

# KPMG Review of the Adelaide Economic Development Agency

Friday, 4 August 2023  
Audit and Risk Committee

Strategic Alignment - Strong Economies

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

Public

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

---

## 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.

---

## 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**.

---

## DATA AND SUPPORTING INFORMATION

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

---

## ATTACHMENTS

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