

Councillor Couros - MoN - Funding Business Events Adelaide

Tuesday, 12 September 2023
Council

Council Member
Councillor Mary Couros

Public

Contact Officer:
Clare Mockler, Chief Executive Officer

MOTION ON NOTICE

Councillor Mary Couros will move a motion and seek a seconder for the matter shown below to facilitate consideration by the Council:

'That Council:

1. Notes that funding provided by AEDA for Business Events Adelaide has decreased by \$80,000, despite rising operational costs due to rising wages and inflation.
2. Provides the AEDA with a funding increase of \$150,000 to be provided directly to Business Events Adelaide (BEA) for the purposes of increasing their activities in attracting world-leading business events to the city of Adelaide and delivering a high return on investment to the City.
3. Requests Administration incorporate this proposed increase as part of the 2023-24 Quarter 1 Budget Review, or, failing that through subsequent quarterly reviews of the 2023-24.'

ADMINISTRATION COMMENT

1. At its meeting of 27 June 2023, Council adopted the 2023/24 Business Plan and Budget for the City of Adelaide (CoA) and approved the 2023/24 Business Plan and Budget for AEDA. At its meeting of 28 March 2023 Council adopted budget repair and financial sustainability principles.
2. AEDA has an existing three-year funding agreement with Business Events Adelaide (BEA), via the Strategic Partnerships Program administered by AEDA, awarded following a rigorous and competitive assessment process. This agreement provided \$300,000 in 2022/23, with commitment to the same in 2023/24 and 2024/25.
3. The CoA 2023/24 budget reflects an operating surplus of \$1.9m, specifically targeted to enable funding the capital program also adopted by Council. Any reduction in the surplus will have a direct impact on Council's ability to service and repay any debt required to fund the City capital program.
4. Additional funding cannot be provided to AEDA without ceasing some other budgeted CoA activity. There is no unallocated funding within the AEDA budget to cover this requested increase.
5. An additional commitment of \$150,000 in 2023/24 could also be expected to be sought by BEA in the final year of its existing funding agreement with AEDA (2024/25). Such a request would be difficult for CoA to argue against should Council agree to fund the extra \$150,000 being sought in the current 2023/24 year.
6. The proposed motion for a Q1 budget review reducing the CoA operating surplus by \$150,000 is not recommended as it:
 - 6.1. is inconsistent with the budget repair and financial sustainability principles adopted by Council;

- 6.2. directly impairs Council's ability to service new debt for committed capital projects;
- 6.3. creates a precedent and signals an invitation for other external organisations to seek funding for projects and initiatives outside of the annual budget process. Such a precedent and invitation makes it hard to defend against potentially costly unbudgeted demands on limited Council resources.
- 6.4. AEDA funding for external entities is contestable. Providing funding for one particular entity outside existing governance arrangements risks reputational damage to both Council and AEDA.
7. BEA made a submission on 16 June 2023 to the public consultation on the 2023/24 Business Plan and Budget, requesting total CoA funding to BEA be increased from \$300,000 to \$450,000. The CoA reply to BEA Chief Executive Officer Mr Damian Kitto said the CoA looked forward to continuing to work with BEA "through the funding already committed to Business Events Adelaide, via the contestable Strategic Partnerships Program administered by AEDA".
8. Council should note BEA advised CoA that the State Government has recently increased its funding to BEA by \$1 million annually – from \$1.1 million in 2022/23, to \$2.1 million for 2023/24 and 2024/25.
9. BEA has also noted it has access to a State Government events bid fund which was recently increased from \$3.75 million to \$5 million annually.

Should the motion be carried, the following implications of this motion should be considered. Note any costs provided are estimates only – no quotes or prices have been obtained:	
Public consultation	Not applicable
External consultant advice	Not applicable
Legal advice / litigation (eg contract breach)	Not applicable
Impacts on existing projects	Diversion of funding from other committed funds.
Budget reallocation	Committing an additional unbudgeted \$150,000 in 2023/24 would require identifying currently budgeted CoA activity to cease. The same allocation could be expected to also be sought by BEA in the final year of the existing AEDA funding agreement with BEA (2024/25)
Capital investment	Not applicable
Other	Not applicable
Staff time in receiving and preparing this administration comment	To prepare this administration comment in response to the motion on notice took approximately 5.5 hours.

- END OF REPORT -