

Funding models for Main Street precincts

Tuesday, 16 June 2026

City Finance and Governance
Committee

Strategic Alignment - Our Corporation

Program Contact:

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Public

Approving Officer:

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EXECUTIVE SUMMARY

The purpose of the report is to respond to a Council resolution that a report be “drafted by the administration in conjunction with AEDA outlining the consultation and framework required to develop multiple special regimes, similar to business improvement districts, to generate additional income to support individual Main Streets”.

This report examines the operation of the Rundle Mall Marketing Levy (Separate Rate) as an operating “regime similar to business improvement districts”, and assesses whether similar mechanisms are appropriate for supporting revitalisation of Main Streets. It uses Hindley and Melbourne Streets as illustrative examples.

The Rundle Mall Marketing Levy operates similarly to a small BID Business Improvement District (BID)-style funding model. While the Rundle Mall Levy has proven effective due to the scale, concentration and predominantly commercial nature of its rate base, analysis demonstrates that a separate rate for other Main Streets would be cost-prohibitive for ratepayers and deliver limited net benefit.

Any future precinct revitalisation or activation initiatives for these areas should instead be considered through alternative funding and delivery models that better reflect equity, affordability and precinct scale considerations.

RECOMMENDATION

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE

1. Notes the findings of analysis of options to raise additional income to support individual Main Streets contained in this report.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation The City of has committed to demonstrate bold capital city leadership and robust governance with our community at the heart of our decisions, and to create, maintain and integrate plans and policies that reflect and guide decision making and support our city and our community to thrive.
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	While Business Improvement Districts and additional levies appear not to be a viable model to support Main Street revitalisation in the City of Adelaide, other funding strategies or mechanisms could potentially be identified.
25/26 Budget Allocation	Not as a result of this report
Proposed 26/27 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
25/26 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. This report responds to the Council resolution of 8 April 2025, that a report be “drafted by the administration in conjunction with AEDA outlining the consultation and framework required to develop multiple special regimes, similar to business improvement districts, to generate additional income to support individual Main Streets”.

Business Improvement Districts

2. A Business Improvement District (BID) model is where property owners within a defined precinct collectively fund enhanced services and place based activities that directly benefit their area.
3. In the November 2024 Precinct Review commissioned by the City of Adelaide, KPPM Strategy examined a range of models to support Mainstreet precincts, and did not recommend BIDs as a preferred approach. Reasons included that a formal voluntary levy to fund a BID is limited by the degree to which precinct businesses are willing to participate financially as members.
4. Furthermore, a BID style approach is not backed by supporting legislation in SA, unlike NSW which is piloting a government BID scheme, funded through government grants rather than from business and property owner participants.

Rundle Mall levy

5. The Rundle Mall Marketing Levy (separate rate) operates similarly to a small BID – it is geographically targeted, hypothecated (quarantined for a specific purpose), and governed with strong input from contributing stakeholders, ensuring alignment between investment and outcomes. This structure enables coordinated delivery of marketing, events and precinct management initiatives that individual businesses could not achieve independently, while maintaining clear accountability and a direct link between contributions and local economic uplift.
6. The Rundle Mall Marketing Levy is an additional rate declared annually by Council for a defined geographic area and specific purpose. Funds raised must be quarantined and expended solely on the agreed activities. The Rundle Mall Marketing Levy is calculated by applying a rate-in-the-dollar to property valuations within the mall precinct, with the rate set each year to meet an agreed budget. Governance is provided through levy-payer representation, underpinned by a precinct vision and annual business planning, enabling delivery of coordinated marketing, events and promotions that directly benefit contributors.
7. Indicative financial data relating to the Rundle Mall Levy (2025/26) are below:
 - 7.1. Number of assessments – approximately 1,420.
 - 7.2. General rates revenue collected – approximately \$17.6m (approximately \$12,440 per assessment).
 - 7.3. Revenue collected from the levy – approximately \$4.5m.
 - 7.4. Average levy per assessment – approximately \$3,170 (approximately 23% uplift on general rates).
8. The Rundle Mall Levy is viable as it is spread across a large, high value and predominantly commercial rate base, and levy funded outcomes are clearly attributable and directly perceived by levy payers.

Hindley Street example

9. Analysis of Hindley Street data presented as part of the Rating Review workshop (Special CFG meeting 22 April 2025 – [Link 1](#)) suggests that, despite generating approximately \$4.6 million per annum in general rates in 2025/26 across around 1,000 assessments, the precinct’s mixed-use composition significantly constrains the effectiveness of a separate rate. Unlike Rundle Mall it has a high proportion of non-retail and non-daytime economy uses, significant numbers of residential, accommodation, community and partially non-rateable properties, and wide variability in property size, valuation and rate burden.
10. Indicative modelling shows that even a modest separate rate would require a significant increase above annual general rates:
 - 10.1. A \$200,000 program would require approximately a 4.3% rate increase for Hindley Street ratepayers, equating to an average \$200 per assessment.
 - 10.2. A \$300,000 program would require approximately a 6.5% increase (~\$300 average per assessment above current).
 - 10.3. A \$400,000 program would require approximately an 8.7% increase (~\$400 average per assessment above current).

11. To raise \$4.5m (to replicate scale of the Rundle Mall levy) would require a 98% increase (~\$4,500 average per assessment above current)
12. Analysis of the Hindley Street property dataset suggests:
 - 12.1. A small cohort of ratepayers would carry a disproportionate share of the total rate burden
 - 12.2. Many properties that contribute materially to amenity impacts or visitation are lightly rated, limiting the effective rate base
 - 12.3. The cost of governance, consultation and administration would consume a higher proportion of funds raised than in larger precincts such as Rundle Mall.
13. As a result, a Hindley Street separate rate is likely to deliver sub-optimal outcomes with relatively limited total funding, at a high marginal cost to individual ratepayers, and the risk that benefits are diffuse or indirect, reducing perceived return on investment.
14. On this basis, a Hindley Street separate rate is assessed as cost prohibitive and poor value for money for ratepayers.

If applied to Melbourne Street

15. Melbourne Street exhibits similar but more pronounced structural constraints to Hindley Street. Its smaller commercial rate base (around 490 non-residential properties which front on to Melbourne Street, collectively contributing \$1.891m in general rates revenue), strong residential presence and sensitivity to affordability mean that any separate rate would impose higher proportional impacts for limited total revenue.
 - 15.1. A \$200,000 program would require approximately a 10.6% rate increase for Melbourne Street ratepayers, equating to an average of approximately \$410 per assessment above current.
 - 15.2. A \$300,000 program would require approximately a 15.9% increase (~\$610 per assessment above current).
 - 15.3. A \$400,000 program would require approximately a 21.1% increase (~\$815 per assessment above current).
16. As with the Hindley Street example it would be difficult to ensure that levy funded activity delivers direct, exclusive benefits to levy payers, the risk of perceived cross subsidisation remains high, and administration and governance effort would be disproportionate to funds raised. A separate rate is not likely to provide an efficient or equitable funding mechanism for Melbourne Street, and alternative approaches are recommended.
17. To raise additional funding at a scale comparable to the Rundle Mall Levy (e.g. approximately \$4.5 million), an additional levy of approximately \$4,500 per assessment would be required on Hindley Street (total rates to 198% current level), and approximately \$9,184 per assessment on Melbourne Street (total rates to 338% current level).

In conclusion

18. As the scale, composition or average property size of the other Main Streets (Hutt, Gouger, O'Connell Streets) is comparable to the examples of Hindley and Melbourne Streets, it is reasonable to assume a separate rate would not provide an efficient or equitable funding mechanism for them, and alternative approaches are recommended.
19. Alternative approaches — such as time-limited pilots, targeted activation funded through general revenue, or partnership funding with other levels of government and business supportive of a BID — present lower risk and higher proportional potential return than a precinct levy.
20. As the CBD population grows and commercial activity increases, the concept of a precinct-based separate rate may become viable in the future.

DATA AND SUPPORTING INFORMATION

Link 1 – Special CFG 22 April 2025

ATTACHMENTS

Nil

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