

ANALYSIS ON PERMIT ACTIVITY CATEGORIES – RETAIL AND HOSPITALITY FOCUS

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1. PERMIT VOLUMES AND REVENUE TRENDS

Permit volumes and fees over the years pre and post COVID can be seen in Table 1 below.

Table 1: Permit Volume and Revenue

Activity Type	2017/18		2018/19		2019/20		2020/21		2021/22	
	Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue
Outdoor Dining	551	\$425,695	541	\$459,053	538	\$0	549	\$0	570	\$0
Objects on Footpath	75	\$11,664	128	\$8,386	47	\$7,494	34	\$8,249	74	\$5,808*
On Street Activities	787	\$72,277	722	\$51,407	487	\$45,629	438	\$98,773**	585	\$20,238*
Mobile Food Vending	31	\$43,971	50	\$18,149	47	\$11,550	53	\$14,678	41	\$8,773*
City Works	3159	\$1,138,9	3691	\$1,255,669	4042	\$1,360,446	3250	\$1,211,747	2620	\$1,395,051*

*Council's new permit fee model launched in July 2021, resulting in lower revenue across many categories

** The spike in On-street Activity revenue in 20/21 relates to outstanding debt collection

*** Revenue across 20/21 & 21/22 was impacted by Reignite Adelaide fee waivers

2. OUTDOOR DINING

2.1. History of Fees

- 2.1.1. Outdoor Dining fees have been waived in some format since 2016/17.
- 2.1.2. The waive was initially to encourage compliance with Council's Outdoor Dining Guidelines regarding the policy position to move away from fixed furniture, before being extended to waiving all fees.
- 2.1.3. Since the waive, the number of businesses offering outdoor dining has remained fairly consistent.
- 2.1.4. Based on the fee rate last charged, Council is forgoing approx. \$500k revenue per annum.
- 2.1.5. We know many Councils waived outdoor fees during COVID, and are now reinstating them, including the City of Melbourne as reported in September 2022: [Melbourne outdoor dining: Council reintroduces fees in unanimous vote \(theage.com.au\)](https://www.theage.com.au/news/melbourne-outdoor-dining-council-reintroduces-fees-in-unanimous-vote-2022-09-08).

2.2. Benchmarking

- 2.2.1. At the fee rate when last charged, City of Adelaide's fees were one of the cheapest capital cities – supporting the 'Lowest Cost Capital City' action from our 2020-24 Strategic Plan.

2.2.2. City of Adelaide were also comparative or cheaper than most relatable SA Metro Councils, shown in Table 2.

Table 2: Outdoor Dining – Benchmarking Fees

Council	Rate – per m2 per annum	Admin/Application Fee	Notes and fee waivers
Capital City A	\$72.20	\$200	Fees waived during COVID, returned in November 2022. 'Outside City' category is \$16.60 per m2.
Capital City B	\$150 – \$700	\$335 + \$500 security deposit	Waived during COVID, currently until June 2023.
Capital City C	\$146 - \$509	\$127.20 + plus \$779.10 design assessment	
Capital City D	\$76 - \$168	\$0	
Capital City E	No fee since 2019	\$0	Previous rate for 'Central City' in 2019 was \$150 per m2 with \$125 application fee
Capital City F	\$68 - \$188	\$0	
City of Adelaide	No fees since 2019 Previously \$39-\$44	\$0	Fees waived in some form since 2016/17
Adelaide Metro A	Licensed: \$69 per table & 4 chairs Unlicensed: \$41 per table & 4 chairs	\$266.50	
Adelaide Metro B	Licensed \$80 - \$121 per chair Unlicensed \$25 - \$80 per chair	\$52	
Adelaide Metro C	Licensed \$39 - \$52 Unlicensed \$23 - \$31	\$0	
Adelaide Metro D	\$21 per chair	\$0	

2.3. Average Cost to Businesses

2.3.1. The average amount of space used across the 550+ Outdoor Dining Permit holders in the City of Adelaide is between 10-12 m2.

2.3.2. At the previous rate, the impact of fees to an individual business is shown in Table 3 below.

Table 3: Outdoor Dining – Cost to Individual Businesses

	Size	Cost per annum	Cost per week
Average outdoor dining permit	11 m2	\$429	\$8.25
Smallest outdoor dining permit	2.8 m2	\$109	\$2.10
Largest outdoor dining permit	154.8 m2	\$6,192	\$119

3. PARKLETS

3.1. History of Fees

- 3.1.1. In response to COVID-19 and the social distancing requirements for hospitality venues, Council's Reignite Adelaide campaign trialed a series of temporary parklets at no cost to businesses, which were well received by owners and users.
- 3.1.2. The timing coincided with a revised Parklet Program and Guideline being endorsed, with many temporary parklets now being converted to permanent arrangements following the trial.
- 3.1.3. At the time of launching the new Operating Guidelines, parklets were to be charged the standard fee rate for commercial use of public space (\$1.60 per m2), plus any lost revenue if paid parking bays were reduced.
- 3.1.4. Each business owner applying for a parklet was made aware of the fees.
- 3.1.5. During Reignite Adelaide and when setting the 2022/23 budget, Parklet fees remained waived.
- 3.1.6. While predominantly used for the same purpose as outdoor dining, parklets are considered premium value compared to standard outdoor dining given they:
 - 3.1.6.1. Reduce on-street parking
 - 3.1.6.2. Privatised the use of public space and are not removed at the end of trade.

3.2. Current Approach to Parklets Fees

- 3.2.1. There are currently 14 parklets in use with more applications anticipated.
- 3.2.2. At current rates if charged, parklet permit fees would attract \$250k per annum.
- 3.2.3. On average, most parklets are 11 m2 in size and remove one on-street parking bay.
- 3.2.4. At \$1.60 per m2 per day, the annual fee is approx. \$7k, plus any paid parking impact.
- 3.2.5. A sample of 10 existing parklets and subsequent fees (if charged) is shown in Table 4, followed by the average cost to businesses in Table 5.

Table 4: Sample of Existing Parklets and Related Fees

Location of Business & Parklet	Size (m2)	Year of Installation	Parking spaces reduced	Annual permit fee (current rate)	Loss of ticket machine revenue 22/23*	Total cost to business per annum
Gilbert Street (a)	15	Nov 2021	1.5	\$8,760	N/A	\$8,760
Pirie Street (a)	10	Oct 2021	1	\$5,840	\$7,499	\$13,339
Pirie Street (b)	10	Oct 2021	1	\$5,840	\$7,499	\$13,339
Halifax Street	30	Oct 2021	3	\$17,520	N/A	\$17,520
Vardon Avenue	10	Sept 2021	1	\$5,840	N/A	\$5,840
Pirie Street (c)	25	Oct 2021	2.5	\$14,600	\$11,056	\$25,656
Wyatt Street (a)	12.5	2017	1.5	\$7,300	N/A	\$7,300
Wyatt Street (b)	12.5	2017	1.5	\$7,300	N/A	\$7,300
Gilbert Street (b)	15	Oct 2021	1.5	\$8,760	N/A	\$8,760
Union Street	15	2017	1.5	\$8,760	N/A	\$8,760

*Ticket machine revenue only calculated when parklets reduce paid parking bays

Table 5: Parklets – Avery Cost to Individual Businesses

	Size	Cost per annum	Cost per week
Cheapest parklet permit	10 m2	\$5,840	\$112
Most expensive parklet permit	25 m2	\$25,656	\$493

3.3. Benchmarking

- 3.3.1. Research shows not all Councils support parklets, with fee rates differing significantly in those that do.
- 3.3.2. If applied at the current rate, City of Adelaide’s fees would be more expensive for parklets than most others, as shown in Table 6.

Table 6: Parklets – Benchmarking Fees

Council	Rate – per m2	Admin/Application Fee	Notes and fee waivers
Capital City A	Central City \$278 per annum Outside Central Area \$64 per annum	\$600	-
Capital City B	Currently no charge during the trial	-	Trialling free on-street dining program to June 2023
Capital City C	No Parklets	-	-
Capital City D	Up to \$350 per bay per week depending on location and final construction	-	Once off preparation of license and agreement conditions, costs vary per application
Capital City E	No general parklet opportunities	-	Occasionally for an event parking bays will be used
Capital City F	PoA	\$1,400	Annual fee of 13% of the construction cost charged
City of Adelaide	\$1.60 per sq metre per day (equates to \$584 per annum) + lost parking revenue Currently waived	-	Fees currently waived

4. RETAIL ACTIVATIONS (OBJECTS ON FOOTPATHS)

4.1. History of Fees

- 4.1.1. ‘Objects on Footpath’ permits include businesses staging items in front of their business premise on public land, or the use of footpath stickers promoting events.

- 4.1.2. In September 2022, Council resolved to:

*“Note Council’s continued support of the hospitality sector through the decision to waive outdoor dining permit fees for the 22/23 financial year
Request Administration provide a report to the new Council in the current financial year outlining the benefits and impacts of providing similar support to the retail sector, through the waiving of all permit fees for fixed retail businesses (bricks and mortar) seeking to activate the footpath in front of their premises via the placement of objects (including display tables, planter boxes, flowers pots and other items requiring a permit).”*

4.2. Current Approach to Retail Activations Fees

- 4.2.1. Approximately 15 permits are for annual retail displays such as flower-pots.
- 4.2.2. The financial impact of waiving fees for retail outlets in the same manner as outdoor dining is relatively low, equating to approx. \$2,100 in 21/22.
- 4.2.3. The average retail display is 2.3 m2, which equates to a cost of \$142 per annum to the business (\$2.70 per week).
- 4.2.4. Should Council continue to waive outdoor dining fees, a perceived inequity could exist between retail and hospitality businesses, with hospitality not charged for placing chairs and tables on the footpath, while retail are charged for placing their items in the same area.

4.3. Benchmarking

- 4.3.1. While comparisons to other Councils are not straightforward due to descriptions differing, Table 7 below shows City of Adelaide's rate remains cheapest in most cases.

Table 7: Objects of Footpath – Benchmarking Fees

Council	Rate	Admin Fee
Capital City A	\$680 annual fee	\$225
Capital City B	\$350 per hour per location	\$0
Capital City C	\$649 - \$1300 per m2 per year	\$0
Capital City D	\$60 per m2 per year (\$145 minimum)	\$0
Capital City E	\$100 - \$1212 per year, depending on activity type	\$99
Capital City F	\$30 per month	\$0
City of Adelaide	\$60 per m2 per year	\$0

5. COUNCIL'S PERMIT FEE MODEL

- 5.1. The 2020-2024 Strategic Plan committed Council to streamlining permits and reducing the cost of doing business.
- 5.2. In July 2021, a new permit fee model was launched, reducing a complex 42 tier permit fee structure into eight simple fee rates.
- 5.3. Application fees were removed from all permits, supporting the new principles of basing fees purely on the **amount of space used**, and **duration**.
- 5.4. Fee rates differ for commercial and not-for-profit activities where appropriate.
- 5.5. The model has allowed for easy calculation of fees and a consistent approach.
- 5.6. The approach has been central to City of Adelaide receiving recognition at State and National level for our approach to permit management.
- 5.7. For the vast majority of activities, City of Adelaide's permit fees are less than other Capital City Council's and SA metro Councils.