brought insight into the barriers and opportunities, and informed how each could be overcome or achieved.

The talent and development of AEDA staff has created a collaborative and willingness-to-deliver culture that drives excellent levels of business engagement. This is evidenced by AEDA being recognised and trusted by key stakeholders including the State Government, and from the achievements of the Rundle Mall team in delivering the majority of the 2020 Program Performance Review report recommendations.

The establishment of AEDA has enabled the teams to work together collaboratively to deliver objectives and market the city. This is a key difference from the originating and more siloed CoA structure, where the Marketing team provided an account based services role to the Economic Development team.

However, a key challenge AEDA face in their current operating model is the level of 'red tape' required for decision making and funding approval. These challenges, among other factors, have likely contributed to the perceived reluctance of AEDA staff and Council to communicate effectively and work together in a collaborative way. Further, the late timing of yearly budget approvals by Council in June puts a significant amount of pressure on the AEDA team to plan and deliver key projects in a limited amount of time.



## Economic model analysis

The analysis reviewed two successful Australasian economic development agencies, in Brisbane and Wellington. There were key differences such as the considerable difference in budgets and size of remit, however is important to note that AEDA, across key areas, is operating in alignment to these successful agencies. For example, AEDA is a Council subsidiary and leverages its expertise, capabilities and connections of the Board to increase the economic opportunities of the respective city.

Key findings that emerged from the economic analysis that AEDA should consider are as follows:

- **Organisational structure**

Both agencies are structured similar to organisations with an executive leadership team, who are experts in their fields, and purposeful supporting functions. Each agency's respective council trust and empower the agency to solely focus on the city's economic development, and remove unnecessary processes and approval requirements.

- **Long-term strategic plans**

These agencies utilise a clear and comprehensive long-term strategic plan, that provides a full view and understanding of the remit, and where and when to apply focus. These plans provide a holistic approach to economic development, not just a focus on placemaking or marketing initiatives.

- **Agency and Council collaboration**

Collaboration between the agencies and their respective council is effective and consistent across both agencies, while also leveraging council branding and identity. It is clear that these councils have a strong partnership with their economic development agencies.



## AEDA's next chapter

Based on this review, AEDA is a successful initiative that provides and capitalises on economic development opportunities for the City of Adelaide and surrounding regions.

However, AEDA face considerable barriers that can cloud achievements and progress toward future development opportunities. For example, ByADL was initiated through a Council decision prior to AEDA's establishment. The development of this was supported by a one-off funding allocation of \$250k. Views expressed by key stakeholders noted this was a poor investment decision at the time and continued support may not be justified if expected benefits are not realised.

Another challenge AEDA face moving into the next chapter is the lack of a specific City economic development policy, AEDA strategy and a long-term financial plan, to provide a clear vision and objectives, responsibilities for delivery, or that aligns to State and Federal Government economic policy(s).

In order to successfully move forward, AEDA should consider both quick wins and strategic priorities that include (but not limited to):

- Identify obligations of ByADL contract and investigate options to continue or exit
- Develop the AEDA Strategic Plan
- CoA to develop the City Economic Development Policy
- AEDA Managing Director and/or Chair to be invited to present the quarterly progress report to the City Finance and Governance Committee
- Develop a streamlined and structured Board and CoA approval process
- Develop a clear brand guideline, in collaboration with the CoA.



# Economic factors impacting Adelaide and the world

AEDA needs to consider and respond to economic challenges in order to provide successful delivery, support and opportunities that will grow the city, its people and organisations.

The current economic climate is challenging all businesses, especially small and medium business – those which make up the fabric of South Australia’s economy.

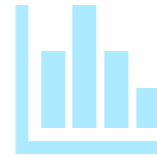
Outlined in **KPMG’s Economic Outlook Q1 2023**, from a production perspective, Australia’s growth during 2022 were in professional, scientific and technical services, transport, postal and warehousing, healthcare and social assistance and accommodation and food services – sectors that largely had been negatively impacted by the COVID-19 pandemic in their abilities to deliver face-to-face services to customers.

From a global economic perspective, the first quarter of the year has witnessed some easing of the supply chain issues, with global energy prices coming down to the levels seen before the war in Ukraine. Prices of other commodities and global food prices have also declined. Headline inflation has therefore now come off its peak.

## Inflation

The dramatic rise in inflation across many economies, and the subsequent response by Central Banks of rapidly raising interest rates has been the impetus for the deterioration of economic conditions.

There is a view that global inflation may now have peaked, notwithstanding the energy crisis that was initiated by the Russia/Ukraine conflict and that is still ongoing, but the return to target inflation levels is expected to be slow and protracted, requiring economic activity to be slowed by tighter policy settings.



# +25 bps

The RBA has lifted the cash rate to 4.10% (as at June 2023) in a bid to tame inflation<sup>4</sup>.

## Cost of living pressures

As inflation rose higher than expected during 2022 and 2023, the rise in the cost of living has significantly impacted Australians in many different areas of their lives.

Keeping the cost of living low was the top government policy issue in December 2022, outperforming the environment and climate change<sup>1</sup>.

# 5.6%↑

Consumer Price Index (CPI) increase in the 12 months to May 2023<sup>2</sup>.

**“We want South Australia to be known as an ambitious and capable state that embraces technology and drives innovation.”**

--- Premier of South Australia, the Hon. Peter Malinauskas MP

## International conflict

Many companies are now re-evaluating their businesses in Russia. Key factors and opportunities South Australian organisations should consider as a result of the conflict include:

- Organisations public position
- Cyber security
- Corporate reporting
- Macroeconomics, trade and supply chain
- Geopolitical volatility and risk profile
- Accelerate the transition to net zero
- Government policy priorities.

# 2 million


Upwards of 2 million refugees has rippled worldwide


Sixty percent of Russian exports are oil and gas


# 60%

## SA Government impacts

There are several key South Australian government initiatives that may also may have an impact on economic growth of the city, including the merger of the University of SA and Adelaide, the state’s focus on green energy transition, and further growth of the space sector. The extension of major event hosting such as the AFL Gather Round and Liv Golf will also support further growth in the tourism and hospitality sectors. Key economic opportunities for AEDA to consider as part of the 2023 South Australian Economic Statement<sup>3</sup> include:

 New Economic Board to be established that will engage widely with industry, businesses and the community to assist the Government in delivering concrete actions to deliver on the Statement, building on the significant work already underway.

 State government introducing the Hydrogen and Renewable Energy Act to support the delivery of its Hydrogen Jobs Plan and to unlock billions of investment dollars for renewable energy projects.

 Establishing the position of Coordinator-General in South Australia to have wide-ranging powers to plan, deliver and coordinate large-scale infrastructure projects, while ensuring their environmental impacts are properly managed.

**“The global green transition is a transformational opportunity for South Australia and its economy.”**

--- Premier of South Australia, the Hon. Peter Malinauskas MP



<sup>1</sup> [https://www.apf.gov.au/About\\_Parliament/Parliamentary\\_departments/Parliamentary\\_Library/pubs/BriefingBook47p/CostOfLiving](https://www.apf.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/CostOfLiving)

<sup>2</sup> <https://www.abs.gov.au/media-centre/media-releases/monthly-cpi-indicator-annual-rise-56-may-2023>

<sup>3</sup> <https://www.premier.sa.gov.au/south-australian-economic-statement>

<sup>4</sup> <https://www.forbes.com/advisor/au/personal-finance/interest-rate-news>

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# Economic analysis










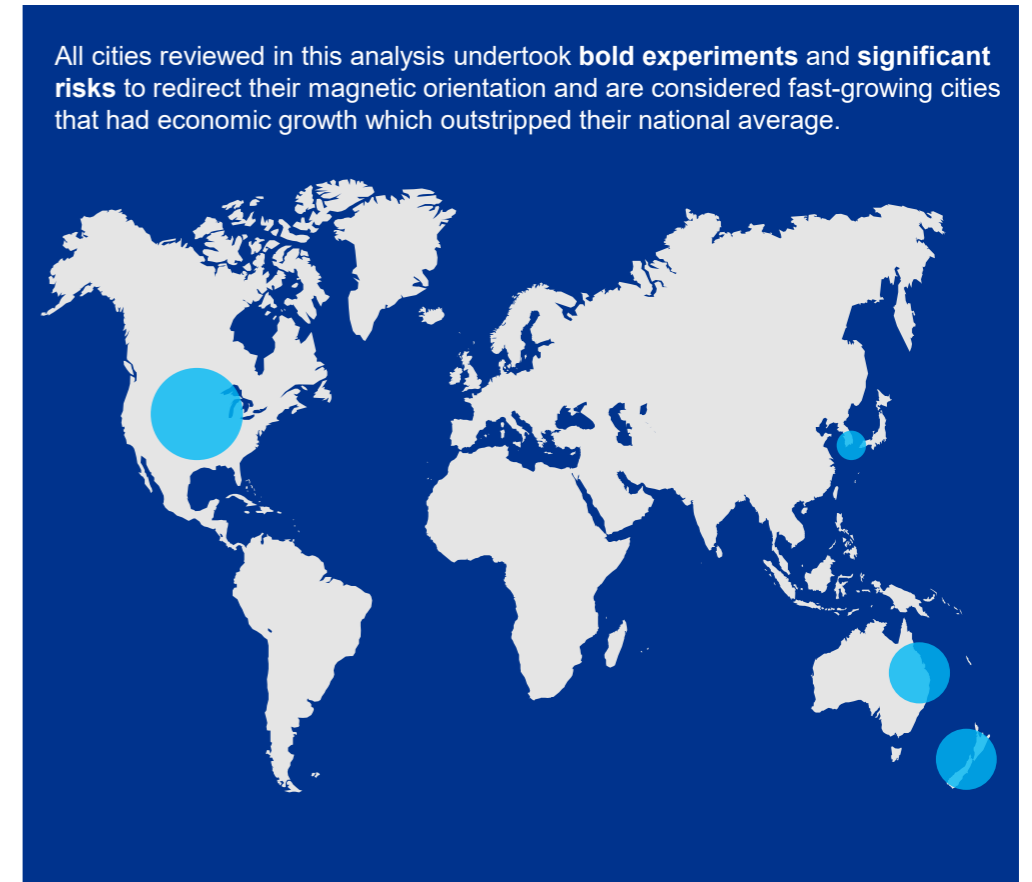
# The criteria for economically successful cities

KPMG UK's 2015 report, 'Magnet Cities,' explored strategies for struggling cities to enhance their economic prospects and compete with global counterparts. It addressed questions on improving city offerings, attracting residents and business investments, and transforming a city into a major player. These findings remain relevant for AEDA today, as they likely contemplate similar questions.

A city with a strong **magnetic pull** draws in new residents, visitors and business investment. Cities like London, New York and Hong Kong exert worldwide magnetic pull, even when faced with economic challenge as people are still drawn to the economic opportunities, mix of residents and global landmarks and arts and culture. Conversely, cities with **magnetic push** cast off residents and businesses as people pack their bags and move to cities with greater magnetic pull. Some cities with a positive magnetic force find that their magnetic pull is overwhelmed by that of neighbouring global or capital cities. For instance, in the UK, cities find it difficult to compete against the super-strength pull of London. The answer is not to lessen the pull of these large successful cities, it is to strengthen the magnetic pull of second cities in order to give people and businesses a valid choice. This is particularly relevant for Adelaide given the proximity to Sydney and Melbourne who have genuine claims to being magnet cities.

Each city and community has its own definition of economic development and as a result each city has its own opportunities, challenges, and priorities<sup>2</sup>. The following details the principles of magnet cities<sup>1</sup>. These principles underpin how each city draws in new residents, visitors and business investment.

 <h3>Attract young wealth creators</h3>	 <h3>Connected to other cities</h3>
<p>Cities that successfully target particular groups of wealth creators do so because there is a logical link to the city. Cities draw upon strengths of their past and present to attract specific groups – groups that share a natural affinity with the city.</p>	<p>If a city is going to attract a new generation of residents, the city must be easy to get in and out of. Quick and economical transport such as high speed trains and modern, efficient airports are important to magnet cities.</p>
 <h3>Constant physical renewal</h3>	 <h3>Cultivate new ideas</h3>
<p>Global cities undergo constant physical renewal. Neighbourhoods change purpose, different areas fall in and out of fashion and new buildings are put up and torn down. Ongoing physical renewal keeps cities interesting and new. This is one of the reasons global cities stay so magnetic.</p>	<p>Cities that nurture and take pride in new ideas. The culture and heritage of the city, mix of residents, academic assets, investment community and physical cityscape all contribute to a culture that cultivates and supports the new.</p>
 <h3>Definable city identity</h3>	 <h3>Fundraisers</h3>
<p>Cities that attract young wealth creators have a strong and clear city identity that new residents identify with. The identity of a city reflects the values, interests, skills and behavioural tendencies of its residents. While it is heavily informed by national identity, a city identity can also be significantly different.</p>	<p>The city governments in magnet cities play a unique financial role. They do not just see themselves as the distributors of city funds. They see themselves as fundraisers on behalf of the entire city. Their job is to attract private investment, research grants and public funds into the city.</p>
 <h3>Strong leaders</h3>	
<p>City reinventions on large scales have strong mayors and civic leaders, who led the city post crisis. In almost every case, that mayor came from a non-political background. These were individuals who were compelled to step up and help save their cities; their overriding concern was not partisan politics. It was finding the quickest and most pragmatic way to turn their city around. These individuals tore down barriers and rejected status quo thinking and approaches.</p>	





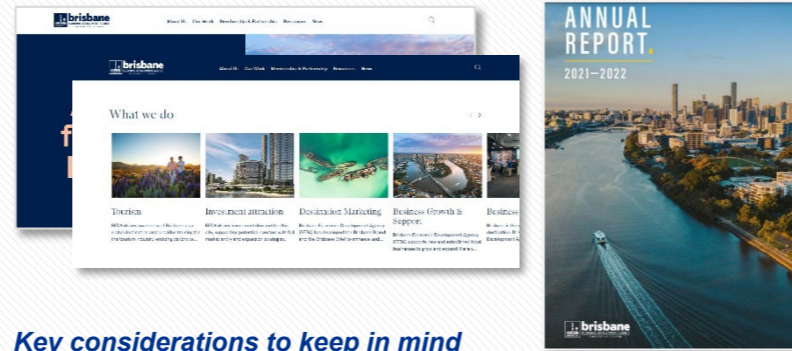
# The economic development agencies in focus

Brisbane Economic Development Agency (BEDA) and WellingtonNZ (WENZ) are the two agencies in focus for this analysis. Information was gathered from agency websites, annual reports and other public sources.

The basis for selection of these agencies included successful economic development agencies in Australasian cities that have been recognised for their innovative economic development strategies and that have a relatively comparable population; one higher and the other lower.

Brisbane has a population of 2.5m, and in 2023 was the only Australian city named as one of TIME's world greatest places, with reference to its new airline partnerships and the Queen's Wharf \$2.6 billion project to reposition the riverfront as the central commercial corridor of the region<sup>1</sup>.

Wellington NZ, has a population of 435K and was the 2022 winner of the global Bloomberg Mayors Challenge; recognised for designing the boldest and most ambitious urban innovations that address current issues including economic recovery and growth, health and wellbeing, climate and environment, and gender and equality<sup>2</sup>.



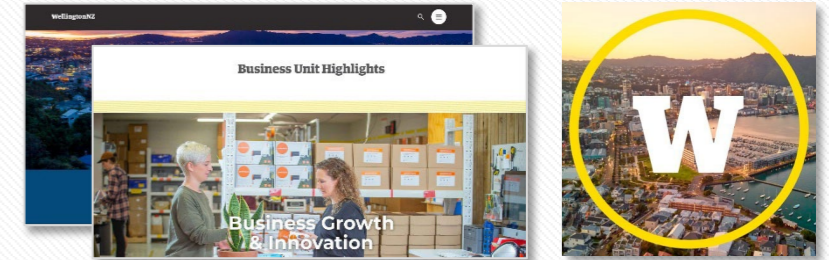
### Key considerations to keep in mind throughout the analysis:

- ✓ **Subsidiary to council**

<b>City population</b>	2,505,000 (Brisbane Metro Area Population)
<b>Size of council area</b>	1,343 square kilometres
<b>Funding</b>	\$24.1m (includes Brisbane City Council and controlled entities, and state and federal government for FY22)

All statistics are at May 2023

# WellingtonNZ



### Key considerations to keep in mind throughout the analysis:

- ✓ **Subsidiary to council**

<b>City population</b>	435,000 (Wellington Metro Area Population)
<b>Size of council area</b>	444 square kilometres
<b>Funding</b>	\$27.4m (includes Wellington councils, government organisations and private sector for FY22)

All statistics are at May 2023



# Brisbane Economic Development Agency (BEDA)

BEDA is a key contributor to the success of Brisbane's flourishing city and investment opportunities. This deep dive into Brisbane's successful Agency details how it is structured, how it determines where to apply direction and focus, and how the Agency responded to Covid-19 among other key strategic areas.

## Agency structure

BEDA is a wholly owned subsidiary of Brisbane City Council and is the city's official Economic Development Board. Originally formed as Brisbane Marketing that resided within the council, the function underwent a restructure in 2021 to form BEDA. Brisbane City Council's approach to subsidiary agencies goes further than just economic development. Other agencies include (but are not limited to) City of Brisbane Investment Corporation and Brisbane Sustainability Agency. These subsidiaries have their own Boards and reporting functions that sit separate to the council operations.

## Reason for initiative

To grow Brisbane's economy, drive demand and create growth and trade opportunities for local Brisbane businesses<sup>1</sup>. The Brisbane City Council states BEDA is responsible for a number of functions including (but not limited to) deliver recommendations from the Lord Mayor's Economic Recovery Taskforce and to support industry growth and trade in priority areas.

## Internal structure

BEDA operate and are structured like an organisation with an experienced C-Suite executive leadership team (CEO, COO, CFO etc.) along with 82 supporting staff. Internal roles include marketing, events and administration and to ensure council interests are represented, the Lord Mayor is a member of the Board. By using this structure, BEDA operate autonomously where executives can exercise and action decisions within a remit, without the requirement for arduous council approval processes. This structure allows BEDA to be agile and proactive, and is a key contributing factor to the successful delivery that BEDA consistently achieve.

## Measuring for success

Noted by the BEDA CEO, part of Brisbane's winning formula is the genuinely collaborative nature of its commercial culture and while specific performance metrics are unknown, results from strategies prove successful delivery. For example, more than \$349 million in economic activity was generated by investment and industry growth initiatives delivered by BEDA in 2021-22, including the delivery of 20 major events across 2021-22 that generated more than \$68 million in economic activity while attracting 29 new major events and international sporting matches.

## Key strategies

- Being custodian of the Brisbane brand, initiatives include *Brisbane Content Toolkit and Brisbane Brief*
- Create and manage supporting websites *Visit Brisbane* and *Choose Brisbane*
- Implemented the Brisbane Business Hub; physical and virtual places where local businesses can access workshops and business events, business mentoring, business facilities and resources
- Host paid events
- Being the official Convention Bureau
- Lead Brisbane's Major Events Strategy
- Paid membership and partnerships

## Skills and capabilities of leadership

BEDA's ability to achieve the level of success since its inception in 2021, stems from the extensive national and global experience, and capabilities held by the executive team and the Board. BEDA leaders are recognised as experts in their fields and combined have managed major projects worth over \$7billion across a variety of industry and sectors including (but not limited to) financial services; hospitality; manufacturing; arts and culture, major events, sport and media. Specifically, the leadership team have strong capabilities in strategy, partnership management and stakeholder engagement. The Board have extensive capabilities across managing international organisations, public media strategy, tourism strategy, and international arts and culture. The skills and capabilities utilised within BEDA are vital to the economic success of the City of Brisbane as noted by Darren Searle, head of Australia and New Zealand at logistics property specialist Logos "BEDA was the key to the [Logos] Estate's success"<sup>2</sup>.

## Operating strategy

Being structured like a private sector organisation, and having council representation in the form of the Lord Mayor on the Board, allows the executive team to be agile and exercise fast decision making. The Brisbane City Council and BEDA are aligned on BEDA's strategic operations; to work with clear strategic direction, so the Agency can execute strategies and reduce the process and approvals required by council. BEDA and the council will also collaborate on key strategies for the City of Brisbane, including most recently to develop Brisbane's Economic Development Plan 2031 (council branded). BEDA also frequently collaborates and, when appropriate, partners with the QLD state government agencies to deliver economic development initiatives. For example, BEDA partnered with Tourism and Events Queensland to secure and deliver major events such as the Wallabies vs England rugby match.

## Covid response

As part of the Tourism Industry Reference Panel in 2021, a number of Covid response recommendations were raised, including to develop and implement a Brisbane Capital City Visitor Economy Strategy - to be agreed between City and State and embraced by all layers of government and industry and to invest in digital transformation programs for visitor economy businesses<sup>2</sup>. In 2022, Covid response activities included delivery of retail and dining campaigns and a series of activations including the Christmas program designed to promote the city centre. To cement the city's position as a must-visit destination BEDA launched the new destination brand and worked with local creative agencies to launch a new destination brand for the greater Brisbane region. It is noted by BEDA's CEO that while a full recovery will continue to take some time, the return of visitors, business and major events, and the reopening of new flight routes and capacities, presented exciting opportunities in late 2021-22. With its strong strategic plan BEDA drove future demand for Brisbane, while providing support to local businesses rebuilding from challenging times, with the region's visitor economy the most impacted.




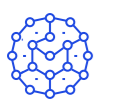



## BEDA focus areas FY21/22

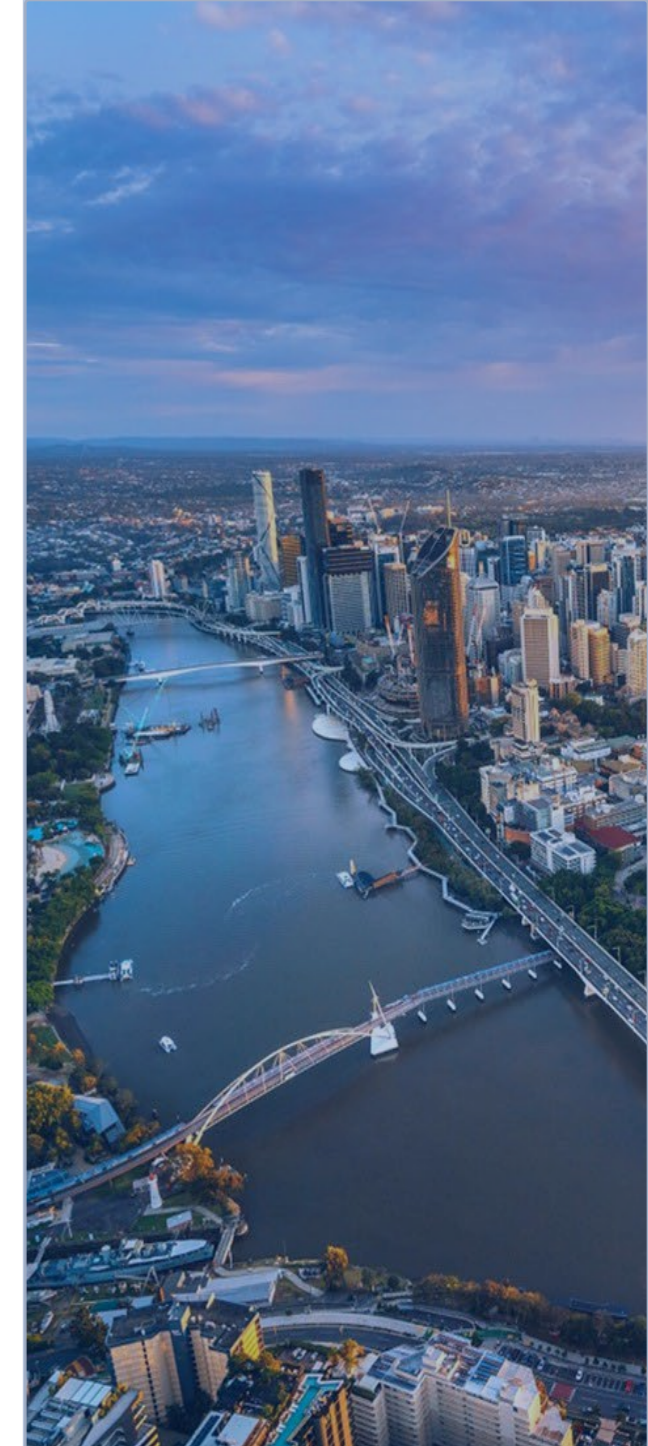




# Brisbane is a magnet city

The below highlights how the Brisbane Economic Development Agency (BEDA) aligns to the magnet cities principles.

	<b>Attract young wealth</b>	BEDA is fiercely focused on attracting new investment and growing Brisbane's global profile. Technology programs are aimed to fast track the global readiness of local companies designing, developing, and manufacturing products to attract investment and retain and create new jobs.
	<b>Constant physical renewal</b>	BEDA supports the redesign and development of Brisbane city. For example, BEDA supported the the successful development of Howard Smith Wharves on the Brisbane River with heritage buildings and saw about \$200 million invested in the project that included a 164-room 5-star hotel, a 359-space car park, 3 restaurants, cafes, bars and event spaces and is mostly pedestrian only.
	<b>Definable city identity</b>	BEDA support and contribute to strategies and activities that residents identify with. The identity of Brisbane reflects the values, interests, skills and behavioural tendencies of its residents. Brisbane's new visual identity is described as contemporary and innovative and represents the colours, nostalgia, confidence and humour of Brisbane, and reflects the city's lifestyle, climate, opportunities and people <sup>2</sup> . Regarding BEDA branding, the organisation has its own distinctive and individual identity, but leverages the City of Brisbane logo which is included on the Agency website and for any formal or informal documentation (annual reporting, media releases etc). This branding strategy clearly signifies a connection and collaboration with the council, but still allows for BEDA to be identified as its own entity.
	<b>Connected to other cities</b>	BEDA worked with Brisbane Airport Corporation and Tourism and Events Qld to recommence airline partnership marketing activity in New Zealand, Singapore, the United States, the United Kingdom, and the Middle East. BEDA also worked with global trade and distribution partners to stimulate and drive preference for Brisbane, and to increase capacity on existing airline routes and secure new airline routes.
	<b>Cultivate new ideas</b>	Since opening in October 2020, Brisbane Business Hub (the Hub) has become a pivotal resource in supporting and growing local businesses, creating a community of more than 7,500 connected business people. In 2021-22, BEDA designed and delivered, alongside business experts, 228 workshops and 188 mentoring sessions.
	<b>Fundraisers</b>	BEDA deliver the Lord Mayor's Women in Business Grant (\$250k) program to help local business women combat the impacts of the pandemic and grow their business. BEDA also support business incentives to generate funds that support growing the Brisbane's economy. In 2022, BEDA delivered the Lord Mayor's Business Awards, highlighting the innovation and excellence of Brisbane businesses contributing to the growth of Brisbane's economy. Regarding BEDA funding; the agency receives grants from the Brisbane City Council and this support is agreed to ahead of each financial year. In FY21/22 this funding accounted for 81% of total revenue. BEDA also receive QLD state government funding (8% total revenue for FY21/22) and federal funding (3% total revenue FY21/22). BEDA also generated 8% of its total revenue in FY21/22 from activities including (but not limited to) ticket sales, advertising and industry participation, memberships and venue hire.
	<b>Strong leaders</b>	Given the structure of the Agency, and the detailed review of financial year results in the annual report from CEO, Chairman of the Board and the Lord Mayor, comprehensive reporting to these leaders is assumed and would reflect similar to that of a corporation rather than council reporting. For BEDA to execute the level of strategies and achieve consistent success, this requires a comprehensive measurement framework to track and report against progress, including oversight by key leadership (such as Lord Mayor). Further reporting includes annual reports and detailed financial statements. BEDA has also engaged an audit and risk management committee (ARMC), and a human resource and remuneration committee (HR&RC).



# Wellington Economic Development Agency (WellingtonNZ)

Wellington's economic development agency is a key contributor to Wellington improving its national and international opportunities. This deep dive into Wellington's successful economic development agency details how the agency is structured, how it determines where to apply direction and focus, and how the agency responded to Covid-19 among other key strategic areas.

## Agency structure

WNZ is a Council Controlled Organisation (CCO) with shareholders being Wellington City Council (80%) and Greater Wellington Regional Council (20%). It is able to raise independent funding via commercial and other government partners. WNZ is also the owner of a subsidiary company, CreativeHQ Ltd. CreativeHQ provides business incubation, acceleration and innovation services, and has its own independent Board, including a WNZ Director and CEO.

## Reason for initiative

WNZ exists to facilitate and support economic performance across the region to enhance prosperity, vibrancy and liveability for the 528,000 people who live and work there. Further, WNZ seeks to help bring Wellington's future to life, through storytelling, events and experiences, in supporting talent and jobs for the future, and in attracting investment in the region. The mission is to create a thriving region for all; with more businesses succeeding and employing more people, more people participating in and attending events and experiences, and supporting more collaboration and engagement across the region. The purpose of WNZ is to make the Wellington region 'wildly famous'<sup>1</sup>.

## Internal structure

WNZ operate and is structured like a private sector organisation with an experienced executive leadership team that includes a Chief Executive Officer, General Manager Events and Experiences and a Chief Operating Officer. The supporting team spans across regional development, destination and attraction; events and experience; and marketing and communications. Similar to BEDA, in operating more like an organisation than a traditional government agency, executives can exercise and action decisions within a remit without the requirement for arduous approval processes.

## Measuring for success

WNZ utilises a performance framework with specific KPIs used across the three focus areas for the agency; Jobs for the future, Placemaking, and Collaboration and Engagement. For example, a Placemaking KPI is 'equivalent advertising value from media activity'. The performance framework includes an explanation of the KPI, a forecast result and a target result. Additional internal facing KPIs include financial management (budget tracking), funding diversification (percentage of revenue from commercial/non-council funding) and employee engagement (employee culture surveys). WNZ also ensure that comparative (historical) figures are included in the company's reporting on its performance framework.

## Key strategies

- Operating and managing supporting website Wellingtonnz.com
- Wellington City i-Site (visitor experience centre)
- Wellington Convention Bureau
- Wellington City and regional proposition and narrative
- Tourism, travel and trade destination marketing
- Venues management
- CreativeHQ
- Screen Wellington

## Skills and capabilities of leadership

WNZ senior leadership team has extensive national experience across media, communications, foreign affairs, finance and legal services. Key international experience across international sporting events is crucial for the success of the events and experiences component of the agency. The Board has extensive national and international experience across a range of sectors including, leadership, social marketing, events and sponsorship, financial management, manufacturing, film and media, and indigenous business organisations. These skills and capabilities utilised within this agency are vital to the economic success of Wellington, as noted by WNZ's COO "WellingtonNZ has a wide and varied mandate and need to ensure we have the right people, capability and resources to deliver a positive impact for the region's economy."

## Operating strategy

Being structured like an organisation allows the executive team to be agile and exercise fast decision making. To ensure efficiency is continuous, WNZ try to find ways to share services with CreativeHQ when appropriate and with consolidating all IT platforms to the core WNZ system, teams operate with the appropriate technology required to be as efficient as possible. Purchasing decisions and contract negotiation is assessed to ensure it is appropriate with a level of probity expected in the public sector, and WNZ focus on enhancing its environmental and climate considerations for all purchasing and operational practises. A statement of intent (2020-2023) is publicly available that details the planned activities, intentions and performance measures for WNZ for the subsequent three years. Further, WNZ also recognise that closely collaborating with the central government is key for the successful delivery of key economic development opportunities.

## Covid response

WNZ recognised that a focus on agility and flexibility along with a clear recovery strategy and detailed response framework would allow Wellington's economy to experience a strong recovery position. This strategy was used as the way to approach events, student attraction, film business, and new business activity. WNZ identified key focus areas that included a focus on reimagining the future and considering the long-term impacts and changes that Covid-19 will have on the Wellington regional economy. As a result, during FY19/20 WNZ contributed \$115m in direct economic impact from WNZ activities and initiatives, \$30m in equivalent advertising value and \$2.3m in research and development grants to drive innovation among other major contributions. WNZ recognise the importance of collaboration and partnership to sustain economic confidence in the region and to develop a community-wide vision and action plan.

## WNZ focus areas FY21/22



Jobs for the future



Placemaking





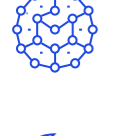




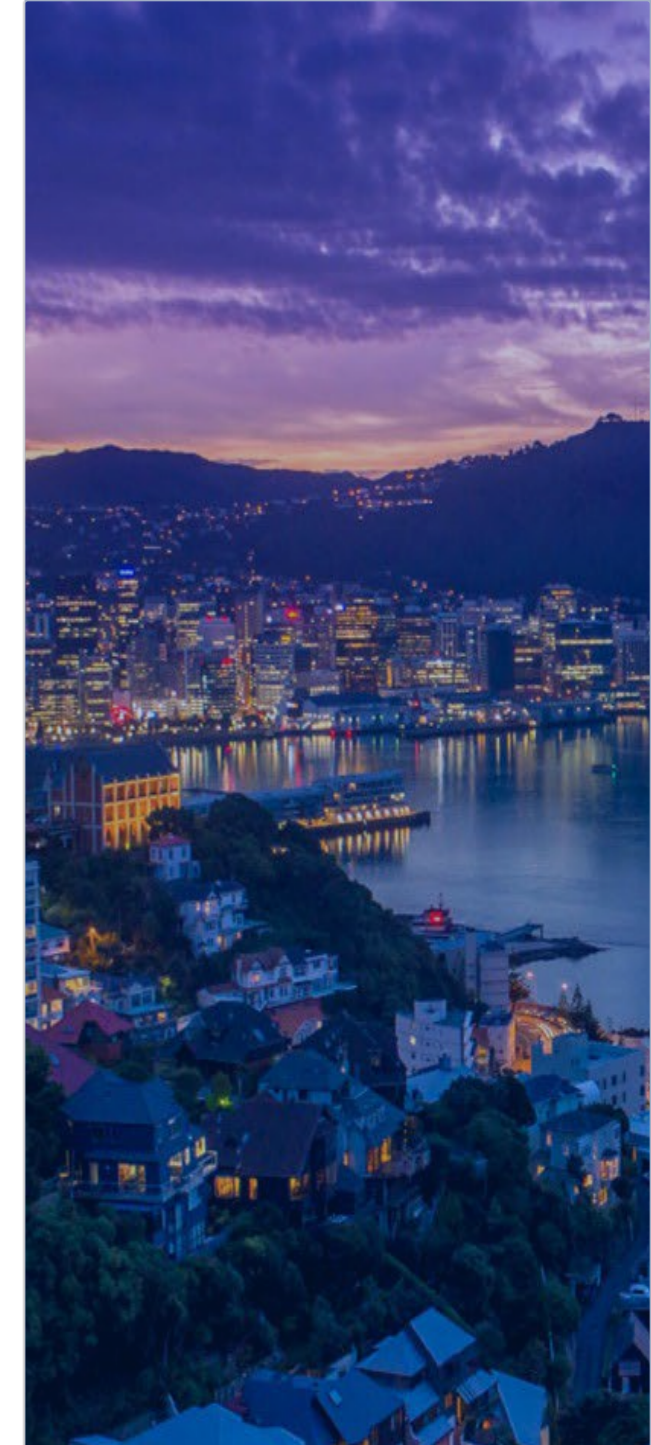
Collaboration and engagement



# Wellington is (becoming) a magnet city

The below highlights how WNZ aligns to the magnet cities principles.

	<p><b>Attract young wealth</b></p>	<p>The key focus areas for WNZ are to contribute to attracting young wealth; support businesses growth and innovation that meets future workforce needs; and to grow partnerships and enhancing the city's creative reputation. For example, to ensure the most innovative and appropriate growth strategies are implemented for Wellington's flourishing screen industry, WNZ contributed to the draft screen sector 2030 transformation strategy, to inform national screen industry objectives. In November 2021, Wellington was awarded the UNESCO City of Film designation.</p>
	<p><b>Constant physical renewal</b></p>	<p>As Wellington prepares for an expected increase of 50,000-80,000 people over the next 30 years, WNZ has contributed to plans on upgrades to transform the city. This includes the City Streets program; up to 83 individual improvements across Wellington, and the <i>Lets Get Wellington Moving program</i> to reduce number of vehicles throughout the city with improved transport options (improved commuting routes including pedestrian and cycling).</p>
	<p><b>Definable city identity</b></p>	<p>With WNZ's destination management plan 2021-2031, the ambition is to make Wellington a zero-carbon city that is famous for experiences that ignite curiosity and that will make you think. This ambition is underpinned by a strategic framework and priority projects such as to develop local IP and to support the tourism industry transition to carbon-zero. Regarding WNZ branding, the agency leverages the style of branding used by Wellington City Council and clearly signifies unison between the two. WNZ website has its own logo font and can be distinguished as its own identity from the Wellington City Council. Formal documentation such as the statement of intent and annual reporting leverage the identity of the council. It is clear that WNZ and the council want to signify collaboration and partnership to audiences via this branding strategy.</p>
	<p><b>Connected to other cities</b></p>	<p>WNZ seek numerous ways to partner with industries and organisations including partnering with ImmigrationNZ to identify international opportunities and how to target markets to benefit the City of Wellington. WNZ has a specific focus on tourism; partnering with key tourism sector partners across the region and nationally to play an active role in developing, reimagining and transforming the tourism industry. For example, WNZ supported the initiative to train more than 2,300 travel agents in person, at Tourism New Zealand events to ensure consistent delivery and effective programs.</p>
	<p><b>Cultivate new ideas</b></p>	<p>CreativeHQ is New Zealand's leading provider of incubation, acceleration and innovation programs. Since inception, CreativeHQ has worked with more than 300 start ups and high growth ventures to develop their business concepts and commercialise opportunities, including pioneering the first acceleration program for Government in 2014 and establishing Wellington as a global GovTech hub.</p>
	<p><b>Fundraisers</b></p>	<p>WNZ funding activities are sourced from the two shareholding councils, from central government agencies who contract WNZ to perform specific services, and a range of commercial, private sector partners, and government partners. Funding partnerships include tourist operators and hotels to support destination marketing and business events attraction. However, WNZ receives its primary funding from its shareholding councils. As well as supplementing core funding, it is evident that commercial funding partnerships connect WNZ more directly with relevant sectors and ensure the work they do is relevant and accountable to those sectors. Per a funding agreement with Wellington City Council, WNZ has made a commitment to continuously measure, monitor, and report on a range of metrics that detail how the region is performing in key areas of WNZ interest, but for which WNZ only has a partial or no direct impact.</p>
	<p><b>Strong leaders</b></p>	<p>WNZ has strong leadership across the Executive team and the Board, as well as the close connection to the council. The strong leadership extends to the governance of the organisation. An appointment (by the shareholders) of an independent Board of Directors was made to govern the organisation and subsequent reporting is actioned through to the Wellington Regional Strategy Committee (WRS) which consists of mayors from territorial authorities across the region, and WCC and Greater Wellington Regional Council (GWRC) councillors. Further reporting includes annual reports that detail internal performance and staff pulse surveys. Risks associated with the successful delivery of WNZ's key focus areas and KPIs are detailed and reported to shareholders as part of the statement of intent.</p>



# A snapshot of other economically successful cities across the globe

As detailed in KPMG's Magnet Cities report, these cities are examples of those that faced significant economic challenge(s), devised ambitious economic strategies and have reaped the benefits of strong, innovative leadership. While the report was produced in 2015, the principles and strategic insight on economic development is still relevant today.

The most progressive magnet cities offered their own risk capital to attract investment and funds. They capitalised city assets and leveraged balance sheets; simply, they 'put skin in the game'. Magnet cities found ways to become less reliant on national, provincial or state governments for financial help.

The cities showcased here pulled generations of young wealthy people, international investment and retained residents. Each city has a valuable economic development operation that is strategic and effectively collaborates with public and private enterprise. It is also important to note that these cities continue to be challenged economically, but have solidified the mentality and designed the tools required to bravely face these challenges, and turn them into opportunities.



## Denver, USA

Population 2.9 million

**Economic challenge:** Oil and gas industry prices collapsed and respective companies went bankrupt. And the city was undiversified that contributed to a recession.

**Economic strategy:** Appointment of a new ambitious Mayor who delivered a new, additional international airport operating via an enterprise fund and issued tax incentives and grants to encourage developers and individual investors to buy and rehabilitate old buildings.

**Economic benefits:** Today, most Americans know Denver is the number one city for millennials. More than half of Denver's population have university degrees. As long as Denver continues to be a haven for young people who love to ski, hike and work hard, it will succeed.

## Oklahoma City, USA

Population 1 million

**Economic challenge:** Due to banking crisis and industry decline and a lack of infrastructure, an entire generation of Oklahoma City's young, the city's future wealth creators, left for booming cities elsewhere.

**Economic strategy:** 1 cent tax increase applied to fund the 'Metropolitan Area Projects' – to invest into the city for physical improvements including to improve the quality of life and change the city's identity.

**Economic benefits:** The city's GDP growth rate outstripped the national average between 2000 and 2010. The city attracted new groups of energetic young people, with improvements in quality of life for existing residents choosing to stay in the city.

## Changwon, South Korea

Population 1 million

**Economic challenge:** Demand instability from foreign companies, rising real estate prices – factories with high employment shut down operations.

**Economic strategy:** The Mayor decided to change the identity of the city – to become the Environmental Capital of Korea and to merge with 3 other cities.

**Economic benefits:** Benefits were realised quickly and economic growth has been remarkable. Between 2010 to 2013 Changwon's GDP increased by USD 7.9 billion.



## Tel Aviv, Israel

Population 4.4 million

**Economic challenge:** To meet the unrelenting demand for roads and houses, the city expanded quickly and somewhat haphazardly.

**Economic strategy:** Delivered a strategic framework for the development of the city – almost entirely focussed on improving the quality of life for residents.

**Economic benefits:** GDP growth exploded. Tel Aviv is currently a city full of young, educated and highly ambitious residents – being a highly liveable city for the young, paved the way to Tel Aviv's current technology renaissance.

## Christchurch, NZ

Population 405,000

**Economic challenge:** Limited residential options and unprofitable city tax scheme and serious environmental event.

**Economic strategy:** Diversify the economy, transform the city centre by attracting and retaining a new cadre of young professionals and to collaborate with the public to form a collective vision for the city.

**Economic benefits:** Named by Lonely Planet as one of the top ten travel destinations for 2013 largely due to the range of pop-ups, murals and infectious recovery spirit. The New York Times declared the city as one of the top places to visit during 2014.



# Key insights for AEDA to consider

The noted findings generated from the economic analysis provide insight on some of the underlying reasons why BEDA and WNZ are successful agencies and significantly contribute to their respective economies.

These insights provide practical opportunities to make the most of what AEDA has to offer. With an agile operating model in place to deliver collaboratively with partners on a well defined strategic plan, greater economic benefits can be experienced across the city.

**It is important to note that while these are both Australasian cities, there are key differences that should be considered when addressing these insights.**<sup>1</sup> Differences include the amount of local, state, federal funding and private funding received, generated revenue, the size of the agency, and the breadth of remit each agency can operate within.

While there are valid reasons as to why AEDA are currently unable to capitalise on some of the same opportunities as these cities, the below considerations are non-funding related, have significantly contributed to the success of these cities, and still greatly apply to AEDA.

With the above considered, it is clear AEDA has been able to demonstrate effectiveness in responding to challenges, rapid changes to economic conditions, and to capitalise on Adelaide's economic priorities and opportunities, without some of the key advantages such as greater funds allocated to other successful cities. AEDA now has the opportunity to exercise more success in the future with the following learnings considered.



## Organisational structure and governance

Both agencies are structured like organisations with an executive leadership team including a CEO and COO/CFO, and purposeful supporting functions.

Evident in the analysis is the respective councils' trust and empowerment toward the agencies to solely focus on the city's economic development, and remove unnecessary process and approval requirements.

This structure allows the agencies to be agile and exercise fast decision making, enabling greater clarity, coordination, efficiency, accountability, and adaptability. It also provides a clear governing and reporting framework that supports the agency to achieve goals and objectives effectively.

**It is acknowledged that Adelaide's size and AEDA's annual budget is significantly smaller than Brisbane and Wellington, however opportunities to expand the current funding model to include more external sources could be more actively pursued.**

**There is also an opportunity to review the AEDA structure and improve governance processes to enable greater agility in decision making and delivery of key objectives.**



## Long-term strategic plan

These agencies utilise clear and comprehensive multi-year strategic plan(s), supported by detailed economic growth strategies.

Evident in these plans is the holistic approach to economic development. For example WNZ has developed an economic development framework that underpins all programs of work.

These agencies use their strategic plan to deliver numerous programs of work that drive significant innovation, investment and partnerships, as well as to deliver initiatives that directly promote the city.

**AEDA currently develops an annual business plan and budget, however the provision of a longer term strategic plan and supporting economic growth strategy/policy, would provide clearer direction and funding stability and enable the Agency to plan broader strategic long term initiatives.**

**AEDA should also consider the elements of the magnet cities principles in the design and development of their strategic plan.**



## Agency collaboration

Collaboration between BEDA and WNZ and their respective councils is effective and consistent.

These agencies also collaborate on strategic planning, and WNZ specifically noted the importance of collaboration between councils and other parties to ensure all plans and strategies integrate, and information sharing occurs. Scale is achieved when collaboration occurs on economic development projects.

Both agencies also leverage council branding and identity. These councils are in partnership with the agencies, and the agencies are seen as providing the council with a strategic advantage.

The councils and agencies play significant but separate roles, and this concept is well defined, understood and supported by both parties. This collaboration has allowed for improved performance, competitive advantage, and successful delivery of initiatives.

**There are opportunities for AEDA, the CoA, State Government, partners and other key stakeholders to collaborate more effectively in planning and delivering economic growth initiatives.**

02

# Governance & operating model analysis





# The forming of AEDA

The below provides an overview of how AEDA was formed.

2008

## Originating structure

The Economic Development function, Marketing and Communications team, and the Visitor Information Centre, originally resided within the CoA organisational structure. Advice and support for new and existing small businesses was provided through the Economic Development and Sustainability Program, and the Business Centre team.

The Rundle Mall Management Authority (RMMA), established in 2008 as a Council subsidiary, was funded by a differential separate rate paid by business and commercial property owners within the Rundle Mall precinct.

The RMMA included a Board of Directors with specialist expertise, and a team with the remit to deliver against their annual Business Plan and Budget, approved by the CoA and Council. The initiatives within this plan focussed on increasing and promoting economic activity within that precinct through various marketing activities, events and sponsorships.

The Precinct and Mainstreets management model in place consisted of eight local precinct groups, funded by the CoA. Stakeholder consultation conducted in 2019, found that precinct boundaries were fragmented, a sense of competition between precincts rather than collaboration, a duplication of resources, an inequitable funding model, and a disconnect to the overarching City vision and other council initiatives.

As a result, challenges and barriers were experienced. These included disparate teams, duplication of resourcing and effort, and no central team or structure driving economic development.

2019

## Review into a new city-wide business model

In 2019, the CoA explored the merits and options for a City Wide Business Model, with the view to establish a single body that would be responsible for attracting local, interstate and overseas visitors, investment and employment, and new residents.

A feasibility study was conducted on behalf of the CoA, guided by a City Wide Business Model Advisory Group comprising CoA executive and management. The goal of the study was to propose a more efficient and effective model for whole of City business initiatives, that would enable a positive impact on the City economy, and provide a fit for purpose governance and funding model.

Extensive stakeholder consultation was undertaken to inform this study and recommendations. The study considered the economic benefits of transitioning from the present model and a comparison of the likely outcomes.

It also reviewed the operating models at the time of other South Australian organisations including the Jetty Road Mainstreet Committee, Goodwood Road Business Association, and RMMA, other Australian capital cities including Brisbane and Fremantle, and overseas entities including Wellington, Auckland Tourism Events and Economic Development, and the Golden Triangle (USA).

One of the governance options considered was for Council to retain administrative control of the model, however this was the lowest ranked option due to a perceived lack of business representation and responsiveness to adapt to commercial demands. The findings concluded that a separate section 42 subsidiary, funded by general rates, with the authority to manage and distribute its own funds, provided the most robust alternative to the current model.

The new collaborative city-wide business model was endorsed by Council in 2020, and is reflected in the CoA 2020-24 Strategic Plan as a key initiative of Outcome 2: Strong Economies.

This decision resulted in the existing Economic Development, Marketing, and Visitor Experience functions with the CoA structure, Precinct support, and the RMMA, merging to form the new AEDA.

2021

## AEDA Charter

The AEDA was formed as a subsidiary of the CoA and officially commenced operations in January 2021, with a remit to:

- Accelerate economic growth in the City, by attracting investment and supporting businesses, festivals and events, as well as visitor, student and residential growth;
- Promote the City as a destination and increase its visitation and use by residents, workers, visitors and the community in general; and
- Position the Rundle Mall as the State's premier retail and commercial shopping precinct in order to sustain retail, business and economic viability.

The existing 2020-21 budgets for the previous functions were consolidated and transferred under AEDA's management.

The Agency is governed by a Board with responsibility to manage the business and other affairs, all relevant legislation and any delegations made to it. A decision of the Board is a decision of the Agency. The Board includes up to nine members, including the CoA Lord Mayor, an AEDA Advisory Committee representative, and up to seven members with a range of expertise, experience, and business ownership. Board membership is appointed by the CoA CEO, COO Corporate Services, and three CoA Council representatives.

The AEDA Advisory Committee was established in February 2022, and is represented by up to eight members with local precinct, small business, and industry sector representation. Its purpose is to enquire and report to the Agency on any matter within AEDA's functions and powers, including a formal mechanism for city businesses, main streets, precincts and other stakeholders to provide advice to the Board.

The Charter states that AEDA is to establish its own **Strategic Plan** (four years), Long Term Financial Plan (10 years), and Business Plan and Budget (ABP&B) each year that is approved by Council.

# Current operating model - governance

The following section provides an assessment of the performance of AEDA against its Charter and Business Plan delivery, since its inception in January 2021, across the key operating model pillars.

## Overview

The AEDA Board meets at least 8 times per year and is responsible for key decision making of the Agency, including authorised budget spend, grants, events, and promotional activities. The AEDA Advisory Committee meets at least quarterly, and is responsible for providing advice and City business representation to the Board. Most notably, the key topic of discussion has been the consolidation and restructuring of the City precinct model. The Committee have also commenced hosting a networking event series with City stakeholders to discuss various topics of relevance to help develop, improve, grow and promote the city.

AEDA's Annual Business Plan and Budget (ABP&B) is reviewed and approved by Council as part of the overall CoA annual budget process. A workshop was facilitated in March by AEDA staff with the Councillors to discuss planned initiatives, budget allocation, key success measures, and incorporate feedback and changes into the ABP&B for 2023/24.

Reporting of AEDA performance and progress is provided via:

- AEDA Board meetings (confirmed minutes are also available to Council members for information)
- CoA Audit Committee reporting
- Quarterly Council reporting via the CoA Audit and Risk Committee
- Annual report including financial statements
- More informally, through e-news.

Despite this frequency of reporting, there is a view held by some Councillors that they do not receive adequate updates, and communications with AEDA are not at the level of detail required. A recent decision of the AEDA Board now enables any CoA Councillors to attend AEDA Board meetings in an observer capacity, to gain greater insights and connections with the Agency and Board members. To date, only one Councillor has taken up the offer, and found the Board meetings to be very informative and worth while attending.

## Key opportunities

- Develop City ED policy – the CoA and AEDA staff (including the Board) to work collaboratively, to ensure insights and expertise are considered and incorporated into a growth agenda that all parties support.
- Develop the AEDA Strategic Plan, to provide strategic direction and a four year plan of the key initiatives required to support the growth of the City economy.
- Develop the AEDA LTFP to provide long term financial stability to support the delivery of the Strategic Plan.
- AEDA MD and/or Chair to present the quarterly progress report to the City Finance and Governance Committee, to enable greater discussion and Q&A with stakeholders (rather than as just a Council information report for noting).
- The CoA Lord Mayor to share insights regarding AEDA Board discussions with Councillors (rather than just via E-News update), and encourage them to attend AEDA Board meetings to observe operations and build more positive relationships with Board members.
- Conduct a review of the purpose and value of the AEDA Advisory Committee and identify key improvement opportunities to enable greater alignment and contribution.

## What's working well

- ✓ All stakeholders consulted were supportive of the current AEDA model for driving City economic activity and growth.
- ✓ The value of having a highly skilled and experienced Board advising on the economic direction of the city was also acknowledged by the AEDA team and in multiple stakeholder interviews. An example of value add was during the development of the Residential Action Plan, where key Board members through their trusted connections, were able to include major property developers in the consultation to understand the barriers to building in the city and inform how these could be overcome.

**“The AEDA model, with a skills based Board works. Our credibility with the business community as a subsidiary is high, which allows us to achieve better outcomes.”**

– stakeholder statement

## Key challenges

- No overarching Economic Development (ED) Strategy or Policy currently in place to provide a clear vision and objectives, responsibilities for delivery, or align to State and Federal Government economic policy. This is a deliverable of the CoA Economic Policy function, outlined in the CoA 2022-23 Business Plan and Budget.
- No AEDA Strategic Plan or Long Term Financial Plan (LTFP) in place to provide overall strategic direction and a long term plan for the Agency. These are included as requirements of the AEDA Charter endorsed upon establishment of the Agency.
- There is a view that the Advisory Committee does not provide meaningful value and is an unnecessary layer of governance.
- Lack of formal process for 'out of session' decisions requested of the AEDA Board for approval.
- Councillors feel at arms length to key AEDA decision making and the allocation of grants and funding of different events across the city.
- This lack of strategy, clarity of purpose and the role that AEDA plays in driving economic growth of the City, is currently providing a level of confusion and frustration amongst key stakeholders including Councillors, external partners, and state government.

# Current operating model – service delivery

## Overview

The Agency is led by the Managing Director, who is currently part of the CoA Executive team and reports directly to the CoA CEO. It was noted that this position is currently under review, including a potential change of reporting line to the COO Corporate Services instead of the CEO, with dotted line reporting to the AEDA Board. As this a strategic role with the remit to drive economic development of the city, our view is that this change in reporting line should be carefully considered to ensure strong and visible AEDA representation at the CoA Executive level, and a high level of communication and collaboration between AEDA, the CoA and the Council.

The AEDA staff have a range of experience and expertise in retail, events, property, investment, business support, tourism, brand, and marketing.

The AEDA Board includes a group of highly skilled professionals with business experience and expertise across hospitality, property development, place making, business development, investment, events and tourism. As recommended in the Rundle Mall Program Performance Review, the Board could be further enhanced by including someone with contemporary retail expertise. It was noted that this will be a consideration during the upcoming AEDA Board member appointments for the coming term.

## What's working well

- ✓ Talent attraction and development of AEDA staff, including young professionals who have joined the Agency to deliver key services.
- ✓ Agile and contemporary approach that has enabled authentic and valuable input more in touch with the market AEDA are trying to grow in the City.
- ✓ AEDA staff prefer working under the AEDA model than directly under a CoA organisational structure, as it implies a greater level of professionalism and presence within the business community, and provides them with direct access to a Board of SMEs who can offer relevant and timely advice, direction, and support in delivering the required projects and services that AEDA is responsible for delivering.
- ✓ The skills and expertise of the AEDA Board members and value they add was acknowledged in several internal and external stakeholder interviews. This expertise is seen as critical to building confidence and trust, and driving the City economic growth agenda.
- ✓ Excellent levels of business engagement, with a can-do and collaborative culture of AEDA staff who are smart, willing and passionate about what they do. In the old CoA structure, the Marketing team provided an account based services role to the Economic Development team, whereas now all the teams work together to deliver objectives and market the city.

## Key challenges

- The level of 'red tape' required for decision making and funding approval for events and sponsorships by both the AEDA Board and Council, is limiting AEDA's ability to be agile and to quickly adapt to City community needs, driven by changing economic conditions and other factors.
- No dedicated Events team within AEDA, which places additional pressure on AEDA Marketing staff to organise and run major events with limited capacity and specialist events expertise. The CoA City Experience team manage and facilitate city wide events and projects. This team of 17 staff resides within the City Shaping directorate, but does not currently provide support for AEDA hosted events.
- Perceived reluctance of AEDA staff and the elected Council to communicate effectively and work together in a collaborative way. This has caused a breakdown of some relationships between AEDA, the CoA staff, Councillors and key City stakeholders that now needs to be rebuilt.
- The negative press and Council Chamber comments on AEDA causes high levels of staff frustration and disappointment. Despite this, morale and enthusiasm remains high as staff believe in the model and continue to work hard to deliver the program.
- The late timing of yearly budget process and approval by Council in late June then puts a huge amount of pressure on the team to plan and deliver key projects in a limited amount of time.

## Key opportunities

Conduct a review of current AEDA resourcing and requirements, with a view to potential realignment and growth of current teams.

Include considerations to:

- Expand the AEDA Data and Insights function from one staff member to a team that can dedicate time to collaborate with the business community to understand their needs, and conduct more targeted data analysis, research, and properly measure economy performance and activity levels across the City.
- Investigate the options and benefits of merging the City Experience team into the AEDA model to provide efficiencies and more effective resourcing and expertise to drive city-wide large scale events.
- Mainstreets, Precincts, and Place Co-ordinators also currently reside within the CoA structure and could be better maximised in AEDA to provide insight and business outreach services.
- Develop streamlined (but structured) approval process to enable responsive decision making of key initiatives, events, grants and sponsorships by the Board, with the CoA and Council endorsement only required where necessary.

“Being able to deliver projects, with multiple stakeholders, within short time frames. Strong teams determined to meet strategic outcomes, effectively and efficiently.” – stakeholder statement



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# Current operating model – people and process

## Overview

AEDA has a team of 31 staff across Business and Investment, Marketing, and Rundle Mall Management who deliver a range of services including:

- Business support and investment
- Economic data and insights
- Events and Festival sponsorships
- Precincts support
- Residential growth
- Strategic partnerships
- Marketing the city
- Visitor attraction and information services
- Rundle Mall management and promotion.

AEDA partners with SATC, DTI, DPC, and the Property Council, provides funding to support Study Adelaide, Renew Adelaide, Business SA, Business Events Adelaide, Festivals Adelaide, SouthStart, City Precinct Groups, and sponsors major City festivals and events, to deliver economic growth initiatives across the City.

## What's working well

- ✓ AEDA has built trust quickly with key stakeholders and hosted successful business summits, lunches and events. This is supported by the positive results from surveys conducted with City businesses indicating a high level of support and value.
- ✓ Collectively high level engagement and penetration of City businesses with a vast range of programs and activities delivered including a focus on the pandemic and post-Pandemic activities to reactivate the City from an economic lens.
- ✓ The Rundle Mall team were also recognised as doing a 'brilliant' job at delivering on their Plan and have implemented the majority of recommendations from the 2020 Program Performance Review report. The more holistic management of Rundle Mall through additional support by the Business Support and Investment team was also recognised, and anecdotal evidence indicates Rundle Mall Levy payers now receive a greater ROI compared to the previous RMMA services.
- ✓ AEDA is recognised and trusted by State Government and the market to provide key City economic data to inform insights and investment decision making. This was recently acknowledged in the State Government media release regarding the upcoming Illuminate Adelaide event, quoting *"figures from the Adelaide Economic Development Agency show an estimated \$365 million was spent across shops, cafes, restaurants and hotels in Adelaide's CBD in July 2022"*.
- ✓ Reactivation initiatives that have had a direct impact on the economy, including EatsVouchers and the Welcome to Adelaide Packs.

## Key challenges

- A large amount of staff time is spent on coordinating event sponsorships that are small value and provide minimal return on investment.
- AEDA's sponsorship of activities that key strategic partners drive is not always recognised, nor AEDA's contribution visible to City stakeholders.
- No strong push for precinct reform, with varying views regarding where precinct management should reside (AEDA vs the CoA). This has not been an area of focus in the last couple of years due to the higher priorities of establishing the Agency and Covid response activities.
- There is a current view by some CoA staff and Councillors that all AEDA events and marketing should be co-branded to include the CoA logo, and acknowledge their contribution. This differs to views held by some AEDA staff and Board members, who believe business forums and services should be independent to the CoA brand, to provide greater credibility and encourage engagement and take up of AEDA services by City stakeholders.
- Without an overarching long term AEDA Strategic Plan or enabling economic development policy direction, it is challenging for the AEDA team to operate at a more strategic level, and be recognised as a key player in driving the City's economic growth agenda with external bodies.

“City Experience team being located within the CoA should be reviewed. Events are a key driver for economic impact, yet their focus is based on community and residents. – stakeholder statement

## Key opportunities

- Review, expand, and strengthen alliances with key strategic partners to ensure value to money and outcomes align with AEDA purpose. Potential expansion to include: Committee for Adelaide, Universities, and the newly formed **State Government Economic Board**.
- This review should also consider the greater role AEDA could play in overseeing and coordinating the delivery of initiatives across these entities, to ensure alignment and common goals, maximise value and reduce duplication of effort.
- Investigate additional investment opportunities to fund AEDA initiatives and partner with State Government and external bodies to deliver more (and more diverse) economic growth focussed services and support to the City community.
- Develop a brand guideline, in collaboration with the CoA, to provide clarity and agreement around the use of the AEDA, the CoA, and combined logos on marketing materials, and inclusion of key AEDA, the CoA, and Council member representation, based on types of hosted events and activities.

# AEDA business plan and performance

The AEDA Business Plan and Budget is funded by the CoA and partially by the Rundle Mall separate rate paid by businesses that reside within the Rundle Mall precinct. Funds from the separate rate are used only to support the actions for the Rundle Mall precinct and not the broader city.

AEDA's primary focus in the first years of operation, was to support the City and businesses during the Covid-19 pandemic through targeted response and recovery initiatives. This is reflected in the current and previous business plans. To respond to changing economic conditions, priorities and opportunities, AEDA also consults regularly with City business and community stakeholders on their needs and expectations. Where new initiatives or sponsorships and events funding is identified, AEDA adapts the budget allocation accordingly, and seeks AEDA Board and Council approval for any applicable changes required.

To date, AEDA has delivered on the majority of their business plan actions within budget. Further detail of key achievements is provided in Appendix 2. There is an opportunity for AEDA to be more strategic and growth focussed moving forward, underpinned by an overarching AEDA Strategic Plan that provides long term vision and direction.

	Key Focus Areas	Budget	Actual	Actions Delivered	Key Achievements / Measures	Comments
<b>RMMA 2020-21 Business Plan</b>	<ul style="list-style-type: none"> <li>Covid response</li> <li>Precinct information hub</li> <li>Precinct growth</li> <li>Customer experience</li> <li>Rundle Mall branding</li> </ul>	<b>\$9.8m:</b> \$3.8m RM Levy \$3.9m CoA (5 months) \$1.7m RMMA (transfer) \$400k Other	\$231 surplus	35 of 37 (95%)	<ul style="list-style-type: none"> <li>20 festivals/events delivered</li> <li>128 outdoor activation grants</li> <li>88 volunteers serviced 51,918 visitor enquiries</li> <li>AEDA and 'experienceadelaide' socials established</li> <li>4 City reactivation campaigns</li> <li>7 precinct groups supported</li> <li>335 businesses supported</li> </ul>	<ul style="list-style-type: none"> <li>There was no AEDA ABP&amp;B for this transition year. Delivery was based on delivering the existing RMMA Plan.</li> <li><b>\$1.7m</b> of funds from RMMA and <b>\$3.9m</b> from the CoA were transferred to AEDA in January for the remaining 5 months of the FY.</li> <li>Review of RMMA Operating Agreement with the CoA (service levels) was postponed due to Covid response impacts.</li> <li>Four events and some visitor services were also cancelled due to Covid.</li> </ul>
<b>AEDA 2021-22 Business Plan</b>	<ul style="list-style-type: none"> <li>Covid response</li> <li>City growth</li> <li>Brand &amp; marketing</li> <li>Information &amp; data</li> <li>Visitor experience</li> <li>Advocacy</li> </ul>	<b>\$13.7m:</b> \$3.8m RM Levy \$9.3m CoA \$400k AEDA \$200k State Govt / Other	\$17k over budget	65 of 79 (82%)	<ul style="list-style-type: none"> <li>14 festivals/events delivered</li> <li>75 volunteers serviced 24,878 visitor enquiries</li> <li>Inaugural AEDA Business Summit &gt;350 attendees</li> <li>Inaugural Wellfest events attracted 13,000 patrons</li> <li>Quick Response Fund supported 17 events</li> <li>92 shopfront improvement grants</li> <li>Residential Growth Action Plan</li> <li>Retail brand assessment study</li> <li>4 Strategic Partnership grants awarded</li> <li>12 partnership tourism &amp; City activation campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Four events were cancelled due to Covid. Economic Research &amp; Data Analyst joined the team to provide greater focus on city economic performance and insights.</li> <li>Rundle Mall hosted 425 events and was awarded 'Retail Precinct of the Year' by the National Retail Association. A Rundle Mall Program Performance Review was conducted with 28 recommendations, of which 22 were implemented same year.</li> <li>All Plan actions were commenced, with 14 remaining active or partially completed in areas of residential, student, visitor and business growth, establishment of CRM tool to support better communications, and visitor experience centre.</li> </ul>
<b>AEDA 2022-23 Business Plan (progress to end Q3)</b>	<ul style="list-style-type: none"> <li>Covid recovery</li> <li>Business investment</li> <li>Residential &amp; visitor growth</li> <li>Rundle Mall</li> <li>Brand &amp; marketing</li> </ul>	<b>\$14.8m:</b> \$3.9m RM Levy \$10.9m CoA	\$1.5m surplus against YTD budget	46 Plan actions	<ul style="list-style-type: none"> <li>34 measures - 8 achieved, 23 in progress</li> <li>15 events held to date</li> <li>146 shopfront improvement grants awarded</li> <li>5 new event grant applications awarded</li> <li>10 existing event grant applications awarded</li> <li>Adelaide Tourism Operators Program</li> </ul>	<ul style="list-style-type: none"> <li>YTD (to end Q3) surplus is made up of sponsorships, contributions and grants, shopfront, materials, contracts &amp; other expenses, and employee costs.</li> <li>Twitter was removed as a primary social media platform.</li> <li>6 significant retail brands committed to opening stores in Adelaide, <i>Sheike, JD Sports, Uniqlo, Windsor Smith, Tag Heuer and Kookai</i>.</li> <li>Launch of Adelaide Tourism Alliance KPI removed due to SATC review.</li> <li>Experience Adelaide website KPI removed due to review of other metrics.</li> </ul>
<b>AEDA 2023-24 Business Plan</b>	<ul style="list-style-type: none"> <li>Business, Investment &amp; Residential growth</li> <li>Visitor growth</li> <li>Rundle Mall</li> <li>Brand &amp; marketing</li> </ul>	<b>\$13.5m:</b> \$3.9m RM Levy \$9.2m CoA \$400k Other	-	36 Plan actions	<ul style="list-style-type: none"> <li>27 measures</li> </ul>	<ul style="list-style-type: none"> <li>An emphasis on recognition of partnerships funded through Strategic Partnership Program and with state government agencies and others.</li> <li>Significant streamlining of actions from previous year including inclusion of key recommendations from the Rundle Mall place vision project.</li> <li>More focus on outcomes, reduction of key actions and measures.</li> </ul>

# AEDA business plan and performance

The below details a selection of some of AEDA's key achievements, including how these align to the Magnet Cities principles, and key risk areas and opportunities for improvement.

## Key achievements for 2022-23 (Q3)



Cultivate new ideas

Adelaide Fashion Week events attracted more than 800 guests with **retail spending up 5% year on year**.



Cultivate new ideas

161 businesses participated in the Eats Christmas campaign **generating a total spend of \$119.5k** in the city from Nov 2022 – Feb 2023.



Attract young wealth

Games Plus Scholarship launched to **assist business start ups in the video gaming sector**. To date, 10 scholarships have been offered.



Cultivate new ideas

Launched **two tourism partnership campaigns with Accor Australia and Wotif** targeting interstate and intrastate customers.



Strong leaders

Data4Lunch – series of events hosted by leading organisations, with presentations from key partners and more than **100 people in attendance**.



Cultivate new ideas

AEDA engaged a specialist 3rd party to **support 10 city based tourism operators through one-on-one coaching and implementation support**; to build capacity, drive demand and refine tourism product offerings.

## Key delivery risk areas & challenges

- The ByADL online retail shopping platform was established in February 2022 and officially launched in December 2022. It has had limited take up of City businesses (around 80) to date. AEDA paid \$250k to Arcadier, the ByADL services and support provider, and the value it has provided has not been measured. There is a view that this was an unjustified investment decision at the time, and continued funding may not be merited if the expected benefits are not being realised. The proposed target in the draft AEDA 2023-24 Business Plan is to reach 200 City business retailers to achieve 2,000 consumer sales on this platform, with no detailed plan evident on how that will be achieved.
- AEDA invests approximately \$320k in the Wellfest Event Program each year. However it is not clear that the program is delivering on the intended outcomes. The service provider is based in Sydney and their contract has two more years to run.
- The CoA Strategic Plan has a priority action to deliver a new Visitor Experience Centre. Given rising construction and technology costs and potential changes in consumer behaviour following Covid, AEDA staff are undertaking due diligence on the model. The capital component of this project is fully funded by a federal Government City Deal allocation of \$4 million. However if the projected revenue in the operating model is not realised, there is a potential operating project impact for the CoA. It is also noted that SATC is considering development of a digital solution for SA, and there may be opportunities to collaborate with them and align projects to deliver a greater overall solution.
- There is a perceived focus of projects in the Plan to enhance popular, already busy and well tenanted parts of the city, at a cost to the traditional main streets such as King William Street that has high vacancy levels, lower quality tenancies, and average street appeal.
- Many key initiatives and events that occur in the City involve multiple stakeholders including State Government agencies. It can be difficult to measure the specific contribution that AEDA makes in delivering the economic outcomes of these major events, such as increased hotel occupancy levels and increased visitor spend in the City.

## Key opportunities & future considerations

- Apply a more strategic focus during the planning process, by considering what key initiatives are required to achieve the desired outcomes and then determine the funding required to deliver, rather than starting with a set budget and then determining what can fit within it. If the ROI can be justified through appropriate business case then budget constraints should be challenged. For example, in the post-Covid environment with more major conferences being hosted in the City, AEDA could consider increasing funding to maximise flow-on opportunities such as tourism and complementary activities that support these events.
- In order to be more strategic, AEDA also needs a Strategic Plan to provide a long term view and direction, and inform the future annual business plans and budgets.
- Provide a more detailed breakdown of budget allocation and include robust measures of success in the AEDA Annual Business Plan that align specifically to planned actions, to provide greater transparency and accountability of spend and delivery.
- Identify obligations of ByADL contract and investigate options, benefits and risks of continuing to support this platform, or exiting the contract and transitioning the service out of AEDA to alternate provider.
- Reassess ambition and contractual obligations for Wellfest.
- Complete due diligence on the original plan and approach for the new Experience Adelaide visitor centre.



03

# Growing and evolving AEDA



# Growing and evolving into the next chapter

AEDA has provided and capitalised on valued economic development opportunities for the City of Adelaide and surrounding regions. However, for long-term sustainability, AEDA must transition from a Covid-response position to a strategic operation.

When looking to the future, it is apparent that AEDA faces considerable barriers that can cloud achievements and progress toward economic development opportunities. The agency currently lacks a strategic plan, specific economic development strategy or policy, or a long-term financial plan.

The below recommendations provide clear initiatives over the short and medium-to-long term that can support AEDA to move from a Covid-response agenda to a sustainable strategic business.

1

## Quick wins

In no particular order, quick win recommendations, once implemented, will bring **immediate benefit** and impact to AEDA.

Recommendations allocated to strategic priorities are still important to begin designing in the short-term, but once implemented, the benefits will be realised in the medium-to-long-term and bring **significant benefit** and impact to AEDA.

Each recommendation is referenced and further detail can be found in Appendix 1.

### Benefits realised immediately

- AEDA Managing Director and/or Chair to be invited to present the quarterly progress report to the City Finance and Governance Committee (4)
- Lord Mayor to share insights regarding AEDA Board discussions with Councillors and encourage attendance to AEDA Board meetings (5)
- Identify obligations of ByADL contract and investigate options to continue or exit (7)
- Reassess ambition and contractual obligations for Wellfest (15)
- Provide a detailed breakdown of budget allocation within the ABP&B that aligns actions to progress and accountability (8)
- Develop streamlined and structured approval between the Board, the CoA, and the Council (11)
- Develop a brand guideline, in collaboration with the CoA (14)

~6 – 12 months

2

## Strategic priorities

### Benefits realised in the medium-to-long-term

- Develop the AEDA Strategic Plan (2)
- Develop City Economic Development Policy (1)
- Develop the AEDA Long Term Financial Plan (3)
- Conduct a review of the purpose and value of the AEDA Advisory Committee (6)
- Revisit the original plan and approach for the new Experience Adelaide visitor centre (9)
- Conduct a review of current AEDA resourcing and requirements (10)
- Expand the AEDA Data and Insights function from one staff member to a team (10.1)
- Investigate the options and benefits of merging the City Experience team into the AEDA model (10.2)
- Explore moving Mainstreets, Precincts, and Place Co-ordinators to AEDA (10.3)
- Review, expand, and strengthen alliances with key strategic partners (12)
- Investigate additional investment opportunities (13)

~12+ months



# Key next steps to maintain momentum

The below next steps are recommended for AEDA to maintain momentum and have clarity over what comes next.

## 1 Circulate review with AEDA team, the CoA and Councillors

To ensure transparency and accountability, encourage key stakeholders to engage and consider the outcomes of this review.

Further, AEDA should seek feedback from key stakeholders, either informally or via feedback meetings to discuss.

Encouraging the examination of this comprehensive and independent review allows AEDA to cultivate trust, accountability and transparency, and constructive dialogue with its key stakeholders that will contribute to its long-term success.

## 2 Consider a ways-of-working forum with the CoA

A ways-of-working forum that serves as a platform for AEDA and the CoA administration executive to openly discuss collaboration opportunities and challenges, co-create solutions, align processes, develop team norms, and foster a culture of continuous improvement and streamline inefficiencies.

This forum can address barriers, improve communication, and establish effective working relationships, ultimately improving collaboration and overall performance for both entities.

## 3 Prioritise quick wins for implementation

Prioritising quick wins is a key first step to ensure AEDA are focused and clear on what to implement first and what order best aligns with the agency's objectives. The prioritisation criteria should consider:

- Impact and benefit
- Feasibility (including resource allocation and effort required)
- Alignment to strategic goals
- Risks and dependencies
- Sustainability (while quick wins focus on immediate results, they should also align with long-term objectives and not create additional challenges or complexities).

04

# Appendices



# Appendix 1: Key recommendations - governance

Ref	Recommendation	Benefit to be realised	Delivery recommendation	Key responsibility
1	Develop City Economic Development policy	The CoA should work collaboratively with AEDA staff and the Board to ensure insights and expertise are considered and incorporated into the growth agenda that all parties support. Alignment to State Government ED policy is critical.	Strategic priority	CoA
2	Develop the AEDA Strategic Plan	To provide strategic direction and a four year plan of the key initiatives required to support the growth of the city economy, a long term view and direction, and inform the future annual business plans and budgets, with consideration for: <ul style="list-style-type: none"> <li>• Key projects/initiatives required to achieve the desired outcomes</li> <li>• The funding required to deliver (rather than starting with a set budget and then seeing what can fit within) – if the ROI can be justified through appropriate business case then budget constraints should be challenged. For example, in the post-Covid environment with more major conferences being hosted in the city, AEDA could consider increasing funding to maximise flow-on opportunities such as tourism and complementary activities that support these events.</li> </ul>	Strategic Priority	AEDA
3	Develop the AEDA Long Term Financial Plan	To provide long term financial stability to support the delivery of the strategic plan.	Strategic priority	AEDA
4	AEDA Managing Director and/or Board Chair to be invited to present the quarterly progress report to the City Finance and Governance Committee	Noting that invitation to present to the City Finance and Governance Committee is at the discretion of the Committee Chair, this should be encouraged and supported by the CoA as a regular quarterly agenda item. This will then enable greater discussion and Q&A with stakeholders (rather than as just a council information report for noting).	Quick win	CoA
5	Lord Mayor to share insights regarding AEDA Board discussions with Councillors and encourage attendance at Board meetings	Additional communication other than just via e-news update, and to observe operations and build more positive relationships with Board members.	Quick win	CoA
6	Conduct a review of the purpose and value of the AEDA Advisory Committee	Identify key improvement opportunities to enable greater alignment and contribution of this committee, in line with the future direction / AEDA strategy.	Strategic priority	AEDA
7	Identify obligations of ByADL contract and investigate options to continue or exit	Investigate options, benefits and risks of continuing to support this platform, or exiting the contract and transitioning the service out of AEDA.	Quick win	AEDA
8	Provide a detailed breakdown of budget allocation that aligns actions to progress and accountability	Include robust measures of success in the business plan that align specifically to planned actions, to provide greater transparency and accountability of spend and delivery.	Quick win	AEDA
9	Revisit the original plan and approach for the new Experience Adelaide Visitor Centre	Investigate alternative options for providing in person and digital services to city visitors, including through collaboration with state government and/or other partners. Options analysis should provide detailed costings, expected benefits and outcomes, and include community consultation as input to the preferred model(s) and locations of service delivery.	Strategic priority	AEDA
15	Reassess ambition and contractual obligations for Wellfest Program	To ensure this initiative aligns with AEDA's strategic vision and the AEDA Charter.	Quick win	AEDA

# Appendix 1: Key recommendations - service delivery

Ref	Recommendation	Benefit to be realised	Delivery recommendation	Key responsibility
10	Conduct a review of current AEDA resourcing and requirements	Provide an analysis to inform benefits of potential realignment and growth of current teams, as outlined below.	Strategic priority	AEDA
10.1	Expand the AEDA Data and Insights function from one staff member to a team	Dedicate time to collaborate with business community to understand their needs and conduct more targeted data analysis, research, and properly measure economy performance and activity levels across the city.	Strategic priority	AEDA
10.2	Investigate the options and benefits of merging the City Experience team into the AEDA model	Provide efficiencies and more effective resourcing and expertise to drive major events.	Strategic priority	CoA
10.3	Explore moving Mainstreets, Precincts, and Place Co-ordinators to AEDA	Provide insight and business outreach services.	Strategic priority	CoA
11	Develop streamlined and structured approval between the Board and the CoA	<p>To enable responsive decision making of key initiatives, events, grants and sponsorships by the Board, with the CoA and Council endorsement only required where necessary.</p> <p>Criteria for different levels of approval and escalation to be determined, and may consider factors such as the investment dollar value, risk level or impact to CoA, AEDA and/or external parties, whether the initiative is out of scope of the approved AEDA ABP&amp;B, and urgency to deliver.</p>	Quick win	AEDA

# Appendix 1: Key recommendations – people and process

Ref	Recommendation	Benefit to be realised	Delivery recommendation	Key responsibility
12	Review, expand, and strengthen alliances with key strategic partners	Ensure value for money and outcomes align with AEDA purpose. Potential expansion to include: Business Events Adelaide, Committee for Adelaide, universities, newly formed State Government Economic Board. This review should also consider the greater role AEDA could play in overseeing and coordinating the delivery of initiatives across these entities, to ensure alignment and common goals, maximise value and reduce duplication of effort.	Strategic priority	AEDA
13	Investigate additional investment opportunities	To fund AEDA initiatives and partner with state government and external bodies to deliver more (and more diverse) economic growth focussed services and support to the city community.	Strategic priority	AEDA
14	Develop a brand guideline, in collaboration with the CoA	To provide clarity and agreement around the use of the AEDA, the CoA, and combined logos on marketing materials, and inclusion of key AEDA, the CoA, and Council member representation, based on types of hosted events and activities.	Quick win	AEDA

# Appendix 2: Key achievements (source: AEDA)

## 2020/21 AEDA/RMMA Key Achievements/Measures

- Delivered the City Business Support program in partnership with Business SA supporting 335 businesses
- Supported Renew Adelaide to launch 15 businesses adding 52.5 new jobs to the city's economy
- Supported 7 precincts groups through the delivery of the Mainstreet Development Program
- Delivered a pilot program of welcoming new firms to the city and connecting Executive staff of those firms with Council programs and executive staff
- Supported 128 business through the Outdoor Activation Grant program to enhance the presentation of their business
- Supported 20 events and festivals in the city through the funding of \$1.3m
- In response to COVID-19 over \$85,000 in quick response funding was administered to support events and festivals through the period
- Assisted over 51,000 visitor inquiries through the Visitor Information Services program and delivered the Adelaide Greeter Service and Cruise Ship meet and greet program
- Developed the AEDA Website and Communication Channels
- Promotional Campaigns and Activities:
  - Adelaide's Long Lunch: voucher program that administered 5,000 \$30 vouchers with a redemption rate of 42%
  - City Living Campaign: supported actions from the CoA Residential Growth Action Plan and promoted the city lifestyle as a driver to live in the city
  - Luxury Escapes Campaign: achieved \$24,000 worth of holiday packages sold in the city and North Adelaide
- Rundle Mall:
  - Rundle Mall continued to deliver its program of installations, experiences and activations under the auspices of AEDA
  - Welcoming the Adelaide Fringe Box office, Lunar New Year installation and hosted Urban Kitchen through Taste Australia.

## 2021/22 AEDA Key Achievements/Measures

- Inaugural AEDA Business Summit with over 350 attendees, 97% supported another Summit, 98% were extremely satisfied
- WellFest Adelaide inaugural event attracted over 13,000 patrons across the various elements of the core events
- Acceleration of Residential Growth work:
  - AEDA hosted two roundtable discussions, commissioned an analysis of economic benefit on increasing the city's population and a review of the Planning and Design code, reviewed previous initiatives and work being undertaken in other capital cities and undertook discussions with State Government agencies on potential policy changes and areas of collaboration
  - The Board subsequently endorsed a range of initiatives for Councils consideration that fed into the work being undertaken by CoA in developing policy to increase residential growth in Adelaide
- Through the Strategic Partnership Program 4 Strategic Partnership Grants were awarded to Renew Adelaide, Adelaide Convention Bureau, StudyAdelaide and Festivals Adelaide
- Citywide Shopfront Improvement Grants supported 92 businesses to upgrade and enhance the street appeal and accessibility
- Welcome to Adelaide Program supported new businesses with over 500 employees directly
- Business Support:
  - Supported more than 60 firms with potential employment of more than 2,000 staff on inward investment opportunities
  - Extended contract with Business SA to include State Government contribution – over 460 firms assisted through the initiative
  - 50 business participated in City Business growth Consulting package
- Events & Festival Sponsorship Program: administered funding of \$1.3m to 14 Events and Festivals
- Events Recovery Fund: Supported new and existing events through COVID-19. \$187.5k was administered to 6 expanding events and \$202.5k of funds administered as a quick respond fund to 17 events
- Visitor Information Services program assisted 24,878 visitors, with contribution of over 75 volunteers. Services included the Visitor Information Service, Mobile Visitor Service, Adelaide Greeters program, Cruise Ship meet and Greet, Central Market Booth and Adelaide Town Hall tours. A retail experience in the information centre was also launched.
- Tourism Partnerships: AEDA partnered with SATC, Luxury Escapes, Expedia Group and RAA Travel to deliver promotions
- Promotional Activities and Campaigns:
  - Go to Town Campaign: AEDA partnered with DPC, SATC and the Property Council to deliver the campaign
  - Hit the Town – Winter Campaign: crated more than 50 events and activations
  - Dinner's On Us – Voucher Campaign: 46,000 people entered the draw to win one of 5,000 \$30 dine in dinner vouchers at participating businesses. Total addition to city economy from the campaign was \$225,700.
  - \$30 Eats – Voucher Campaign: 97,000 people entered to win one of 25,000 \$30 vouchers. Total addition to city economy from the campaign was \$1,202,000.
  - ADLocal campaign supported more than 150 business in promotion with more that 690,000 video views
- Rundle Mall:
  - National Retail Association named Rundle Mall as the Retail Precinct of the Year
  - Rundle Mall engaged an external consultant to undertake a performance review and implemented 22 of the 28 recommendations
  - The precinct was supported by over 425 events and activations for events such as Vogue Fashion, Christmas, Black Friday, Boxing Day, Lunar New Year, Festival Season and Urban Kitchen.

# Appendix 2: Key achievements (source: AEDA)

## 2022/23 AEDA Key Achievements/Measures (to date)

As at Q3:

- Rundle Mall:
  - Rundle Mall Performance Review - all 28 recommendations from the Rundle Mall performance review have been completed, with phases 1-5 of the Place Vision and Precinct Strategy also complete
  - MallFest: AEDA secured retail trading exemptions for each Saturday of the Fringe Festival between 5pm-7pm for MallFest. Foot traffic between these hours increased by 101%, with an 18% increase overall across the 5-week period when compared to the same period last year. Retail spend for February also increased by 10% year on year
  - Organic Bin in Rundle Mall pilot project launched: largest green bin trial in a retail precinct
  - Activations and Events have supported the precinct such as Black Friday, Christmas and Lunar New Year.
- Event & Festival Sponsorship: The strategic events fun has supported 15 events to date and the Events & Festival Sponsorship program funded more than a dozen events
- Welcome to Adelaide: over 1,100 staff from firms that were new to the City were supported through the Welcome to Adelaide program
- Shopfront Improvement Grants: 146 businesses were supported through the program to revitalise and upgrade their shopfront
- Adelaide Tourism Operators Program provided support to 10 city based operators via a 3<sup>rd</sup> party specialised through one on one coaching and implementation support. Results included the development of 14 new tourism products, 2 collaborative packages and the review and revitalisation of 25 tourism products
- Industry Briefings: AEDA held 3 data specific industry briefings to share information about the city's economic performance with key city decision makers
- Strategic Partnerships grants provided to Adelaide Convention Bureau, StudyAdelaide, Festivals Adelaide, SouthStart and Renew Adelaide
- Administered Mainstreet Development grants to Precinct Groups
- Delivered ADL Fashion Week, attracting 800 guests over the core events. In comparison to 2021 Vogue Festival numbers, total foot traffic in Rundle Street and Rundle Mall was up 3.5 per cent and 101 per cent respectively. Retail spending was up 5 per cent Year on Year.
- Delivered WellFest Adelaide – 58 city operators led events under the banner event, highlights including sold out Rundle Malls' biggest yoga session event
- Digital Marketplace; byADL: Australia's first citywide digital marketplace was launched with over 80 operators on boarder with more than 2000 products
- Tourism Partnership Campaign – Wotif: Through a partnership with Wotif an advertising package targeted interstate markets from 27 June – 11 August to generate travel bookings for Adelaide. Overall it generated 7240 pax, 6548 room nights, \$1.1M USD in booking revenue and 274 air tickets. These are all significantly up compared to the same time YoY
- Promotional Activities and Campaigns:
  - Destination Adelaide Campaign: campaign launched to attract regional SA and secondary metro Adelaide visitors to the City
  - \$30 Eats Christmas Edition: 3000 \$30 vouchers were distributed to support CBD and North Adelaide Businesses. 161 business participated in the program and the economic benefit to the city direct from the campaign was \$119,547.





## Disclaimers

### Inherent Limitations

This report has been prepared as outlined in the scope provided in the Executive Summary. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the CoA and AEDA management and personnel consulted as part of the process. KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form. The findings in this report have been formed on the above basis.

### Third Party Reliance

This report is solely for the purpose set out for the CoA and AEDA's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This report has been prepared at the request of the CoA in accordance with the terms of KPMG's contract. Other than our responsibility to the CoA, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

### Electronic Distribution of Reports

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## Climate Change Risk Adaptation Action Plan

Friday, 4 August 2023  
Audit and Risk Committee

Strategic Alignment - Environmental Leadership

**Program Contact:**  
Sarah Gilmour, Associate  
Director Park Lands, Policy &  
Sustainability

Public

**Approving Officer:**  
Ilia Houridis - Director City  
Shaping

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### EXECUTIVE SUMMARY

This report outlines the approach currently underway to review the Climate Change Risk Adaption Action Plan for the consideration of the Audit and Risk Committee.

A further update on review of the Action Plan will be provided in October 2023. At the Audit and Risk Committee meeting on 10 May 2023, at Item 5.1 - Climate Change Risk Adaptation Action Plan, it was resolved that the Audit and Risk Committee:

1. Notes the report.
2. Recommends bringing forward the mid point review of the Climate Change Risk Adaptation Action Plan and requests an update to the October Audit and Risk Committee meeting.

Assessment of achievements under the plan from 2021-2023 will be undertaken as part of the review.

This report also provides the fourth quarter reporting for the 2022-2023 financial year.

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### RECOMMENDATION

#### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report.
-

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Environmental Leadership</b> City of Adelaide’s (CoA) 2020-2024 Strategic Plan includes an outcome to be a ‘climate ready organisation and community’.
Policy	The Climate Change Risk Adaptation Action Plan (Plan) 2021-2026 includes actions to integrate climate risk into governance documents and processes, facility planning and management and service provision so risks can be managed.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	City of Adelaide’s exposure to corporate climate change governance, physical and transition risks were identified in the Climate Change Risk Assessment Report. The Climate Change Risk Adaptation Action Plan (Plan) 2021-2026 seeks to reduce this exposure.
Opportunities	Audit and Risk Committee has requested the mid-point review of the Action Plan be brought forward to address matters such as the retiming of actions and budget implication of the plan.
23/24 Budget Allocation	\$200,000 is allocated to Climate Change Risk Adaptation Actions in 2023/24. The review is being funded from the Climate Change Action Initiative Fund (CCAIF).
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	The Climate Change Risk Adaptation Action Plan has a five-year timeframe for implementation from 2021 to 2026. A mid-point review of the Plan was scheduled in 2024 and final review of the Plan in 2026. The mid-point review is being undertaken in 2023/24 and may change the overall timing of the Action Plan.
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

# DISCUSSION

## Background

1. At its meeting on 10 May 2023, the Audit and Risk Committee requested the mid-point review of the Climate Change Risk Adaptation Action Plan 2021-2026 be brought forward and an update be provided to the October 2023 Audit and Risk Committee meeting.
2. This report outlines the approach to review the Climate Change Risk Adaptation Action Plan for the consideration of the Audit and Risk Committee.
3. A three phased approach to the review is proposed:
  - 3.1. Phase 1 - assessment of the plan's achievements to date, objectives, strategies, and implementation methods, identifying both strengths and weaknesses of the existing action plan.
  - 3.2. Phase 2 - comprehensive analysis of objectives, strategies and implementation, providing recommendations where applicable to enhance the plan's effectiveness and improve its capacity to address climate change risks.
  - 3.3. Phase 3 - implementation of the recommendations identified in Phase 2 of the review, including (if required) target setting, metrics and measurement, Council's role(s), integration across the organisation, and roadmap for implementation.

## Assessment of Achievements

4. Assessment of achievements under the Climate Change Risk Adaptation Action Plan from 2021-2023 will be undertaken as part of Phase 1 the review.
5. In total there are 95 actions in the Climate Change Risk Adaptation Action Plan to be undertaken over the five year lifespan of the action plan. To date, a total of 21 actions have been completed.
6. To complete reporting for the fourth quarter of the 2022-2023 financial year, the following status is provided:
  - 6.1. Of the 28 actions due to be completed by June 2023, 19 are complete, 8 are in progress and 1 is not started.
  - 6.2. A summary table of the actions due to be completed by 30 June 2023 and their status is provided – [Link 1](#).
  - 6.3. Key highlights for the quarter include:
    - 6.3.1. People Safety and Wellbeing have worked with The University of Adelaide to develop a heat map work zone matrix and protocol for the use of an ESIM (Environmental Stress Index Monitor 2.0) (Heat Index/"feels like" temperature tool).
    - 6.3.2. A protocol was established and implemented for July - Sept 2023 for regular monitoring, internal analysis and communication of long-term weather and climate projections for the Events Team.
    - 6.3.3. A process was agreed by which extra information could be provided at pre-lodgement for developments over \$5M (except fit outs) e.g. multistorey apartments, office buildings, retail, school developments (with the detailed advice under development).
    - 6.3.4. Processes have been improved to ensure Council communicates through all channels (i.e. digital screens, emails to stakeholders and social media channels) when extreme events occur (ie Code Red and Code Blue).

## Next Steps

7. Phase 1 and 2 of the review are targeting completion by October 2023 to enable a further update to be provided at the Audit and Risk Committee as requested at its meeting on 10 May 2023.
  8. The aim is to deliver the Phase 3 of the review by December 2023 in time for the Q3 budget review, if required, and preparation of budget proposals for 2024/25.
  9. Administration will continue to implement delivery of the actions identified in the 23/24 Annual Business Plan and Budget relating to climate risk.
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# DATA AND SUPPORTING INFORMATION

Link 1 – 2022/23 Fourth Quarter Update on Climate Change Risk Adaptation Action Plan 2021-2026

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## ATTACHMENTS

Nil

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- END OF REPORT -

## Presiding Member's Annual Report

**Friday, 4 August 2023**

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

**Program Contact:**

Alana Martin, Manager  
Governance

Public

**Approving Officer:**

Michael Sedgman – Chief  
Operating Officer

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## EXECUTIVE SUMMARY

The Presiding Member's Report summarises the activities of the Audit and Risk Committee during the 2022-23 financial year.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Receives the Presiding Member's Annual Report for the 2022-23 financial year as included in Attachment A to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 4 August 2023.
-



## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate and facilitator by maintaining a transparent decision-making process.
Policy	Pursuant to the Audit and Risk Committee Terms of Reference, the Presiding member shall report annually to the Audit and Risk Committee and Council summarising the activities of the Committee during the previous financial year.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Open, transparent and informed decision making.
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. Pursuant to the Audit and Risk Committee Terms of Reference, the Presiding member shall report annually to the Audit and Risk Committee and Council summarising the activities of the Committee during the previous financial year (**Attachment A**).
2. During the 2022-23 financial year, 7 ordinary meetings of the Audit and Risk Committee were held.
3. Council Member representation on the Audit and Risk Committee was updated following the Council election in November 2022.
4. Substantive issues dealt with by the Audit and Risk Committee during the 2022-23 financial year included (but were not limited to):
  - 4.1. 2021-22 Audited Financial Statements
  - 4.2. 2022-23 Business Plan and Budget
  - 4.3. Internal Audit Program
  - 4.4. Climate Change Risk Adaptation Action Plan
  - 4.5. Cybersecurity Four Year Plan
  - 4.6. Service Planning and Performance

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## DATA AND SUPPORTING INFORMATION

Nil

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## ATTACHMENTS

**Attachment A** – Presiding Member’s Annual Report for the 2022-23 financial year

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- END OF REPORT -

## City of Adelaide Audit and Risk Committee

### Presiding Member's Report

I am pleased to present the Presiding Member Report for the City of Adelaide Audit and Risk Committee for the year ended 30 June 2023.

The Audit and Risk Committee met 7 times for the 2022/2023 year with meeting attendance as follows:

• David Powell (Presiding Member)	7/7
• Paula Davies (Independent Member)	7/7
• John Oliver (Independent Member)	5/7
• Simon Rodger (Independent Member)	6/7
• Former Lord Mayor Sandy Verschoor (until November 2022)	3/3
• Lord Mayor Dr Jane Lomax-Smith (from December 2022)	4/4
• Former Councillor Franz Knoll (until November 2022)	3/3
• Councillor Jing Li (from December 2022)	3/4
• Councillor Mary Couros (proxy until November 2022)	0/0
• Councillor Henry Davis (proxy from December 2022)	0/0
• Councillor Phillip Martin (proxy from December 2022)	0/0

The substantive issues that were dealt with during the year were:

- A review of the Valuation Methodology Report Assessment
- Receipt of quarterly business updates, including City of Adelaide subsidiary updates
- Approval of the Risk Statement for the City of Adelaide Annual Report
- Approval of the Strategic Internal Audit Plans
- A review of the scope and methodology of the external audit undertaken and review of the implementation of recommendations proposed
- A review of the 2021-22 Audited Financial Statements
- A review of Council's Annual Report
- Continuous review of the Climate Change Risk Adaptation Action Plan
- A review of the Cybersecurity Four Year Plan
- A review and update of the Terms of Reference of the Audit and Risk Committee
- A review of the Council's Strategic Risk and Internal Audit Group
- A review of Audit and Risk Committee meeting schedule and work plan
- A review of the end of year financial reporting process and proposed timetable to ensure compliance with the legislative requirements
- A review of the City of Adelaide Risk Management Operating Guidelines
- A review of the Procurement and Contract Management System
- A review of the progress of the internal audit program, detailed internal audit reports and implementation of the recommendations on a regular basis:
  - Record Keeping
  - Management of Procurement Practices
  - Payroll Operations

- Legislative Compliance
- Payment Card Industry (PCI) Compliance
- Asset Inspection Review
- Volunteer Management
- Review of the Adelaide Central Market Authority (ACMA) Financial Processes
- Continuous review of the risk management procedures of Council and the administration

Presentations to the Audit and Risk Committee during the year have included:

- Service Planning and Performance
- 2023/24 Annual Business Plan and Budget

The Audit and Risk Committee has worked closely with the Administration in the area of Financial Management including the following:

- Review of Valuation Methodology
- Review and approval of the 2021-22 financial position
- Review of Quarterly Budget Reviews and updates to the Long Term Financial Plan
- Review of 2023-2024 budget process
- Review and approval of the External Audit Plan for 2022-23
- Note the Interim Report on the 2023 External Audit

The Audit and Risk Committee considered 6 matters in confidence and applied 6 confidential orders. I am satisfied that these were an appropriate use of the provisions of Section 90 and 91 of the *Local Government Act 1999 (SA)*.

I would like to express my appreciation to the members of the Audit and Risk Committee for their participation, and to management and staff of the Council for their assistance and clarifications where required.



David Powell

Presiding Member

Date: 16 July 2023

## Risk Statement

**Friday, 4 August 2023**

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

**Program Contact:**

Alana Martin, Manager  
Governance

Public

**Approving Officer:**

Michael Sedgman, Chief  
Operating Officer

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## EXECUTIVE SUMMARY

Pursuant to section 8.2 of its Terms of Reference, the Audit and Risk Committee shall review and, where appropriate, recommend the approval of statements to be included in the Annual Report concerning internal controls and risk management.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Approves the statement to be included in the Annual Report, as outlined in Attachment A to Item 5.5 on the Agenda for the meeting of the City of Adelaide Audit and Risk Committee held on 4 August 2023.
-



## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> The role of the City of Adelaide is diverse and complex. Our core role is to deliver services to the community as a leader, service provider, regulator, advocate, facilitator and owner of assets.
Policy	Alignment with the Audit and Risk Committee Terms of Reference
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
22/23 Budget Allocation	Not as a result of this report
Proposed 23/24 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. At its meeting on 19 November 2019 Council noted the continuing operation of the City of Adelaide Audit and Risk Committee for the 2019-2023 term.
2. At its meeting on Tuesday 12 October 2021 Council endorsed the Audit and Risk Committee's Terms of Reference.
3. Pursuant to section 4.1 of the Audit and Risk Committee's Terms of Reference, the Audit and Risk Committee shall:
  - 3.1. Keep under review the effectiveness of the Council's internal controls and risk management systems.
4. Pursuant to section 8.2 of the Audit and Risk Committee's Terms of Reference, the Audit and Risk Committee shall:
  - 4.1. Review, advise and approve (where appropriate) relevant components of Council's Annual Report including internal control and risk statements.
5. The statement to be included in the Annual Report (**Attachment A**) outlines the Council's Risk Management Operating Guideline including internal and external audits, risk identification and assessment, and internal controls.
6. The statement is only a brief overview for the purpose of the Annual Report.

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## ATTACHMENTS

**Attachment A** – Risk Management Statement for the Annual Report

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- END OF REPORT -

## **Risk Management Operating Guideline**

The Audit and Risk Committee was established pursuant to Section 126 of the *Local Government Act 1999 (SA)*, to assist the Council discharge its responsibilities. Reporting to City of Adelaide, the Audit and Risk Committee provides advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by Council in regard to financial reporting, internal controls, risk management, management plans and business plans, service planning and performance, internal audit and external audit.

City of Adelaide maintains an Internal Audit function which reports to Management and the Audit and Risk Committee. The role of the Internal Auditor is to identify more efficient and effective processes and to assist Council and the Chief Executive Officer meet their assurance obligations. The Internal Audit function is contracted to KPMG for a period of 2 years, with options for two 1-year extensions, expiring no later than the end of 2024. The Internal Audit plan is reviewed and endorsed by the Audit and Risk Committee which also reviews internal audit report findings on a quarterly basis.

Pursuant to Section 128 of the *Local Government Act 1999 (SA)*, the External Auditors appointed by Council are BDO Audit Partnership (SA). To maintain the highest standards of corporate governance in relation to auditor independence, the External Auditors are excluded from providing non-audit services to Council. Non-audit services are defined as any service provided by the External Auditors under engagement with the Council outside the scope of the external audit. The Audit and Risk Committee reviews the scope and progress of the annual audit in accordance with its Terms of Reference.

### **Enterprise Risk Management**

City of Adelaide manages strategic, emerging, project, operational, and financial risks through its Enterprise Risk Management Framework which has been developed in accordance with International Standard ISO 31000:2018.

The framework ensures risks are identified, assessed and properly managed and reported on. Such a process supports Council to achieve its strategic goals and that the Lord Mayor and Councillors fulfil their legislative roles.

The success of the Enterprise Risk Management model is a result of a strong Executive involvement through monthly reporting of risk and internal audit matters to the Executive Strategic Risk and Internal Audit Group, and quarterly reporting to the Audit and Risk Committee.

### **Internal Control Framework**

Pursuant to Section 125 of the *Local Government Act 1999 (SA)*, Council must ensure that appropriate policies and procedures of internal controls are implemented and reviewed to assist Council to carry out its activities in an efficient manner to achieve its strategic objectives. Council's Internal Controls are essentially processes for assuring Council's achievement of objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Internal Controls include a range of activities such as approvals, delegations, security of assets and segregation of duties.

## Internal Audit Progress Report

Friday, 4 August 2023

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

**Program Contact:**

Alana Martin, Manager  
Governance

Public

**Approving Officer:**

Michael Sedgman, Chief  
Operating Officer

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## EXECUTIVE SUMMARY

This report provides an update of Council's Internal Audit Plan, outlining the findings and recommendations of internal audits completed, and the progress of any agreed actions. The Audit and Risk Committee last received an Internal Audit Progress Report at its meeting in May 2023.

The Internal Audit Plan has been developed in consideration of Council's key strategic risks and critical priorities.

Internal audit is an essential component of a good governance framework. It is a mechanism which enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its functions legally, effectively and efficiently, and to advise how it can improve performance.

---

## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 4 August 2023.
  2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 4 August 2023.
-

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> Internal audit is an essential component of a good governance framework. It enables Council to ensure it is performing its functions legally, effectively and efficiently.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Internal audits suggest a range of improvement opportunities related to the area being reviewed, enhancing functions and services and aligning Council processes to best practice standards.
23/24 Budget Allocation	\$70,000
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report



# DISCUSSION

## Background

1. The role of the Internal Audit is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively.
2. The Audit and Risk Committee (the Committee) receive all Internal Audit projects. The Committee reviews and monitors Council's responsiveness to findings and recommendations of the Internal Auditor (currently KPMG), and in-house advice.

## Internal Audit Plan Update

3. The Internal Audit Plan (the Plan) is a risk-based program developed with the Council's Executive and Strategic Risk and Internal Audit Group (SRIA). A status update on the 2022-2023 plan is provided at [Link 1](#). A status update on the 2023-2024 plan is provided at [Link 2](#).
4. Since the Committee met in May 2023, one internal audit review has been completed by KPMG:
  - 4.1. Workforce Planning and Staff Retention
5. Copies of this report is provided at [Link 3](#).
6. The following internal audits have been scoped and are in progress due for completion in September:
  - 6.1. Grants Management
  - 6.2. Community Safety
  - 6.3. Penetration testing (cyber security)

## Internal Audit Actions

7. Recommendations arising from the Internal Audit and Strategic Reviews are reported to SRIA.
8. Recommendations and agreed actions, responsibilities and timeframes for implementation are recorded in Council's process mapping and management software, Promapp.
9. The implementation status of recommendations is tracked and reported to Committee.
10. Any requests for extension of a due date requires the approval of the Chief Executive Officer. This process ensures that there is appropriate accountability before an extension is granted.
11. Two extensions were sought and approved by the Chief Executive Officer since the Committee met in May 2023:
  - 11.1. Planning, Development and Infrastructure Act 2016 Implementation
    - 11.1.1. I00620 Develop a building notification guideline – the building inspection guidance document has been created and this notification guideline will support this document. Due to the challenges with resourcing of the Building Compliance team over the last ten months, including a long-term absence, the team has been unable to develop the comprehensive standard operating procedure to address the actions.
    - 11.1.2. I00621 Develop a supporting guide to ensure accurate recording of inspections information in the PlanSA system – this guideline will provide a high-level direction to staff for an order of priority for inspection to support the legislative requirements of the PDI Act, the achievement of appropriate safety standards, preservation of heritage listed buildings and the amenity of the public realm. Due to the challenges with resourcing of the Building Compliance team over the last ten months, including a long-term absence, the team has been unable to develop the comprehensive standard operating procedure to address the actions.
12. Nine internal audit recommendations from previous Audits have been completed since May 2023. Thirty-one recommendations are in progress. The completed recommendations are:
  - 12.1. Record Keeping
    - 12.1.1. I00656 – To ensure correct record keeping of relevant documentation for project management is maintained:
      - Creation of process maps, comprehensive roles and responsibilities and governance working guide.
      - Communicate with Project Managers the importance of retaining all records.
      - Create naming conventions.

- Implement the 'health check' as an annual process.
- The utilisation of PowerBI tool.
- Mini audits on Project Management framework.

## 12.2. PCI DSS Gap Assessment

12.2.1. I00665 – Ensure vulnerability scans are being performed for each quarter.

## 12.3. Volunteer Management

12.3.1. I00673 – Document all relevant processes in Council's process management system Promapp.

12.3.2. I00674 – Train and educate Volunteer Supervisors to take on additional responsibilities for when the Volunteer Coordinator is on leave and provide the supervisors with the necessary tools to complete such tasks.

12.3.3. I00677 – Provide ongoing formal training sessions throughout the year for Volunteer Supervisors.

12.3.4. I00678 – To create a volunteer management Oscar page and ensure that this is available to all Volunteer Supervisors to be utilised as a reference tool.

## 12.4. Asset Inspection

12.4.1. I00685 – Ensure the closure of open work orders are completed in a timely manner and ensure work orders are assigned on a criticality criterion to further aid the decision-making process.

## 12.5. Review of Adelaide Central Market Financial Processes

12.5.1. I00686 – Ensure policies and procedures are shared with all areas of the City of Adelaide including subsidiaries. Provide Adelaide Central Markets with the current relevant policies and operating guidelines.

## 12.6. Payroll Operations

12.6.1. I00658 – Management to segregate the role of user access administration from those users who have elevated super user access and payment authorisation in the banking provider.

13. A summary of the status is shown in the below table, with the complete document able to be accessed via [Link 4](#). Three additional actions have become overdue since the previous update to Audit and Risk Committee.

Risk	Definition	Overdue	In Progress	
High	Issue represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives.	4	2	<b>6</b>
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	2	11	<b>13</b>
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	3	7	<b>10</b>
N/A	Improvement Opportunity	0	2	<b>2</b>
	<b>Total</b>	9	22	<b>31</b>

## DATA AND SUPPORTING INFORMATION

Link 1 – Internal Audit Plan 2022 – 2023 Status Update

Link 2 – Internal Audit Plan 2023 – 2024 Status Update

Link 3 – Completed Audit Reports

Link 4 – Agreed Actions Progress Report

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## ATTACHMENTS

Nil

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- END OF REPORT -

**Program Contact:**

Alana Martin, Manager  
Governance

Public

**Approving Officer:**

Clare Mockler, Chief Executive  
Officer

## EXECUTIVE SUMMARY

Section 90(2) of the *Local Government Act 1999 (SA)* (the Act), states that a Council Committee may order that the public be excluded from attendance at a meeting if the Council Committee considers it to be necessary and appropriate to act in a meeting closed to the public to receive, discuss or consider in confidence any information or matter listed in section 90(3) of the Act.

It is the recommendation of the Chief Executive Officer that the public be excluded from this Audit and Risk Committee meeting for the consideration of information and matters contained in the Agenda.

### 7.1 Strategic Risk and Internal Audit Update [section 90(3) (i) of the Act]

The Order to Exclude for Item 7.1

1. Identifies the information and matters (grounds) from section 90(3) of the Act utilised to request consideration in confidence.
2. Identifies the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
3. In addition, identifies for the following grounds – section 90(3) (b), (d) or (j) of the Act - how information open to the public would be contrary to the public interest.

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## ORDER TO EXCLUDE FOR ITEM 7.1

### THAT THE AUDIT AND RISK COMMITTEE

1. Having taken into account the relevant consideration contained in section 90(3) (i) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit and Risk Committee dated 4 August 2023 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 7.1 [Strategic Risk and Internal Audit Update] listed on the Agenda.

#### Grounds and Basis

This Item is confidential because the report includes information on Council litigation.

The disclosure of information in this report is likely to prejudice the outcome of the Council's actual litigation.

The Audit and Risk 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 relates to actual litigation of the Council.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 4 August 2023 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 7.1 [Strategic Risk and Internal Audit Update] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in section 90(3) (i) of the Act.

## DISCUSSION

1. Section 90(1) of the *Local Government Act 1999 (SA)* (the Act), directs that a meeting of a Council Committee must be conducted in a place open to the public.
2. Section 90(2) of the Act, states that a Council Committee may order that the public be excluded from attendance at a meeting if the Council Committee considers it to be necessary and appropriate to act in a meeting closed to the public to receive, discuss or consider in confidence any information or matter listed in section 90(3) of the Act.
3. Section 90(3) of the Act prescribes the information and matters that a Council may order that the public be excluded from.
4. Section 90(4) of the Act, advises that in considering whether an order should be made to exclude the public under section 90(2) of the Act, it is irrelevant that discussion of a matter in public may -
  - (a) *cause embarrassment to the council or council committee concerned, or to members or employees of the council; or*
  - (b) *cause a loss of confidence in the council or council committee; or*
  - (c) *involve discussion of a matter that is controversial within the council area; or*
  - (d) *make the council susceptible to adverse criticism.'*
5. Section 90(7) of the Act requires that an order to exclude the public:
  - 5.1 Identify the information and matters (grounds) from section 90(3) of the Act utilised to request consideration in confidence.
  - 5.2 Identify the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
  - 5.3 In addition identify for the following grounds – section 90(3) (b), (d) or (j) of the Act - how information open to the public would be contrary to the public interest.
6. Section 87(10) of the Act has been utilised to identify in the Agenda and on the Report for the meeting, that the following matter is submitted seeking consideration in confidence.
  - 6.1 Information contained in Item 7.1 – Strategic Risk and Internal Audit Update
    - 6.1.1 Is not subject to an Existing Confidentiality Order
    - 6.1.2 The grounds utilised to request consideration in confidence is section 90(3) (i) of the Act
      - (i) *Information relating to the actual litigation or litigation that the council or council committee believes on reasonable grounds will take place involving the council or an employee of the council.*

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## ATTACHMENTS

Nil

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- END OF REPORT -

Document is Restricted



## LTFP Assumptions

Friday, 4 August 2023

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

**Program Contact:**

Manager Finance & Procurement

Public

**Approving Officer:**

Michael Sedgman - Chief

Operating Officer

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## EXECUTIVE SUMMARY

*The Local Government Act 1999 (SA)* requires Council to adopt a Long Term Financial Plan (LTFP) within two years of being elected. In addition, an annual review of the LTFP is undertaken, which will also include a Chief Executive Officer (CEO) Statement of Financial Sustainability.

Council resolved, on the back of setting the CEO's key performance indicators (KPIs), to be presented the LTFP by the end of October 2023.

The development of the LTFP builds upon the work undertaken for the annual Business Plan and Budget. This report, and the associated presentation, represent the beginning of the process to confirm the assumptions to be applied to the LTFP.

Reviewing and providing advice on the LTFP falls within the Terms of Reference of the Audit and Risk Committee ([Link 1](#)).

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Receives and notes the 2023/24 to 2032/33 Long term Financial Plan presentation as set out in **Attachment A** to Item 8.1 on the Agenda for the Audit and Risk Committee meeting held 4 August 2023, with feedback to be determined by the Audit and Risk Committee.
-

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<p><b>Strategic Alignment – Enabling Priorities</b></p> <ul style="list-style-type: none"> <li>• Transparent decision-making based on data and evidence</li> <li>• Robust financial management</li> </ul>
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	<i>Local Government Act 1999 (SA)</i>
Opportunities	To consider feedback from the Committee for the build of the LTFFP
22/23 Budget Allocation	Not as a result of this report
Proposed 23/24 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not applicable
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. The *Local Government Act 1999 (SA)* states that a council must develop and adopt a long term financial plan, for a period of at least 10 years (s122 (1a) (a)), within 2 years after each general election of the council (s122 (4) (b)).
2. City of Adelaide reviews the LTFP annually and updates it, and reports revised projections, based on each quarterly budget review.
3. Further, s122 (4a) (a) requires an annual report from the chief executive officer on the sustainability of the council's long-term financial performance and position.
4. At the Council meeting dated 27 June 2023, Council resolved, as part of the CEO's KPIs, that the LTFP needs to be presented to Council by the end of October 2023.
5. At the Council meeting dated 27 June 2023, Council adopted the 2023/24 annual Business Plan and Budget.
6. The development of the LTFP builds upon the work undertaken for the annual Business Plan and Budget.
7. Reviewing and providing advice on the LTFP falls within the Terms of Reference of the Audit and Risk Committee ([Link 1](#)).
8. This report, and the associated 2023/24 to 2032/33 Long Term Financial Plan presentation (**Attachment A**), represent the beginning of the process to develop and adopt the LTFP by confirming the assumptions to be applied to the LTFP.
9. Of particular note:
  - 9.1. The LTFP assumes rate revenue increases in line with CPI, and when combined with growth associated with new rateable properties, the rate revenue percentage increase is in excess of the percentage increase in key operational costs.
  - 9.2. CPI, which is forecast by various bodies, is the preferred escalator over LGPI, which is a lag indicator.
  - 9.3. Enterprise Agreements are used as the basis for salaries and wages increases, noting the differing timeframes associated with each agreement, with the Wages Price Index (WPI) used beyond agreement expiries.
  - 9.4. Interest rates sourced from Deloitte Access Economics 10 year Government Bond data – updated quarterly.
  - 9.5. Capital renewal expenditure reflects Infrastructure and Asset Management Plans:
    - 9.5.1. Significant asset renewals contemplated within the LTFP include the Adelaide Bridge, and Torrens Weir structure.
  - 9.6. Capital enhancements (new and upgrade) reflect Council's decision to fund \$15 million per annum over the current term (which is assumed to continue beyond the current term for the life of the LTFP).
  - 9.7. The assumption for the Adelaide Aquatic Centre is worst case and assumes a \$20 million dollar contribution, which is all treated as operational.
10. Current assumptions for CPI, interest rates and WPI are based on Deloitte Access Economics March 2023 forecasts (these will be updated to reflect the June 2023 forecasts once received).

### Next Steps

11. The process to develop and adopt the LTFP include:
  - 11.1. Present assumptions to City Finance & Governance Committee meeting 15 August 2023
  - 11.2. Update the LTFP and assumptions based on June 2023 Deloitte Access Economics forecast indices
  - 11.3. Update the LTFP for the accounting treatment of the Adelaide Aquatic Centre
  - 11.4. Present the LTFP and CEO Statement of Sustainability to the City Finance & Governance Committee meeting 19 September 2023

## DATA AND SUPPORTING INFORMATION

**Link 1** – Audit & Risk Committee Terms of Reference

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## ATTACHMENTS

The following attachment is for pre-reading and will be presented to seek feedback at the meeting.

**Attachment A** - 2023/24 to 2032/33 Long Term Financial Plan presentation

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- END OF REPORT -

City of Adelaide

# 2023/24 to 2032/33 Long Term Financial Plan

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## **2023/24 – 2032/33 LTFP Assumptions**

Audit and Risk  
Committee

4 August 2023

- 
1. Basis of Preparation
  2. Assumptions
  3. Risks and Opportunities
  4. Key Financial Indicators
  5. Next Steps

---

## Basis of Preparation

projecting forward, the LTFP considers

- The 2023/34 base year/budget with assumptions applied over subsequent years, adjusted for known changes
- Council's 2020-2024 Strategic Plan and Infrastructure and Asset Management Plans, including planned investment in new projects and infrastructure
- The social, economic and political environment, including indicators such as population growth, inflation and interest rates
- Anticipated changes in future service levels that reflect the needs and expectations of the community
- Funding and expenditure levers available to Council, including revenue and financing guidelines such as Council's Rating Policy and Treasury Policy
- Revenue opportunities and cost drivers, including the impact of climate change and other factors on the city
- A rigorous assessment of Council's current financial position and financial sustainability



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## Key Assumptions

underpinning this LTFP

- Rates Revenue in line with forecast inflation (excludes growth from new developments)
- Fees and charges in line with forecast inflation
- Salaries and wages forecasts based on enterprise agreements; once expired, Wage Price Index (WPI) applied
- Other revenue and expenditure growth, in general, in line with forecast inflation
- Interest rates relative to market expectations
- Capital renewal expenditure in line with Infrastructure and Asset Management Plans (IAMPs)
- Capital enhancements (new and upgrade) in line with Council Decision to fund \$15m over current term of council and assumed continuation.

## Price Indexation

- Deloitte Access Economics utilised as source data for projected Consumer Price Index (CPI) for Adelaide, a state-based projection which increases the relevance to the LTFP - reputable data source ensures consistency of assumptions across the life of the plan

Rate %	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
CPI – SA*	4.1%	2.6%	2.5%	2.5%	2.5%	2.4%	2.3%	2.3%	2.4%	2.4%

\* Source: March 2023 Deloitte Access Economics

- For the purpose of the LTFP (as opposed to annual budgets), the following Income and Expenditure items escalate, on average, in line with CPI - unless specific circumstances are expected to have a material impact on the item:
  - Rates Revenue for existing properties through Property Valuations
  - Fees and Charges
  - Materials, Contract & Other Expenses
  - Grants, Subsidies and Contributions
- Rates Revenue growth from new developments and capital improvements is assumed at 1% over the life of the plan

## Wage Price Indexation

- Salaries and wages forecasts based on increases in current (and expected) enterprise agreement outcomes
- Where no agreement exists, due to expiry, increase based on South Australia Wage Price Index (WPI), as forecasted by Deloitte Access Economics
- Actual increases dependent on future enterprise agreement negotiations, with new agreements reflected in LTFP upon completion of negotiations
- Increases in the Superannuation Guarantee consistent with Australian Taxation Office advice

Rate %	EB Period	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Wages (AWU)	23/24 to 25/26	4.0%	3.0%	3.0%	3.0%	3.1%	3.1%	3.1%	3.2%	3.3%	3.3%
Salaries (ASU)*	22/23 to 24/25	3.0%	3.0%	2.9%	3.0%	3.1%	3.1%	3.1%	3.2%	3.3%	3.3%
Leisure*	22/23 to 24/25	3.0%	3.0%	2.9%	3.0%	3.1%	3.1%	3.1%	3.2%	3.3%	3.3%
UPark	WPI - SA*	3.6%	3.3%	2.9%	3.0%	3.1%	3.1%	3.1%	3.2%	3.3%	3.3%
Common Law Contracts	WPI - SA*	3.6%	3.3%	2.9%	3.0%	3.1%	3.1%	3.1%	3.2%	3.3%	3.3%
Super Increase		0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

\* Enterprise Agreements received 4% on 1 January 2023

\*\* Source: March 2023 Deloitte Access Economics

## Interest Rates

- Borrowings principally utilised for new and major infrastructure projects, including city shaping projects such as the Central Market Arcade development, significant community infrastructure and commercially focused projects with a financial return on investment (utilised from the Future Fund)
- Council’s services, projects and infrastructure works predominantly funded through rates, fees and charges, and grants and subsidies
- Deloitte Access Economics 10-year Government Bond data used as source for the LTFP

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Rate %	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Interest Rate	3.5%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%

\* Source: March 2023 Deloitte Access Economics

- Interest rates are reviewed quarterly, based on latest information and indicators

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## Depreciation, Amortisation and Impairment

- Depreciation informed by Infrastructure and Asset Management Plans and, reflects increases in valuations (CPI) and new asset movements
- Amortisation and impairments determined by condition audits and revaluations; no operating impacts are envisaged given that any movements are adjusted through the revaluation reserve

## Asset Renewals

- Infrastructure and Asset Management Plans (IAMPs), part of Council's Strategic Management Plans, reviewed in detail every four years to identify asset condition and consumption to assist in resource and maintenance planning; detailed modelling enables Council to optimise maintenance and renewal expenditure to ensure asset sustainability
- The 10-year IAMPs consider new infrastructure needs to meet future community service expectations, in a sustainable manner
- Forecast expenditure based on existing IAMPs prepared in 2016, overlaid with the latest modelling from condition audits
- LTFP updated as detailed IAMPs are finalised by 30 June 2024

*Note: based on Council Decision, the Asset Renewal Funding Ratio has been set at 90% across the life of the plan*

10 Year Asset Renewal Program	\$'000s
Bridges	68,829
Buildings	99,069
Pathways	57,291
Kerb and Water Table	20,549
Lighting & Electrical	19,311
Park Lands & Open Space	36,693
Roads	61,747
Water Infrastructure	80,950
Traffic Signal	15,202
Urban Elements	37,429
<b>Total Infrastructure Renewals</b>	<b>497,070</b>
Plant, Fleet & Equipment Replacement	16,845
Commercial Plant, Fleet & Equipment Replacement	1,152
IT Renewals	16,881
Corporate Overheads	79,823
<b>Total Renewal &amp; Replacement of Assets</b>	<b>611,772</b>



## Significant Asset Renewals

- Significant renewals required in accordance with AMP in the mid-long term
- Current assumption is that Levels of Service will remain the same
- Further renewal optimisation modelling required to refine funding requirements through the development of the Asset Management Plans

Significant Renewals	Financial Year	\$'000s
Adelaide Bridge	2030/31	63,000
Torrens Weir Structure	2028/29	40,000

- Rundle UPark, in line with its most recent useful life assessment (June 2030) is assumed to cease operations in 2029/30

## New and Significant Upgrades

- Major projects, including property development such as Central Market Arcade redevelopment and Street Upgrades, incorporated in the LTFP where a Council decision or commitment to progress the project exists
- Capital, operational expenditure and income incorporated after extensive modelling.
- Current projects incorporated in the LTFP beyond 2023/24 are:

Projects	Financial Year	\$'000s
Central Market Arcade Redevelopment	2024/25	15,917
Hindley Street Upgrade	2024/25 - 2025/26	12,600
Gouger Street Upgrade	2024/25 - 2026/27	14,500
Hutt Street Upgrade	2024/25 - 2026/27	12,500
O'Connell Street Upgrade	2024/25 - 2027/28	15,000
Melbourne Street Upgrade	2025/26 - 2027/28	6,500
Brown Hill Keswick Creek	2024/25 - 2032/33	2,880

- Assumed forward commitment of \$15m per year continues beyond 2027/28

\$'000s	2023-24 Budget	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
New and Upgraded Assets	(50,318)	(31,437)	(15,320)	(15,920)	(15,820)	(15,320)	(15,320)	(15,320)	(15,320)	(15,320)

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## Risks and Opportunities

- LTFP, whilst based upon latest available information, is a future projection and therefore subject to risk
- Inherent risks, such as unforeseen economic, political, environmental and market changes, are difficult to anticipate - on this basis, key risks should be considered as a guide to future actions and opportunities
- LTFP is a tool for Council to assess the long-term financial sustainability of its decisions
- Examples of key risks include:
  - Property Valuations: forecast valuation growth, and hence growth in rate revenue, has a material compounding impact on the LTFP
  - Interest Rate Risk: interest rates movement can impact council's ability to sustain and repay borrowings
  - Inflationary pressures on materials: movement in materials costs, especially for infrastructure, can impact delivery cost, and the value of our assets
  - Inflationary pressures on wages: cost of living pressures may result in higher wage increases through Enterprise Agreements in the medium to long term

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## Adelaide Aquatic Centre Redevelopment

- The State Government's election commitment of \$82.0m to redevelop and operate a new Adelaide Aquatic Centre, delivers the new venue and car parking - this has increased in value to \$135m
- The State expects Council to contribute funding towards demolition of the existing facility and reinstatement to Park Lands post demolition
- On 27 June 2023, Council approved to negotiate and execute a Project Agreement for the development of the new Adelaide Aquatic Centre, subject to:
  - a 42 year lease for the new centre, in line with CoA's Lease and Licence Policy
  - a commitment to funding up to \$20m across the 2024/25 and 2025/26 financial years, that only extends to demolition of the existing venue and provision of a new playing field
- The LTFP has been updated to include the \$20m within operating expenditure.
- Advice is being sought as to the appropriate accounting treatment for the transaction between operating and capital expenditure.

## Key Financial Indicators

Financial Indicator	Explanation	Target	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	0.9%	(3.1%)	(3.8%)	2.6%	2.5%	2.2%	1.8%	0.2%	0.0%	0.1%
Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	(0.7%)	14%	38%	37%	36%	48%	48%	65%	64%	62%
Asset Renewal Funding Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	10%	12%	17%	17%	16%	23%	23%	33%	33%	32%
Interest Expense Ratio	Annual interest expense relative to General Rates Revenue (Less Landscape Levy)	Maximum 10%	0.4%	0.9%	1.1%	1.3%	1.5%	1.8%	2.1%	2.5%	2.9%	2.9%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	0.2	0.3	0.5	0.5	0.4	0.6	0.6	0.9	0.8	0.8
Cash Flow fom Operations Ratio	Operating income as a percentage of Operating Expenditure plus expenditure on renewal/replacement of assets	Greater than 100%	101%	102%	101%	108%	109%	96%	107%	91%	107%	106%
Borrowings	Borrowings as a percentage of the Prudential Borrowing Limit	Within Prudential Limits (\$157m in 2023-24)	20%	25%	34%	33%	33%	47%	47%	67%	66%	64%

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## Next Steps

- Present Assumptions to Finance & Governance Committee - 15 August 2023
- Update assumptions for June 2023 Deloitte Access Economics forecast indices
- Update for the Accounting Treatment of Adelaide Aquatic Centre
- Long Term Financial Plan and CEO Statement of Sustainability to Finance & Governance Committee – 19 September 2023
- Council Adoption of LTFP – 26 September 2023



## Appendix - LTFP

Uniform Presentation of Finances										
\$'000s	2023-24 Budget	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
Income	225,481	225,596	229,861	244,286	251,925	259,557	267,166	269,173	277,381	285,847
less Expenses	(223,561)	(232,511)	(238,692)	(237,841)	(245,699)	(253,834)	(262,313)	(268,502)	(277,480)	(285,639)
<b>Operating Surplus / (Deficit) before Capital Amounts</b>	1,920	(6,915)	(8,831)	6,446	6,226	5,723	4,854	671	(99)	207
<i>Net Outlays on Existing Assets</i>										
Capital Expenditure on Renewal & Replacement of Existing Assets	(50,416)	(46,748)	(50,468)	(50,039)	(50,887)	(85,952)	(58,011)	(99,612)	(55,908)	(57,393)
add back Depreciation, Amortisation and Impairment	56,040	56,835	59,353	62,012	64,675	67,403	70,406	71,744	74,510	76,991
add back Proceeds from Sale of Replaced Assets	630	500	500	500	500	500	500	500	500	500
<b>Net Outlays on Existing Assets</b>	5,624	10,087	8,885	11,973	13,788	(18,549)	12,395	(27,867)	18,603	19,598
<i>Net Outlays on New and Upgraded Assets</i>										
Capital Expenditure on New and Upgraded Assets	(50,318)	(31,437)	(15,320)	(15,920)	(15,820)	(15,320)	(15,320)	(15,320)	(15,320)	(15,320)
add back Amounts received specifically for New and Upgraded Assets	5,295	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets	27,100	18,500	-	-	-	-	-	-	-	-
<b>Net Outlays on New and Upgraded Assets</b>	(17,923)	(12,937)	(15,320)	(15,920)	(15,820)	(15,320)	(15,320)	(15,320)	(15,320)	(15,320)
<b>Net Lending / (Borrowing) for Financial Year</b>	(10,379)	(9,765)	(15,266)	2,499	4,194	(28,146)	1,929	(42,516)	3,184	4,485

## Appendix - LTFP

### Statement of Comprehensive Income

\$'000s	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
<b>Income</b>										
Rates Revenues	135,395	140,024	145,478	151,858	157,186	162,544	167,922	173,366	179,275	185,386
Statutory Charges	14,683	15,013	15,389	15,773	16,168	16,556	16,936	17,326	17,742	18,168
User Charges	70,002	65,027	63,664	71,192	72,972	74,723	76,442	72,479	74,219	76,000
Grants, Subsidies and Contributions	4,449	4,553	4,327	4,436	4,547	4,656	4,763	4,872	4,989	5,109
Investment Income	150	154	158	162	166	170	174	178	182	186
Reimbursements	338	347	356	365	374	383	391	400	410	420
Other Income	465	477	489	501	514	526	538	551	564	578
<b>Total Income</b>	<b>225,481</b>	<b>225,596</b>	<b>229,861</b>	<b>244,286</b>	<b>251,925</b>	<b>259,557</b>	<b>267,166</b>	<b>269,173</b>	<b>277,381</b>	<b>285,847</b>
<b>Expenses</b>										
Employee Costs	85,013	83,051	85,581	88,147	90,878	93,693	96,595	99,683	102,970	106,364
Materials, Contracts & Other Expenses	81,672	90,699	91,512	85,234	87,365	89,462	91,519	92,535	94,756	97,030
Depreciation, Amortisation & Impairment	56,040	56,835	59,353	62,012	64,675	67,403	70,406	71,744	74,510	76,991
Finance Costs	835	1,926	2,246	2,447	2,782	3,276	3,792	4,539	5,244	5,254
<b>Total Expenses</b>	<b>223,561</b>	<b>232,511</b>	<b>238,692</b>	<b>237,841</b>	<b>245,699</b>	<b>253,834</b>	<b>262,313</b>	<b>268,502</b>	<b>277,480</b>	<b>285,639</b>
<b>Operating Surplus / (Deficit)</b>	<b>1,920</b>	<b>(6,915)</b>	<b>(8,831)</b>	<b>6,446</b>	<b>6,226</b>	<b>5,723</b>	<b>4,854</b>	<b>671</b>	<b>(99)</b>	<b>207</b>
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Asset Disposal & Fair Value Adjustments	1,125	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	14,075	-	-	-	-	-	-	-	-	-
<b>Net Surplus / (Deficit)</b>	<b>17,120</b>	<b>(6,915)</b>	<b>(8,831)</b>	<b>6,446</b>	<b>6,226</b>	<b>5,723</b>	<b>4,854</b>	<b>671</b>	<b>(99)</b>	<b>207</b>
Changes in Revaluation Surplus - I,PP&E	-	(17,069)	11,970	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>(17,069)</b>	<b>11,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>17,120</b>	<b>(23,984)</b>	<b>3,139</b>	<b>6,446</b>	<b>6,226</b>	<b>5,723</b>	<b>4,854</b>	<b>671</b>	<b>(99)</b>	<b>207</b>

## Appendix - LTFP

Statement of Financial Position										
\$'000s	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	800	800	800	800	800	800	800	800	800	800
Trade & Other Receivables	35,560	44,045	11,374	12,087	12,464	12,841	13,217	13,316	13,722	14,141
Inventories	541	541	541	541	541	541	541	541	541	541
Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>36,901</b>	<b>45,386</b>	<b>12,715</b>	<b>13,428</b>	<b>13,805</b>	<b>14,182</b>	<b>14,558</b>	<b>14,657</b>	<b>15,063</b>	<b>15,482</b>
<b>Non-Current Assets</b>										
Financial Assets	377	340	306	275	248	223	201	181	162	146
Equity Accounted Investments in Council Businesses	1,928	2,248	2,568	2,888	3,208	3,528	3,848	4,168	4,488	4,808
Investment Property	2,928	2,957	2,987	3,016	3,047	3,077	3,108	3,139	3,170	3,202
Infrastructure, Property, Plant & Equipment	1,942,188	1,946,469	1,998,374	2,002,320	2,024,704	2,058,573	2,061,498	2,104,685	2,101,402	2,097,125
Other Non-Current Assets	129	129	129	129	129	129	129	129	129	129
Non-Current Receivable	26,027	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>1,973,576</b>	<b>1,952,142</b>	<b>2,004,363</b>	<b>2,008,629</b>	<b>2,031,336</b>	<b>2,065,530</b>	<b>2,068,783</b>	<b>2,112,302</b>	<b>2,109,352</b>	<b>2,105,410</b>
<b>TOTAL ASSETS</b>	<b>2,010,477</b>	<b>1,997,529</b>	<b>2,017,078</b>	<b>2,022,057</b>	<b>2,045,141</b>	<b>2,079,712</b>	<b>2,083,341</b>	<b>2,126,959</b>	<b>2,124,415</b>	<b>2,120,892</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	14,316	15,161	15,826	16,339	17,208	18,248	19,272	19,984	20,965	21,138
Provisions	14,574	15,011	15,446	15,910	16,403	16,911	17,436	17,993	18,587	19,201
Borrowings (Lease Liability)	5,066	5,142	5,264	4,649	5,066	5,066	5,066	5,066	5,066	5,066
<b>Total Current Liabilities</b>	<b>33,956</b>	<b>35,314</b>	<b>36,536</b>	<b>36,898</b>	<b>38,676</b>	<b>40,225</b>	<b>41,773</b>	<b>43,043</b>	<b>44,618</b>	<b>45,405</b>
<b>Non-Current Liabilities</b>										
Trade & Other Payables	293	293	293	293	293	293	293	293	293	293
Borrowings	30,184	44,940	65,348	68,112	68,077	100,381	102,610	149,284	150,259	150,733
Provisions	1,773	1,826	1,879	1,935	1,995	2,057	2,121	2,189	2,261	2,336
Borrowings (Lease Liability)	36,064	30,922	25,658	21,009	36,064	30,998	25,932	20,867	15,801	10,735
<b>Total Non-Current Liabilities</b>	<b>68,313</b>	<b>77,990</b>	<b>93,178</b>	<b>91,350</b>	<b>106,429</b>	<b>133,729</b>	<b>130,956</b>	<b>172,633</b>	<b>168,614</b>	<b>164,096</b>
<b>TOTAL LIABILITIES</b>	<b>102,269</b>	<b>113,304</b>	<b>129,714</b>	<b>128,247</b>	<b>145,105</b>	<b>173,954</b>	<b>172,729</b>	<b>215,676</b>	<b>213,231</b>	<b>209,501</b>
<b>Net Assets</b>	<b>1,908,208</b>	<b>1,884,224</b>	<b>1,887,364</b>	<b>1,893,809</b>	<b>1,900,035</b>	<b>1,905,758</b>	<b>1,910,612</b>	<b>1,911,283</b>	<b>1,911,184</b>	<b>1,911,391</b>
<b>EQUITY</b>										
Accumulated Surplus	801,303	794,805	785,975	792,420	798,646	804,369	809,223	809,894	809,795	810,002
Asset Revaluation Reserves	1,066,521	1,049,452	1,061,422	1,061,422	1,061,422	1,061,422	1,061,422	1,061,422	1,061,422	1,061,422
Other Reserves	-	-	-	-	-	-	-	-	-	-
Future Reserve Fund	40,384	39,967	39,967	39,967	39,967	39,967	39,967	39,967	39,967	39,967
<b>Total Council Equity</b>	<b>1,908,208</b>	<b>1,884,224</b>	<b>1,887,364</b>	<b>1,893,809</b>	<b>1,900,035</b>	<b>1,905,758</b>	<b>1,910,612</b>	<b>1,911,283</b>	<b>1,911,184</b>	<b>1,911,391</b>

## Appendix - LTFP

### Statement of Changes in Equity

\$'000s	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
<b>Balance at the end of previous reporting period</b>	1,891,088	1,908,208	1,884,224	1,887,364	1,893,809	1,900,035	1,905,758	1,910,612	1,911,283	1,911,184
a. Net Surplus / (Deficit) for Year	17,120	(6,915)	(8,831)	6,446	6,226	5,723	4,854	671	(99)	207
b. Other Comprehensive Income	-	(17,069)	11,970	-	-	-	-	-	-	-
Total Comprehensive Income	17,120	(23,984)	3,139	6,446	6,226	5,723	4,854	671	(99)	207
<b>Balance at the end of period</b>	1,908,208	1,884,224	1,887,364	1,893,809	1,900,035	1,905,758	1,910,612	1,911,283	1,911,184	1,911,391

## Appendix - LTFP

Statement of Cash flows										
\$'000s	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
<b>Cash Flows from Operating Activities</b>										
<u>Receipts</u>										
Operating Receipts	226,982	217,110	229,033	243,573	251,548	259,180	266,790	269,073	276,975	285,428
<u>Payments</u>										
Operating Payments to Suppliers and Employees	(174,706)	(167,702)	(179,042)	(175,335)	(180,464)	(185,874)	(191,880)	(197,735)	(203,558)	(210,024)
<b>Net Cash provided by (or used in) Operating Activities</b>	52,276	49,409	49,991	68,238	71,084	73,306	74,911	71,339	73,417	75,404
<b>Cash Flows from Investing Activities</b>										
<u>Receipts</u>										
Amounts Received Specifically for New/Upgraded Assets	5,295	-	-	-	-	-	-	-	-	-
Proceeds from Surplus Assets	27,125	18,500	-	-	-	-	-	-	-	-
Sale of Replaced Assets	630	500	500	500	500	500	500	500	500	500
<u>Payments</u>										
Expenditure on Renewal/Replacement of Assets	(50,416)	(46,748)	(50,468)	(50,039)	(50,887)	(85,952)	(58,011)	(99,612)	(55,908)	(57,393)
Expenditure on New/Upgraded Assets	(49,998)	(31,117)	(15,000)	(15,920)	(15,820)	(15,320)	(15,320)	(15,320)	(15,320)	(15,320)
Net Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	(320)	(320)	(320)	(320)	(320)	(320)	(320)	(320)	(320)	(320)
<b>Net Cash provided by (or used in) Investing Activities</b>	(67,684)	(59,185)	(65,288)	(65,779)	(66,527)	(101,092)	(73,151)	(114,752)	(71,048)	(72,533)
<b>Cash Flows from Financing Activities</b>										
<u>Receipts</u>										
Proceeds from Borrowings	20,285	14,765	20,399	2,764	-	32,304	2,229	46,675	974	474
<u>Payments</u>										
Repayment from Borrowings	-	-	-	-	(36)	-	-	-	-	-
Repayment of Lease Liabilities	(4,877)	(4,989)	(5,102)	(5,224)	(4,521)	(4,518)	(3,989)	(3,262)	(3,344)	(3,344)
<b>Net Cash provided by (or used in) Financing Activities</b>	15,408	9,777	15,298	(2,459)	(4,557)	27,786	(1,760)	43,413	(2,370)	(2,870)
<b>Net Increase (Decrease) in Cash Held</b>	(0)	(0)	0	(0)	(0)	(0)	0	(0)	(0)	0
plus: Cash & Cash Equivalents at beginning of period	800	800	800	800	800	800	800	800	800	800
<b>Cash &amp; Cash Equivalents at end of period</b>	800	800	800	800	800	800	800	800	800	800