

# Adelaide Economic Development Agency

## Quarter 3 Report

1 January 2024 – 31 March 2024

### Executive Summary

Between 1 January 2024 and 31 March 2024, AEDA:

- Completed a further 10 recommendations of the AEDA reviews with 23 of the 37 actions now complete
- Invested \$40,000 to drive promotion of the city by leveraging off the South Australian Tourism Commission's existing tourism campaign, delivering nearly 5,000 leads for city tourism businesses
- Commencement of projects delivered by SouthStart, ThincLab and MTP Connect that received funding to support small businesses to grow
- Delivered MallFest in Rundle Mall, including extending trading hours and a curated range of activations
- Supported 40 firms and investors on various business relocation, investment and property decisions
- Supported 16 events through the Commercial Events and Festivals Sponsorship Program and the Events and Festival Sponsorship Program, which were delivered in the quarter with a combined anticipated attendance of 5,809,488 and anticipated economic benefit of \$ 364,733,253 million.

Budget is on track with variances primarily relating to staffing vacancies and a recognition of funds from Strategic Partnership Program in 2022/23 that were committed for expenditure in this financial year in line with agreements.

Tracking against business plan remains strong with eighteen measures completed/met and a further five on track.

### Financial Report

Operating Position	December YTD			Annual			
	\$000s	2023/24 Actuals	2023/24 Q2 Budget	Variance	2023/24 Q2 Budget	2023/24 Proposed	Variance
<b>Income</b>							
Rundle Mall Levy		2,939	2,910	29	3,890	3,890	0
Rundle Mall User charges		361	270	91	360	500	140
CoA Appropriation of Funds		0	0	0	9,550	9,764	214
Other Income		46	49	-3	104	104	0
<b>Total Income</b>		<b>3,347</b>	<b>3,229</b>	<b>117</b>	<b>13,904</b>	<b>14,258</b>	<b>354</b>
<b>Expenses</b>							
Employee Costs		2,825	3,352	527	4,620	4,577	43
Materials, Contracts and Other Expenses		3,637	4,705	1,068	6,055	5,537	518
Sponsorship, Contributions and Donations		2,808	2,460	-347	3,187	4,082	(895)
Depreciation, Amortisation and Impairment		40	31	-9	42	62	(20)
<b>Total Expenses</b>		<b>9,310</b>	<b>10,548</b>	<b>1,239</b>	<b>13,904</b>	<b>14,258</b>	<b>354</b>
<b>Operating Surplus / Deficit</b>		<b>(5,963)</b>	<b>(7,319)</b>	<b>1,356</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Year to Date (YTD) Financial Summary

### Income

- Rundle Mall Levy income continues to be favourable in comparison to the YTD budget due to there being only \$620 in objections, balance of objection budget favourable \$29k.
- Rundle Mall user charges have exceeded the annual budget and are forecasting an increase of \$140k in anticipated income along with an increase in corresponding spend in Marketing the Rundle Mall.

### Expenditure

- Employee costs are forecast to be \$350k favourable for AEDA (excluding Rundle Mall) following vacancies and acting arrangements. This will reduce the 2023/24 CoA contribution at year end.

### Operating Surplus/(Deficit)

- The YTD operating deficit is a result of the timing of the CoA appropriation of funds. All receipts and payments are made through the City of Adelaide. AEDA is a wholly owned subsidiary of Council, and a true-up is completed at the end of the financial year to ensure that the activities of AEDA are appropriately funded.

## Projected Annual Financial Summary

### Quarter 3 Variances and Budget Requests

- \$232k of non-allocated funds from the Strategic Partnership budget in 2021/22 and 2022/23 has been recognised in the Strategic Partnerships budget, in line with committed funding
- \$130k of funds required due to re-timing of payment to event suppliers
- \$40k in savings has been forecast in the Welcome Adelaide Strategic project budget
- \$23k of unallocated funds from the 2023 NYE Business Events fund returned to CoA
- \$44k of anticipated underspend in sponsorships requested to be expensed in 2024/25
- \$600k reallocation of expenditure to Grants, Contributions and Donations to align to the nature of the expenditure
- \$41k that was added to the AEDA budget in quarter two for the Graduate role has been transferred back as a Corporate expense in quarter three - following a review of the decision to allocate the budget for the graduate programs into individual programs, it will now be centralised.

### Risks and Opportunities

- Continued macroeconomic trends such as rising interest rates and cost of living pressures create a subsequent impact on potential spend in city businesses
- The Rundle Mall Sound System Capital project approved in the City of Adelaide (CoA) 2023/24 Business Plan and Budget was delayed due to infrastructure resourcing limitations and subsequently moved to the 2024/25 budget. Within the CoA 2024/25 business plan and budget process this project has now been defunded resulting in an inability to fulfil the planned action in the AEDA business plan 'commence implantation of key recommendations from the Rundle Mall place vision project, focusing on key strategic opportunities that include a new Rundle Mall sound system'. An inadequate sound system in Rundle Mall presents a potential safety concern with the inability to communicate in the event of a public emergency. The project scope was to include public announcement and emergency warning system capabilities.

NB: AEDA's strategic risks are included within the City of Adelaide's Strategic Risk Register, which is reported through the Strategic Risk and Internal Audit Group that then reports into the Audit and Risk Committee

## Board and Advisory Committee Term Changes

In quarter two the AEDA Board received applications from Advisory Committee Members who wished to apply for the position of the Advisory Committee Representative on the AEDA Board. At its March 2024 meeting the AEDA Board appointed James Black for a one-year term to the AEDA Board as the Advisory Committee Representative.

## Grant Funding Approved

### Mainstreet Development Program

The following Precinct Groups have received the mainstreet development program grant following the receipt of their acquittal of 2022-23 funding and their business plan for 2023-24

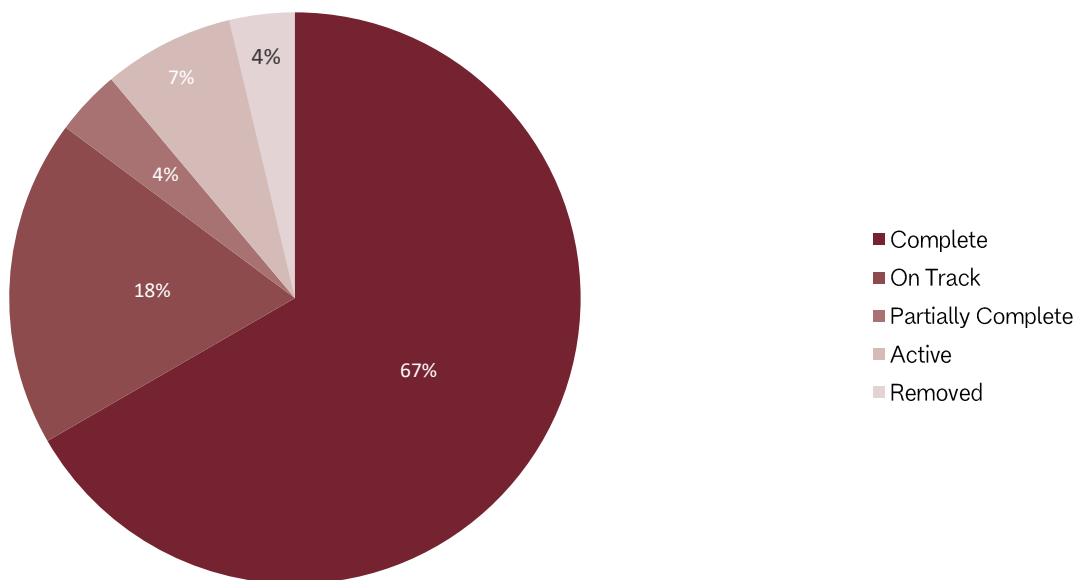
Organisation	Funding
Adelaide West End Association	\$25,000
East End Coordination Group	\$25,000
Gouger Street Traders Association	\$25,000
Hutt Street Traders Association	\$25,000
North Adelaide Precinct Association	\$25,000

## Business Plan & Budget and Strategic Plan Measures

The 2023/24 AEDA Business Plan and Budget includes 27 measures across the four key areas, Business, Investment & Residential Growth; Visitor Economy; Rundle Mall and Brand and Marketing.

As at the end of the quarter two progress against the measures are as follows:

- 18 measures have been marked 'Complete' because they have been finalised or the annual target met;
- 5 measures are 'On Track', meaning the pro-rata measure is tracking ahead or in-line with the target;
- 1 measures are 'Partially complete', as some progress has been made towards the target, but are not tracking ahead of the pro-rata benchmark;
- 2 measures are 'Active' which means work is being done towards the target but no numerical figure towards the target has been recorded and;
- 1 target has been removed from tracking



## Business, Investment and Residential Growth

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
50 inward investment proposals/local expansions supported, with at least 10,000sqm of office space committed to	Complete	50	74	+24
1,000 Welcome to Adelaide employee introduction packs distributed	On Track	750*	645	82.5
30+ vacant shopfronts/premises activated	Partially Complete	30	21	-1.5
Deliver AEDA Business Summit	On Track	1	0	-
Deliver 3 industry briefing events	Complete	3	3	-
Enrolled international student numbers 5+% above 2019 levels (44,318 students across all segments) <b>Source: StudyAdelaide</b>	Complete	44,318	54,762	+10,408
2+% increase in the number of city workers above 2020/21 levels (148,369) <b>Source: Economy.id</b>	Complete	2% (151,336)	157,498	+6,162
2+% increase in the number of city businesses above 2020/21 levels (12,018) <b>Source: ABS</b>	Complete	2% (12,518)	12,558	+40
2 campaigns/projects/market interventions to support emerging industries in the city	Complete	2	5	+3

\*in line with the reduction of budget for this program, the KPI has been reduced from 1,000 to 750 packs distributed

## Visitor Economy

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
Delivery of the new Experience Adelaide Visitor Centre	Active	1	0	1
Maintain accreditation of the Visitor Information Centre	Complete	1	1	-
8 training sessions with VIC volunteers and staff	Complete	8	9	+1
2 destination marketing campaigns or initiatives with the state government to increase the number of people visiting the city	On Track	2	1.5	-
20 new bookable city tourism products/experiences	Complete	20	20	-
City hotel occupancy above 70%	On Track	70%	69%	-

## Rundle Mall

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
3 recommendations from Rundle Mall place vision workshop implemented	Complete	3	3	-
5 major brands committed to Rundle Mall	Complete	5	5	-
Stakeholders agree that the volume and quality of communication and data/insights to stakeholders has improved over the previous 12 months	Active	1	-	-
Rundle Mall average strip vacancy rates below 8%	Complete	8%	6.8%	1.2%
Average vacancy rates below 20% for arcades, centres and laneways in the Rundle Mall precinct	Complete	20%	19.8%	0.2%
3 significant campaigns that are aligned with exclusive city events and festivals	Complete	3	3	-
Uplift in foot traffic across 3 major events/festivals	Complete	3	3	-
Uplift in market share across 3 major events/festivals	Complete	3	3	-
Moving annual total market share remains above 5%	Complete	5%	5.4%	+0.4%

## Brand & Marketing

Key Performance Indicator	Status	Annual Measure	Actual	Pro Rata Difference*
Generate \$2 million in advertising space rate with reference to City of Adelaide/AEDA	On Track	\$2m	\$1.9m	+\$400,000
Support 200 city businesses to establish or extend their e-commerce capability on byADL.com.au	Removed	200	N/A	-
Total city expenditure above \$4.45b	Complete	\$4.450b	\$4.615b	+\$1,277b

\*Difference relates to the difference between the measure and the quarter 3 pro-rata benchmark, not the full KPI.

## Key Achievements



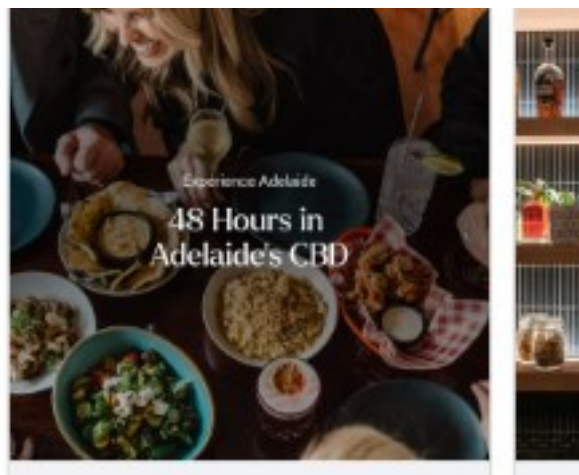
### Strategic Partnership Program

The three newly supported Strategic Partnerships have launched their programs:

**MTPConnect's** Global Market Navigator Program was launched on 14. The program is supporting ten Adelaide based healthtech businesses to build a strategy to expand their global footprint. The companies span therapeutics, medical devices and digital health and include Personify Care, Sementis, Fusetec 3D, Osteo-X Protego Medical, RehabSwift, Innovatus Technology, Corciullum Systems, Addend.ai and ResearchSat.

The first cohort of two that will take part in the **University of Adelaide ThincLab's** ThincSeed program started the 13 week program on 13 March. The eight businesses in the cohort will be supported to establish more sophisticated systems and strategies to manage the growth of their business, including the structure and systems required for supporting a larger workforce.

**SouthStart** launched applications for their MASTERMIND program, designed to support ten growth ready founders. The nationally renowned SouthStart festival was used as a platform to recruit participants



### Destination Adelaide

A cooperative marketing initiative with SATC designed to promote tourism businesses in the city and drive Australian Tourism Data Warehouse (ATDW) leads as part of the 'Travel. Our Way' campaign. \$40,000 investment was utilised to run the campaign in intrastate and interstate markets and concluded 29 February 2024. Forty nine additional city tourism products in three categories 'activities', 'food & drink' and 'accommodation' were promoted across the campaign, generating 13,888 product page view visits on southaustralia.com.au and 4,940 ATDW leads (click through to the business website).

From March, AEDA has directly managed the lead generation campaign to support city tourism businesses on the Experience Adelaide channels. This allows for promotion of a greater number of city businesses (forty seven in the first month). The campaign will run to the end of June.

A new destination campaign is being developed and will run in May/June to coincide with the quieter late autumn and winter months, highlighting the real experiences of city users to challenge some of the stereotypes and invite people to see the city for themselves.



Rundle Mall Activations

Throughout the quarter a range of activations have been delivered in the Rundle Mall precinct increasing vibrancy and driving foot traffic and spend, including:

**MallFest** was delivered for its second year, running through the Festival Season. Highlights included:

- A curated program of street performers along the length of the Mall throughout the Festival Season
- Activations under the Gawler Place Canopy including cocktails at the MallFest Bar and the return of the HEXADECA installation
- Extended trading on Saturdays until 6 pm
- Lights and lanterns entry statement at Pulteney St entrance initially erected for Lunar New Year but maintained during March connecting the Mall and East End

**Little Amal**, a feature of the 2024 Adelaide Festival walked down Rundle Mall on Friday 15 March with a media call at the Malls Balls with Lord Mayor and Adelaide Festival CEO Kath Mainland. Amal's walks drew attention to children fleeing war, violence, and persecution around the world.

**Adelaide International** popped up in Rundle Mall on Sunday 7 January. Fans had the opportunity to get a signed flyer from their favourite players and test their racquet skills on a giant tennis inflatable, as well as playing a range of games with the Nova entertainment team.

**Gathered Market** in the Mall has returned for another year and kicked off their first event of 2024 on Sunday 11 February and again on Sunday 24 March.

**Lunar New Year** celebrated the Year of the Dragon. Rundle Mall activated the Precinct with traditional lion dances every hour, on the hour, from 12 pm to 6 pm on Friday 16 February.



Rundle Mall Foot Traffic

Rundle Mall Foot Traffic in Q3 was up 5% when compared to the same period in 2022/23.

Total Traffic was down -6% vs. March 2023 and up +4% vs. February 2024. Noting that whilst foot traffic was down in March 2024 vs. last year, Good Friday 2024 fell on Friday 29 March, meaning one less Friday 9pm trading day this year.

Fringe Festival:

- Overall foot traffic in the Mall during Fringe 2024 (16 Feb to 17 Mar) was +6% vs. Fringe 2023
- This year Rundle Mall had extended trading hours on Saturdays until 6pm. Traffic in the Mall between 5pm and 6pm on average was up +14% vs. Saturdays in 2023 between 5pm and 6pm.

Easter Weekend:

- Easter Saturday foot traffic was +3% vs. Easter Saturday 2023
- Easter 2023 State Government allowed the Mall to open from 9am on Easter Sunday and Easter Monday. In 2024 they amended the hours which meant that stores could not open until 11am
- RM spend was up +14% on Easter Monday which indicates that people were staying longer in the Mall.



## Events and Festival Sponsorship Programs

In quarter three, the following events took place that were sponsored by the **Events and Festival Sponsorship Program**:

- Adelaide International (Tennis) - \$50,000
- Santos Tour Down Under - \$165,000
- Adelaide Fringe - \$300,000
- Adelaide Festival - \$360,000
- WOMADelaide - \$75,000

Through the Events and Festivals Sponsorship Program a total of \$950,000 was invested into five events/festivals in quarter three with an estimated gross economic impact of \$270,229,947 and an estimated total attendance of 4,793,368 (estimated city-based attendance 4,062,618).

*\*estimated figures are derived from the 2023 acquittal reports (with the exception of Adelaide International (Tennis) who had completed their 2024 acquittal report)*

In the quarter the following events that were supported by the **Commercial Events and Festivals Sponsorship Program** took place:

- Laneway Festival - \$35,000
- The Garden of Unearthly Delights - \$40,000
- Gluttony - \$45,000
- Wonderland Spiegeltent - \$20,000
- Fool's Paradise - \$35,000
- Adelaide Motorsport Festival \$40,000
- Blitz Golf - \$14,000
- Ebenezer Night Markets - \$5,000
- The Courtyard of Curiosities - \$14,000
- Sidebyside - \$14,000
- Holi Festival - \$19,500

Through the Commercial Events and Festivals Sponsorship Program a total of \$281,500 was invested into eleven events/festivals in quarter three with an estimated gross economic impact of \$94,503,306 and an estimated total attendance of 1,746,870.

*\*estimated figures are derived from the initial applications with the exception of three events who have completed their acquittal report*

## AEDA Business Summit Launch

The third AEDA Business Summit launched on 13 March. 141 tickets sold as at end of March. Keynote speakers include:

- Alex Robson, Deputy Chair of Australian Productivity Commission, who will share insights on Adelaide's position in the Australian economy, the city's growth opportunities, and the economic potential of AI.
- Philip Corne, former CEO of Louis Vuitton Australia and NZ, who will share global perspectives on the economic impact potential of luxury retail in a capital city.

The University of Adelaide is the first Major Partnership established for the Summit which contributes funding in return for branding and profiling as well as valuable speakers in the event's program.





### Property Council SA – Office Market Report

AEDA collaborated with the Property Council of SA to brief the property industry on the city's economy and the influence of growing white collar industries on construction and activity levels.

This event was held at Flinders University's new city campus in One Festival Tower.

The event increased AEDA awareness, promoted Welcome to Adelaide program to various new companies in the CBD including Defence Housing Australia and generated property leads.



### AEDA Business Plan and Budget

Consultation and development of the AEDA 2024/25 Business Plan and Budget was undertaken in quarter three. The business plan continues to deliver on the strategy set out in the AEDA Charter; to accelerate economic growth, promote the city and position Rundle Mall as the State's premier retail precinct.

The focus of the next business plan and budget will be heavily informed by CoA's Economic Development Strategy and AEDA's Strategic Plan.

The business plan was developed in consultation with the AEDA Staff, Advisory Committee, Board, Council Members and reflected the direction of the CoA Strategic Plan.



### AEDA Reviews Implementation

Since Council's adoption of the AEDA Review Implementation Plan on 24 October 2023, which detailed how the 37 actionable recommendations from the Deloitte and KPMG reviews of AEDA would be addressed, 23 actions have been completed (10 of these were completed in quarter three), 11 have been significantly progressed and 3 have been commenced.

The next progress report to Council for the Implementation of the AEDA Review Recommendations is scheduled for July 2024. It is currently anticipated that the vast majority of review actions will be completed by August 2024.

## Up Next

Coming up from 1 April 2024 – 30 June 2024 are:

- Updated Economic Dashboards on AEDA website
- AEDA Business Summit - 22 May
- Destination Adelaide new campaign running through May and June
- Gathered Round - 3 to 7 April
- LIV Golf – 26 to 28 April
- Urban Kitchen in Rundle Mall (associated event of Tasting Australia) - 3rd to 12th May
- Winter Activations in Rundle Mall – June
- Welcoming Defence Housing Association (100 Staff) at new building at 185 Pirie St
- Population Growth and Housing Event. A partnering event with Committee for Adelaide - 12 April
- 2024 Commercial Events and Festivals Sponsorship Program funding recommendations considered for approval