

2020-21 Quarter 4 Confidential Commercial Operations Report

ITEM 12.1.2 14/09/2021
Council

Strategic Alignment - Enabling Priorities

Program Contact:
Shaun Coulls, Acting AD
Strategic Property & Commercial

2021/00850
Confidential - s 90(3) (b) commercial advantage/prejudice commercial position of council

Approving Officer:
Tom McCready, Acting Director
City Shaping

EXECUTIVE SUMMARY

Council's commercial operations generated a full year operating surplus of \$31.9m which was \$2.7m favourable to budget. The \$2.7m variance comprised of favourable results in Parking (includes On-Street and UPark) of \$1.1m, Property of \$1.0m and Aquatic Centre of \$0.6m.

Consideration in confidence is sought because this report includes the financial and operating performance of Council's commercial businesses, as well as future marketing and pricing strategies which if made public could be used by competitors to the detriment of Council.

RECOMMENDATION

THAT COUNCIL

1. Notes the 2020-21 Quarter 4 Confidential Commercial Operations Report as detailed in Attachment A to Item 12.1.2 on the Agenda for the meeting of the Council held on 14 September 2021.
2. In accordance with Section 91(7) & (9) of the *Local Government Act 1999 (SA)* and because Item 12.1.2 [2020-21 Quarter 4 Commercial Operations Report] listed on the Agenda for the meeting of the Council held on 14 September 2021 was received, discussed and considered in confidence pursuant to Section 90(3) (b) of the *Local Government Act 1999 (SA)*, this meeting of the Council do order that:
 - 2.1 The resolution, the report, the discussion and any other associated information submitted to this meeting and the Minutes of this meeting in relation to the matter remain confidential and not available for public inspection until 31 December 2028.
 - 2.2 The confidentiality of the matter be reviewed in December 2022.
 - 2.3 The Chief Executive Officer be delegated the authority to review and revoke all or part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities Council has the financial capacity to meet its long-term commitments
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	All commercial business are transitioning out of COVID-19 and all performance projections are reliant on stable and/or improved COVID19 related restriction
Opportunities	Not as a result of this report
21/22 Budget Allocation	Not as a result of this report
Proposed 22/23 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
21/22 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

GROUNDS AND BASIS FOR CONSIDERATION IN CONFIDENCE

Grounds:

Section 90(3) (b) of the *Local Government Act 1999 (SA)*

- (b) information the disclosure of which—
- (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - (ii) would, on balance, be contrary to the public interest

Basis:

This Item is confidential as it includes commercial information of a confidential nature where confidence consideration is sought to protect the commercial position of the council and the operating position of Council's business entities operating in a competitive market place prior to the effective date of 31 March 2021.

The disclosure of information in this report to competitors in advance may be to Council's commercial detriment.

Public Interest:

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information to competitors in advance may be to Council's commercial detriment.

DISCUSSION

1. This report is prepared quarterly and provides detailed year to date financial and operating performance for Council's commercial operations as detailed in **Attachment A**.

ATTACHMENTS

Attachment A – 2020-21 Quarter 4 Confidential Commercial Operations Report

- END OF REPORT -

Confidential

Attachment A – 2020-21 Quarter 4 Confidential Commercial Operations Report



CITY OF
ADELAIDE

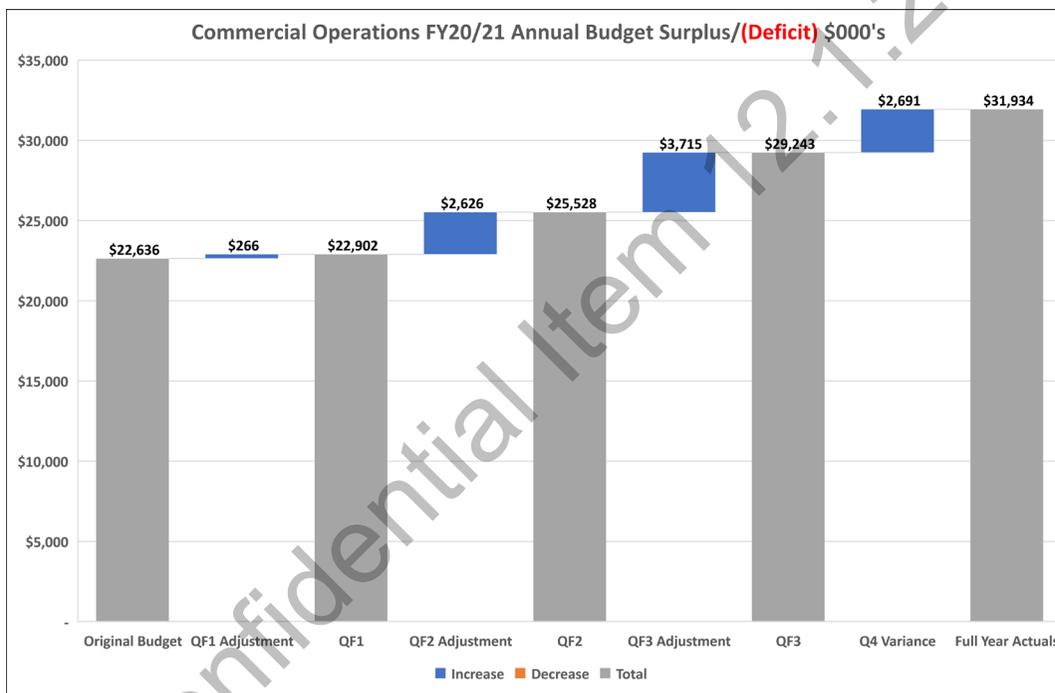
Commercial Operations Overview

- Overview
- Parking
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Parking	22,942	21,830	1,111	24,580	20,865
Aquatic Centre	(862)	(1,544)	683	(1,116)	(1,226)
North Adelaide Golf Course	2	40	(38)	(699)	(473)
Adelaide Town Hall	(343)	(314)	(30)	547	141
Property Services	10,196	9,231	965	10,907	9,155
Program Teams Net Position	31,934	29,243	2,691	34,219	28,462

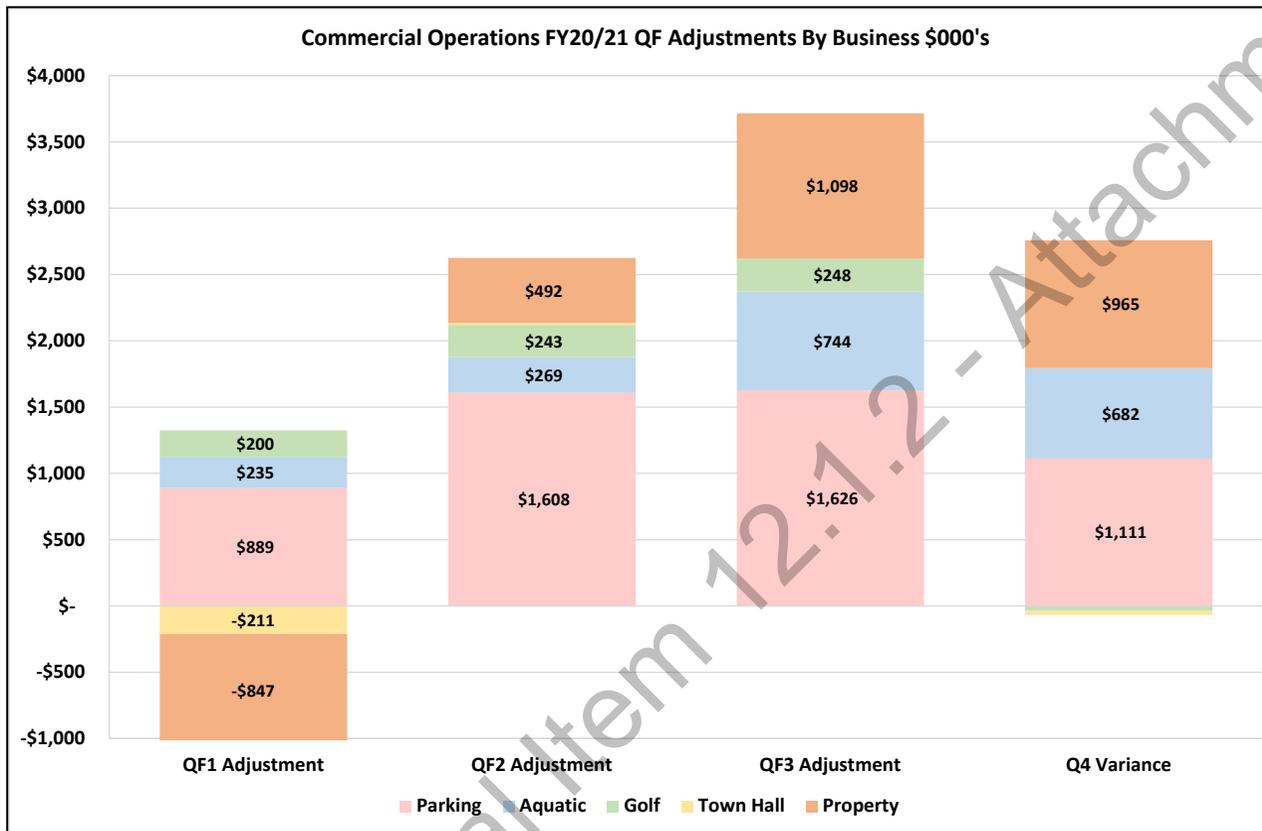
2020-21 Performance: \$31.9m full year surplus, \$2.7m favourable to budget

- **Parking \$22.9m surplus, \$1.1m favourable to budget.** Parking revenue during Q4 better than budget. Full year revenue below 2018/19 however Q4 performance was similar to Q4 2018/19.
- **Aquatic Centre (\$0.9m) deficit, \$0.7m favourable to budget.** Revenue held to forecast in Q4 with favourable utility and maintenance expenses contributing to favourable variance.
- **Golf Course \$0.0m surplus, (\$38k) unfavourable to budget.** Surplus achieved compared to deficits of (\$699k) in 2018/19 and (\$473k) in 2019/20.
- **Adelaide Town Hall (\$0.3m) deficit, (\$30k) unfavourable to budget.** Continues to be impacted by COVID and density restrictions.
- **Property Services \$10.2m surplus, \$1.0m favourable to budget.** Rental income and CMA revenue better than expected.



Commercial Operations Overview

- Overview
- Parking
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services



- QF1 Adjustment \$0.3m**, Parking \$889k and Aquatic \$235k better than expected as COVID restrictions were lifted. Golf outperformed prior years due to increase in participation \$200k. Town Hall impacted by restrictions not lifted (eg weddings) (\$211k). Property reduction to reflect reductions in Adshel and turnover rents (\$847k).
- QF2 Adjustment \$2.5m**, Parking \$1.6m and Aquatic \$269k continued to improve with fewer restrictions and greater confidence in performance post-COVID. Golf participation continued to be strong \$243k. Property budget adjusted \$492k to recognise favourable rents.
- QF3 Adjustment \$3.7m**, Parking \$1.6m and Aquatic \$744k continued to improve with fewer restrictions and greater confidence in performance post-COVID. Golf participation continued to be strong \$248k. Property budget adjusted \$1.1m to recognise favourable rents.
- Q4 Variance \$2.7m**, Parking \$1.1m and Aquatic \$682k continued improvement due to fewer restrictions. Property \$965k with income from CMA and rental properties better than expected.

Confidential Item 12.1.2 - Attachment A

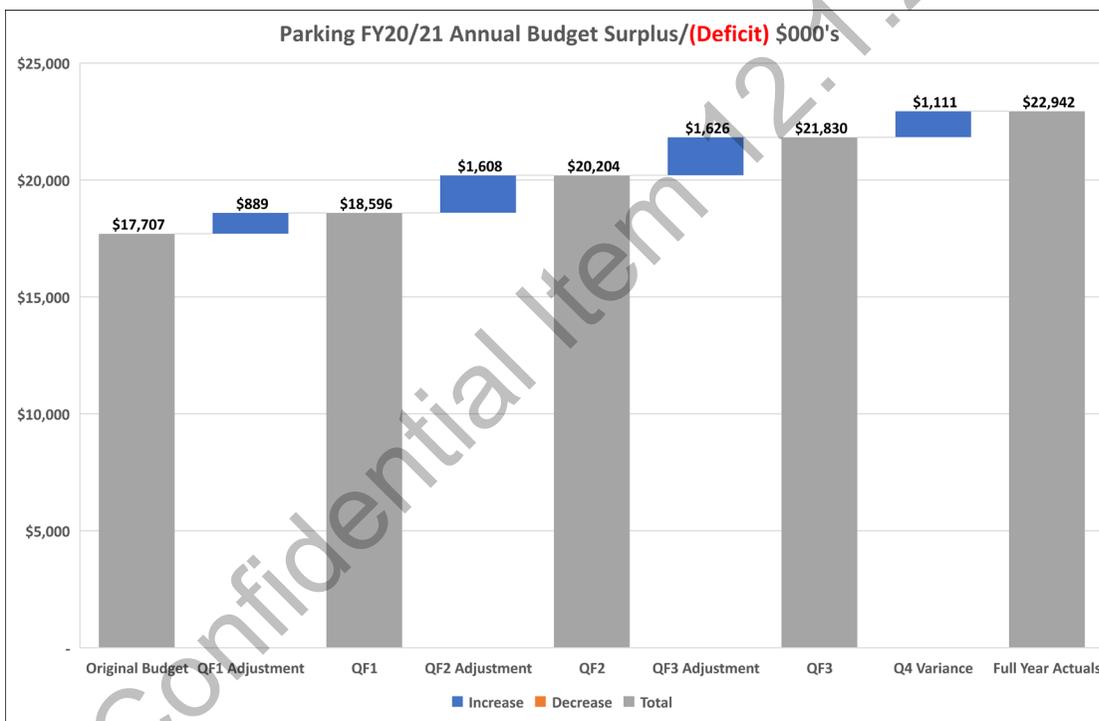
Parking (On-Street & UPark)

- Overview
- Parking**
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Operations Income	33,082	32,728	354	36,184	32,229
Resource Costs	(2,194)	(2,255)	61	(2,803)	(2,760)
Contractual Services (Excl Contract Labour)	(1,702)	(1,901)	200	(1,873)	(1,972)
Materials	(107)	(99)	(8)	(110)	(118)
Internal Charges	(5,248)	(5,837)	589	(5,791)	(5,508)
Other Expenditure	(890)	(805)	(84)	(1,027)	(1,006)
Operations Expenditure	(10,140)	(10,898)	758	(11,604)	(11,364)
Operations Net Position	22,942	21,830	1,111	24,580	20,865

Overall \$22.9m Surplus, \$1.1m favourable to budget.

- Parking revenue during Q4 was better than expected.
- Full year revenue was well below 2018/19 however revenue performance during Q4 was similar to Q4 in 2018/19.
- Expenditure was favourable mainly in internals due to turnover rent and utilities.



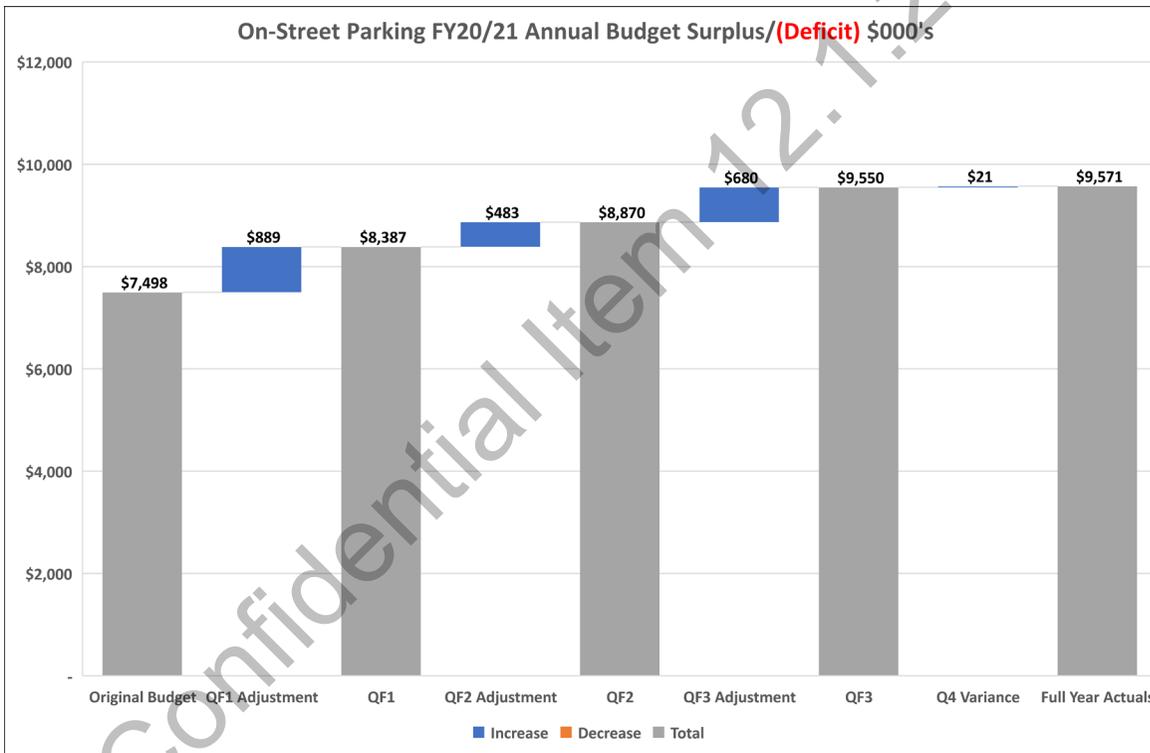
On-Street Parking

- Overview
- Parking**
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Operations Income	10,700	10,701	(1)	11,168	10,241
Resource Costs	(461)	(468)	6	(797)	(846)
Contractual Services (Excl Contract Labour)	(334)	(337)	3	(354)	(376)
Materials	(44)	(70)	25	(74)	(81)
Internal Charges	(22)	(19)	(3)	(29)	(6)
Other Expenditure	(266)	(258)	(8)	(492)	(464)
Operations Expenditure	(1,128)	(1,151)	23	(1,746)	(1,774)
Operations Net Position	9,571	9,550	21	9,422	8,468

Overall \$9.6m Surplus, \$21k favourable to budget.

- Revenue for Q4 as forecasted.
- Revenue still below 2018/19 but during Q4 recovered close to 2018/19 levels.



Glossary (On-Street KPIs, next slide)

Transaction Value Total: Revenue received for the quarter from ticket machines and Park Adelaide app.

Payment Transactions: The number of transactions for the quarter.

Average Transaction Value: Revenue divided by the number of transactions.

Average Value/Income Per Space: Total revenue for the quarter divided by the number of bays.

On-Street Parking KPIs

Overview

Parking

Aquatic Centre

North Adelaide Golf Course

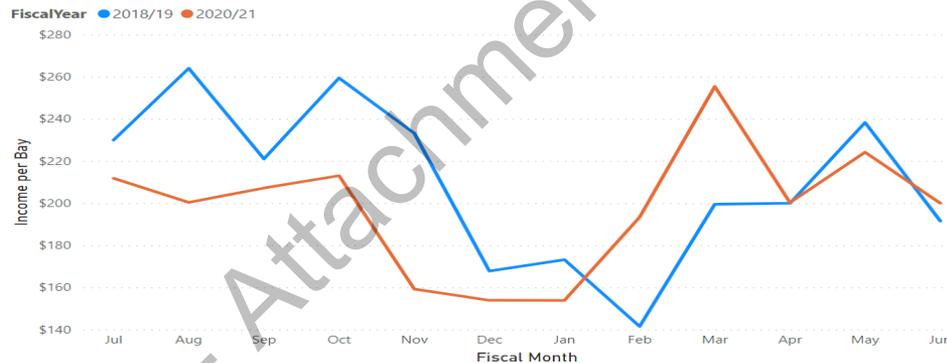
Town Hall

Property Services

All Day Paid

465 Bays

	This Year QF4	2 Yrs ago QF4
Revenue Total	\$ 290,325	\$ 292,797
Payment Transactions	23,973	25,387
Average Transaction Value	\$ 12.11	\$ 11.53
Average value/income per Space	\$ 208	\$ 210



Paid - Zone 1

1,189 Bays

	This Year QF4	2 Yrs ago QF4
Revenue Total	\$ 1,542,683	\$ 1,479,877
Payment Transactions	302,406	340,546
Average Transaction Value	\$ 5.10	\$ 4.35
Ave value/income per Space/Month	\$ 432	\$ 415



Paid - Zone 2

1,097 Bays

	This Year QF4	2 Yrs ago QF4
Revenue Total	\$ 1,167,514	\$ 1,109,877
Payment Transactions	220,552	244,749
Average Transaction Value	\$ 5.29	\$ 4.53
Average value/income per Space	\$ 355	\$ 337

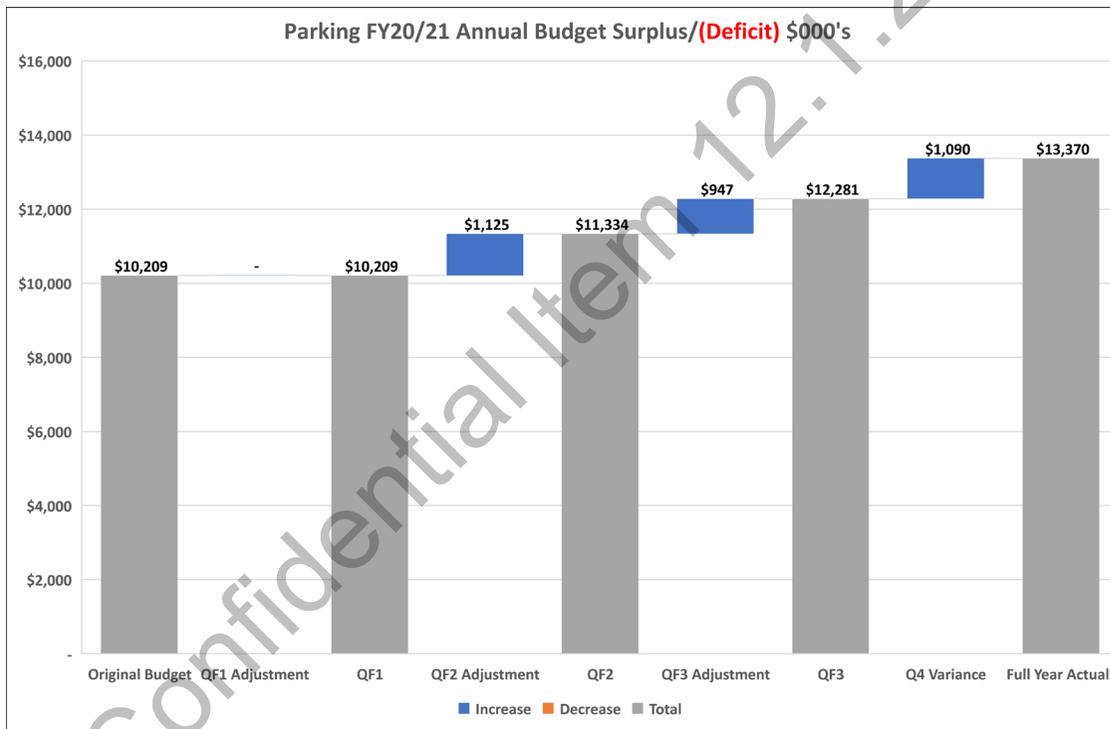


- Overview
- Parking**
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Operations Income	22,382	22,027	355	25,016	21,988
Resource Costs	(1,732)	(1,787)	55	(2,005)	(1,914)
Contractual Services (Excl Contract Labour)	(1,367)	(1,564)	197	(1,519)	(1,596)
Materials	(63)	(30)	(33)	(36)	(37)
Internal Charges	(5,225)	(5,818)	592	(5,762)	(5,502)
Other Expenditure	(624)	(548)	(76)	(535)	(542)
Operations Expenditure	(9,012)	(9,747)	735	(9,857)	(9,591)
Operations Net Position	13,370	12,281	1,090	15,158	12,398

Overall \$13.4m Surplus, \$1.1m favourable to budget.

- Results exclude Central Market UPark.
- Revenue better than budget but still well below 2018/19.
- During Q4 revenue was 98% of what was achieved for the same period in 2018/19.
- Internal Charges favourable due to turnover rent and utilities.



UPark - update

Overview

Parking

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Recent Achievements

- UPark Plus has undergone continued development, with a new customer loyalty function released in June 2021.
- Customer acquisition, retention and recovery promotions have commenced using this new functionality. The data provided through the platform provides insight into the success of each promotion and will assist us when planning future campaigns and promotions.
- UPark and ACMA partnered to promote the sign up to UPark Plus for Market Lovers who wanted to retain first hour free parking when visiting Adelaide Central Market. From 1 July a fee of \$2 was to apply for the first hour at the gate. As of 30 June 2021 2,293, Market Lovers had signed up to UPark Plus.
- Transitioning of existing monthly account customers to UPark Plus has continued, with only UPark Topham and Wyatt to be completed. Part of the functionality provides the payment option of direct debit to a credit card. This not only provides 'set and forget' convenience for the customer but has greatly reduced the time required for collection and debt recovery.
- **In May UPark were awarded the Local Government Excellence Award for "Outstanding Customer Experience or Service" for the UPark Plus product.**
- At the end of June 2021 there were 26,464 active UPark Plus Customers. With the customer data obtained we have been able to continue analysis of customer behaviour and develop information on the impact of price changes and develop customer retention strategies.
- At the end of June 2021, the UPark Plus capped fee product had been used 749,664 times and these transactions made up 31% of all UPark paid casual patronage (excluding Central Market first hour free).
- Topham Gantry upgraded and rebranded.

Upcoming Quick Wins

- Ongoing refresh and rebrand of internal car park painting and signage.
- Promotion of parking for AFL Football season at Adelaide Oval, including leveraging of UParks Port Adelaide Sponsorship.
- New 127 space open Air Car Park "UPark Andrews St" due to open August 2021.

UPark Road Map

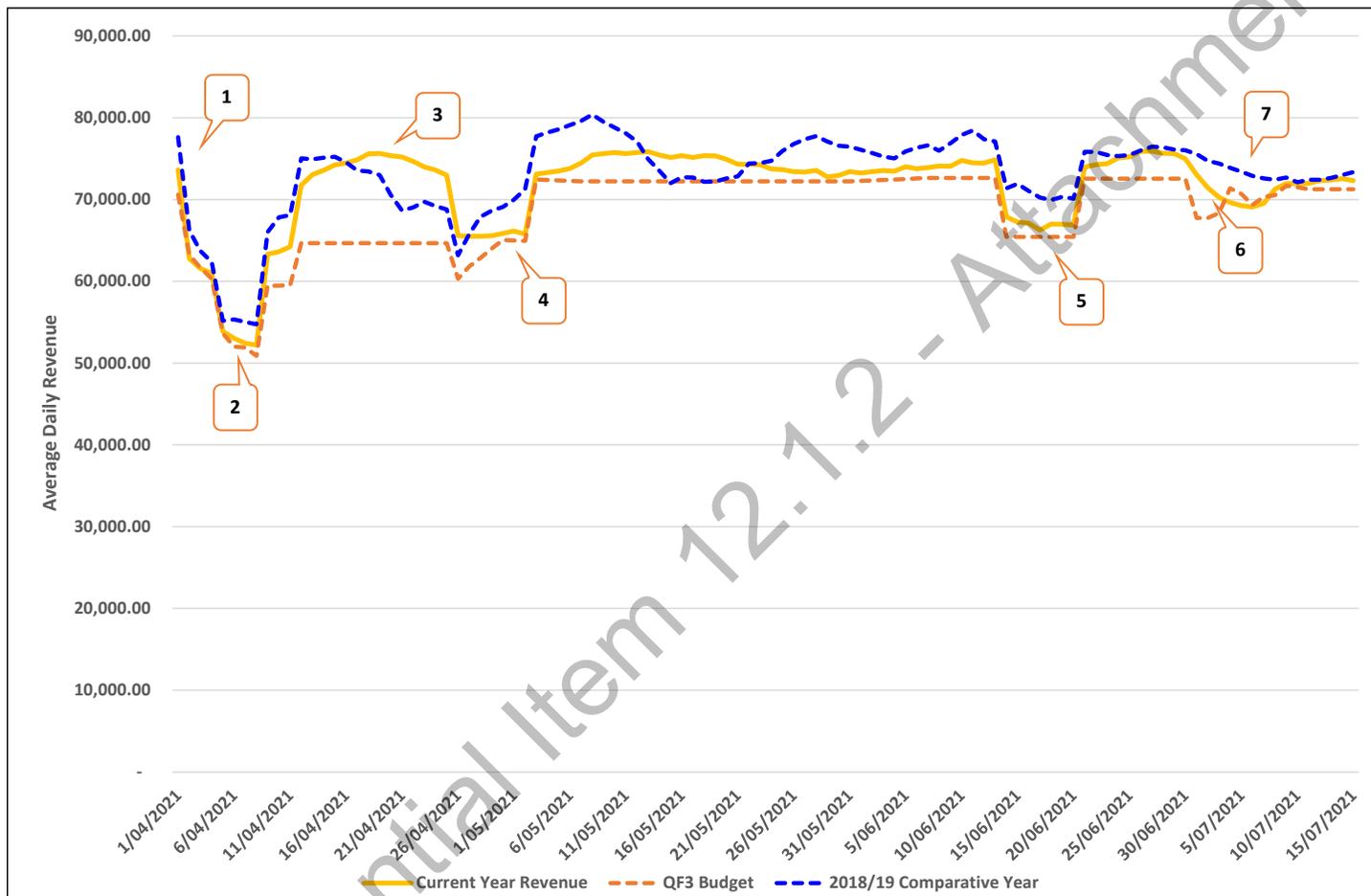
- UPark Car Park Management System Replacement (CPMS) tenders under evaluation with replacement to occur across all nine car parks during the 21/22 and 22/23 financial year. This upgrade will not only replace the current aged asset, but new technology will significantly improve the customer experience. The new CPMS will be the foundation which will enable interoperability with desired functionality in the future such as validation or on street parking applications.

COVID Impacts

- During the Lockdown in late July car park patronage dropped 90% for the lockdown period, which has been consistent through previous lockdowns. Immediately following the safe, touch free parking benefit of UPark Plus was promoted to both new and existing customers. In the two weeks since patronage has steadily increased close to pre lockdown numbers. It is anticipated any further lockdowns will result in a similar impact.
- The cancellation of the Royal Adelaide Show will negatively impact UPark's revenue budget, with no requirement for the provision of associated Park Land Parking. The net impact will be c\$200,000.

UPark – Q4 Performance

- Overview
- Parking**
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services



Key

1. Increase in UPark Plus capped price at Topham and Wyatt.
2. Easter holiday.
3. Growth on Thursday and Friday greater than forecasted.
4. Anzac Day.
5. Queens Birthday.
6. Additional COVID restrictions.
7. Increase in UPark Plus capped price at Topham, Wyatt and Grote.

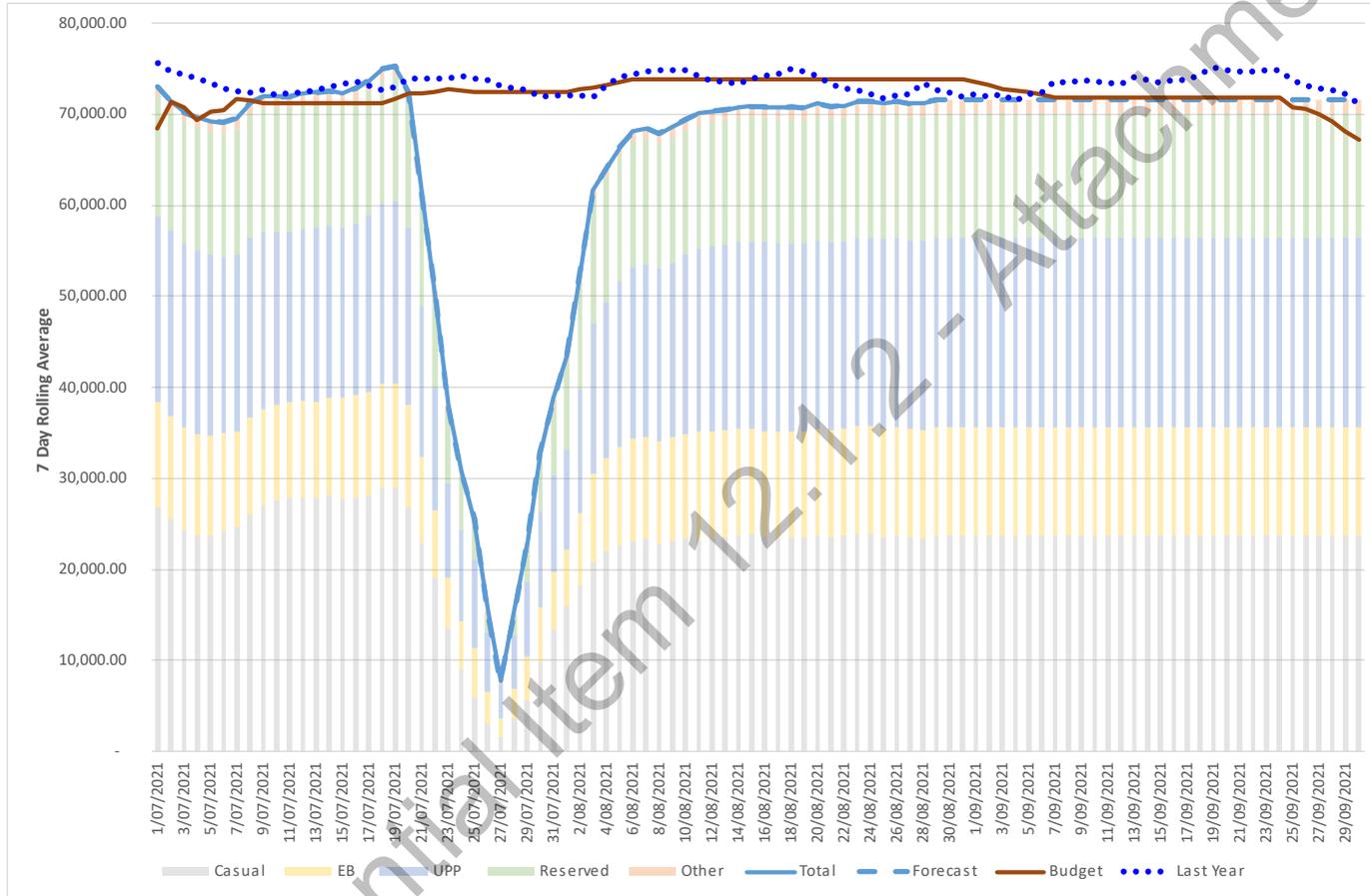
Note: Graph does not include Central Market UPark.

Revenue outperformed the QF3 forecast for most of the quarter, with the biggest gains in April. Q4 performance was closer to pre-COVID levels (2018/19) than in prior quarters with some periods where revenue exceeded pre-COVID. Targeted increases in the capped UPark Plus price enabled increases in yield per bay whilst maintaining strong occupancy levels.

At the end of Q4 additional COVID restrictions were re-introduced which had a short term impact on revenue which is showing signs of recovery in July.

UPark – Revenue forecast Q1 2021/22

- Overview
- Parking**
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services



- The chart shows revenue forecast for Q1 2021/22 against budget and the same time two years ago (pre-COVID).
- Prior to the recent lockdown performance was similar to both pre-COVID (two years ago) and budget.
- The recent lockdown had a significant impact on revenue during and shortly after.
- Non-worker visitation is currently lower than pre-COVID levels.
- Longer term performance requires continued return of non-worker visitation to the city combined with fees and charges that increase the overall average transaction value.
- Forecast does not include Central Market (this will be included in the first quarter report of 2021/22).

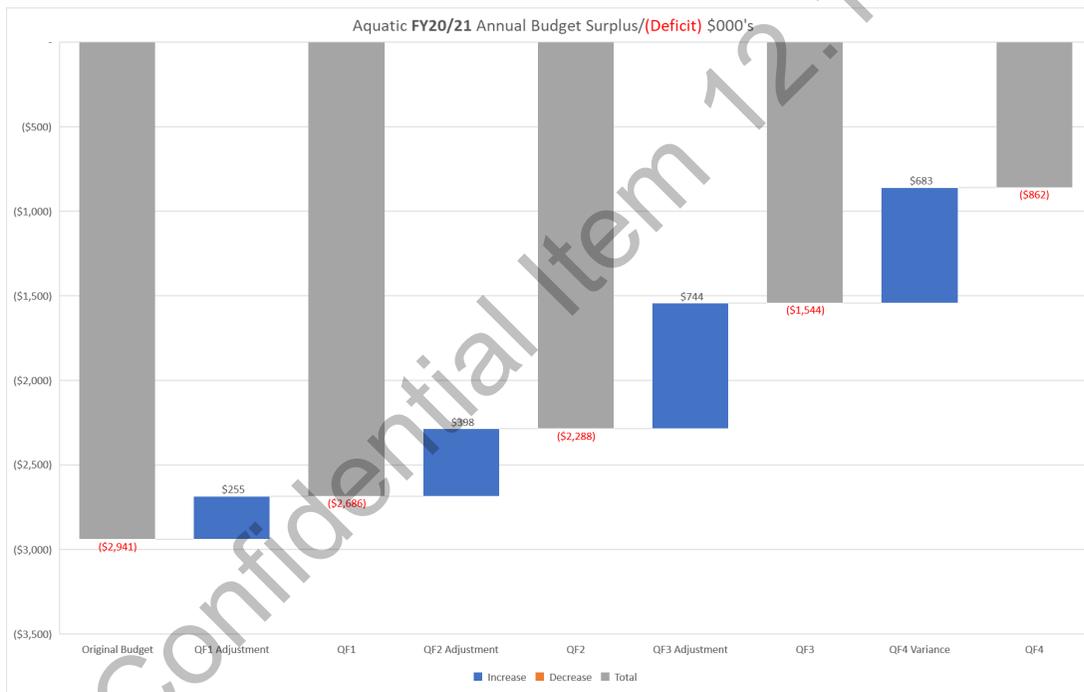
Aquatic Centre

- Overview
- Parking
- Aquatic Centre**
- North Adelaide Golf Course
- Town Hall
- Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Operations Income	4,561	4,507	54	6,240	4,909
Resource Costs	(3,179)	(3,260)	81	(4,043)	(3,569)
Contractual Services (Excl Contract Labour)	(377)	(447)	70	(484)	(376)
Materials	(1,290)	(1,520)	231	(2,058)	(1,542)
Internal Charges	(410)	(631)	222	(532)	(454)
Other Expenditure	(167)	(193)	26	(239)	(194)
Operations Expenditure	(5,423)	(6,052)	629	(7,355)	(6,135)
Operations Net Position	(862)	(1,544)	683	(1,116)	(1,226)

Overall (\$0.9m) Deficit, \$0.7m favourable to budget.

- Budgeted utility expenses ended the year \$0.3m favourable
- Aquatic Centre revenue held to forecast through the last quarter. Kiosk sales and Health Club membership being the major contributor
- Maintenance expenses \$0.2m and lower Poolside expenses \$0.1m made up the remainder of favourable budget
- **Annual deficit reduced significantly as a result of a positive final quarter**



Aquatic Centre - update

Overview

Parking

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Recent achievements:

- Swim School demand has seen numbers hold at approximately 2500+ participants heading into the cooler months
- New exercise bikes replacing dated equipment have now been installed

Update:

Patronage:

- Patronage remains slightly down per month compared to prior years

Memberships:

- Currently at 1,656 memberships which is an increase in excess of 20% when compared to 18/19
- Strength for life program for over 50's growing and has exceeded pre-COVID participation rates.

Looking Forward:

- Expand Swim School operational year from 45 weeks to 47 weeks to fall in-line with other perpetual programs
- Investigate and add a CALD (Culturally and Linguistically Diverse) arm to our Swim School to engage further with our multicultural community groups
- Investigate new opportunities in the Fitness Centre to diversify offering and attract new members
- Scheduled capital expenditure - lane rope renewal for 50m pool, pin loaded gym equipment and stainless steel access lifter replacements
- Facilitate activities that tie in to Wellbeing Month and Christmas in the City
- Upgrade Point of Sale system to improve service efficiency and customer experience including online booking capabilities

North Adelaide Golf Course

Overview

Parking

Aquatic Centre

**North Adelaide
Golf Course**

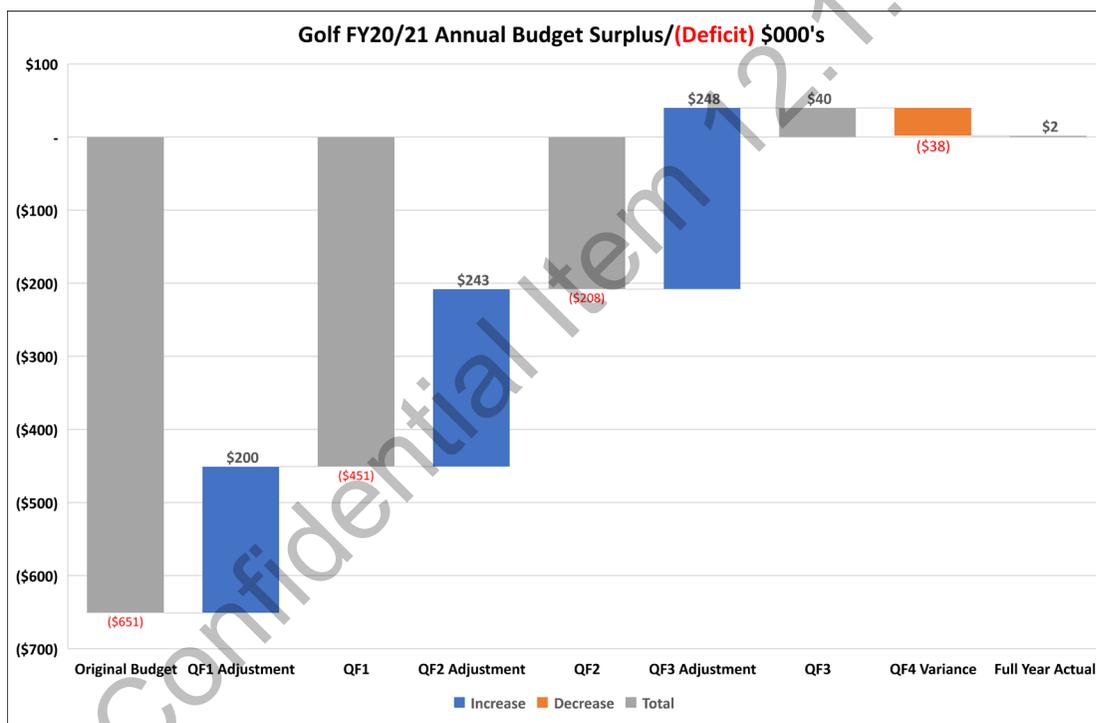
Town Hall

Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Operations Income	3,133	2,997	135	2,033	2,161
Resource Costs	(1,563)	(1,584)	21	(1,548)	(1,431)
Contractual Services (Excl Contract Labour)	(361)	(311)	(51)	(313)	(252)
Materials	(710)	(604)	(105)	(512)	(547)
Internal Charges	(221)	(241)	20	(219)	(245)
Other Expenditure	(276)	(217)	(59)	(140)	(159)
Operations Expenditure	(3,131)	(2,957)	(174)	(2,732)	(2,634)
Operations Net Position	2	40	(38)	(699)	(473)

Overall \$2k Surplus, (\$38k) unfavourable to budget.

- Surplus was achieved compared to deficits of (\$699k) in 2018/19 and (\$473k) in 2019/20.
- Golf has seen a significant increase in the number of rounds played during FY 2020/21. Total rounds played were 52% up on the previous year.
- Expenditure was unfavourable to budget (as reported in the Q3 report) due to investment in minor upgrades/renewals to retain current patronage.



North Adelaide Golf Course - update

Overview

Parking

Aquatic Centre

**North Adelaide
Golf Course**

Town Hall

Property Services

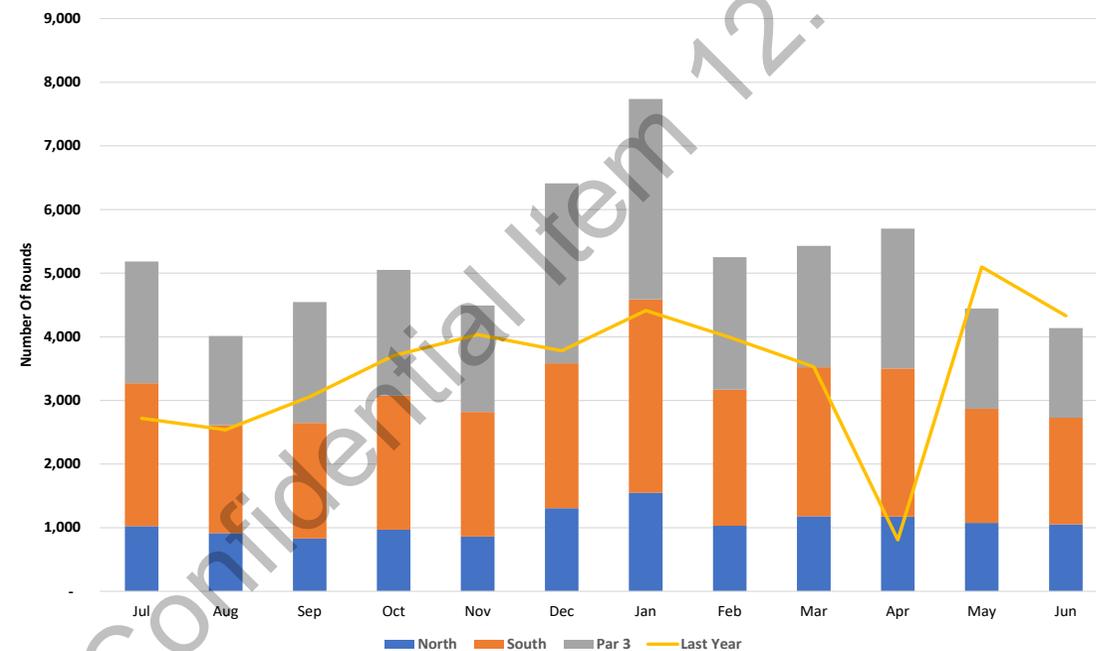
Recent Achievements

- Course quality over winter has significantly improved due to targeted, high-quality maintenance over the last 3 years. This has resulted in increased customer experience, visitation, and additional income;
- Improved engagement with course members including introduction of additional Season Pass holder events to increase retention. This will further enhance the number of course Season Pass holders which has continued to grow and now outnumber NAGC club Season Pass holders for the first time;
- Installation of a number of customer improvements such as decking replacement, new furniture and customer screens displaying tee times.

Upcoming Quick Wins

- Installation of automated Irrigation of over 50% of North Course has commenced;
- Upgrade to Par 3 Café kitchen preparation area and external look/functionality has commenced;
- Improved customer facing facilities in and around the Pro Shop;
- Improvement to the quality and quantity of menu offerings that will further enhance non golf income

Paid Rounds By Month



New Season Pass Holder Events

- Providing regular social and golfing opportunities for Season Pass holders
- Provide specific tee times for Season Pass competitions

Town Hall

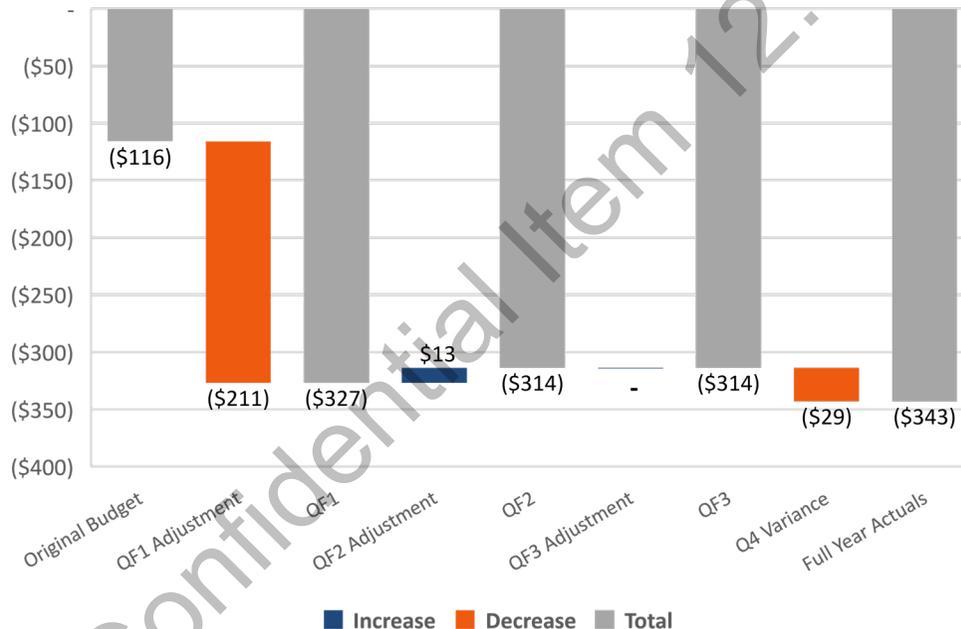
- Overview
- UPark
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall**
- Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Operations Income	307	349	(42)	1,407	968
Resource Costs	(323)	(314)	(9)	(372)	(379)
Contractual Services (Excl Contract Labour)	(295)	(294)	(2)	(478)	(406)
Materials	(16)	(4)	(12)	(3)	(1)
Internal Charges	63	28	35	62	27
Other Expenditure	(79)	(78)	(1)	(69)	(69)
Operations Expenditure	(650)	(662)	12	(860)	(827)
Operations Net Position	(343)	(314)	(30)	547	141

Year to date (\$343k) deficit, (\$30k) unfavourable to budget.

- Revenue has diminished reflecting the ongoing impact of COVID and density restrictions, while expenditure savings reflect reduced event numbers offset by costs that previously would have been absorbed by the caterer.
- In line with Council's decision, the Adelaide Town Hall was used as a live stream venue for the Carols by Candlelight event, funded from the unused Carols by Candlelight sponsorship budget, impacting contractual services and internal charges.

ATH FY 20/21 Annual Budget Surplus/(Deficit) \$000's



Town Hall – QF 4 Events

Overview

UPark

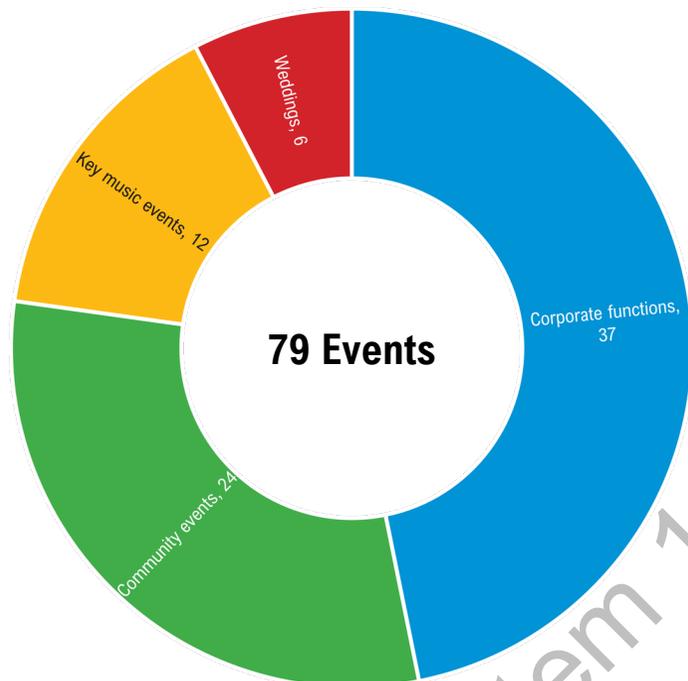
Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Town Hall Events held in Quarter 4



Community Event Highlights:

- 1 Free lunch-time City of Adelaide Organ Concert
- Welcoming Australia 10 Year Anniversary Dinner
- MITO Foundation (Australian Mitochondrial Disease Foundation) Information Day
- Welcome Reception for the Hong Kong Association of SA
- 8 Live Music Rehearsals
- 10 Reconciliation Room bookings

Key Music Events:

- Musica Viva presented 2 concerts – ‘Nicolas Fleury, Emily Sun & Amir Farid’ and ‘Konstantin Shamray & ANAM Orchestra, Sophie Rowell, Director & Violin’
- Australian String Quartet presented 1 concert

Commercial Event Highlights:

- Australian Medical Association South Australia Dinner
- Federal Budget Breakfast Briefing with Treasurer Josh Frydenberg hosted by Business SA
- History Festival Opening Night
- SACA Board Meeting and Cocktail Function
- 9 Fever Candlelight Concerts presented by Kzemos Australia Pty Ltd
- 6 Wedding Receptions and 7 Wedding Ceremonies

Events Cancelled Due to COVID-19:

- 4 events cancelled or postponed due to COVID-19 impacting scheduled events for the Adelaide Town Hall.

Town Hall – update

Overview

Achievements

- Negotiating the return of the **Adelaide Symphony Orchestra** to the Town Hall in the new financial year

UPark

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Risks and Opportunities

- **Adelaide Venue Management withdrew** from contract negotiations just as they were to be finalised. Having received half a million in revenues, they now refuse to provide further services to the ATH.
- Securing a caterer at short notice will come at increased cost with **no opportunity likely for catering commission.**
- **Civic areas** and **Councillor offices** may be added to available revenue generating spaces in a push to open up the Town Hall.
- **New chair stock** is required as the current stock is no longer fit for purpose.

Outlook

- Although event **revenues** have trended upward over the year they **remain remarkably low** compared with historical averages, room hire is at 30% of historical averages and almost no catering commission was recognised in the 2020/21 financial year.
- **Uncertainty** relating to **COVID-19** and its variants continues with recent increases in restrictions and density caps.
- COVID-19 restrictions levels for indoor venues and licenced venues change at short notice. Currently the venue is restricted to 75% capacity and was 50% for most of July. Ongoing postponement, re-bookings and negotiations with event organisers is anticipated for the remainder of the year.

Property Services

Overview

Parking

Aquatic Centre

North Adelaide
Golf Course

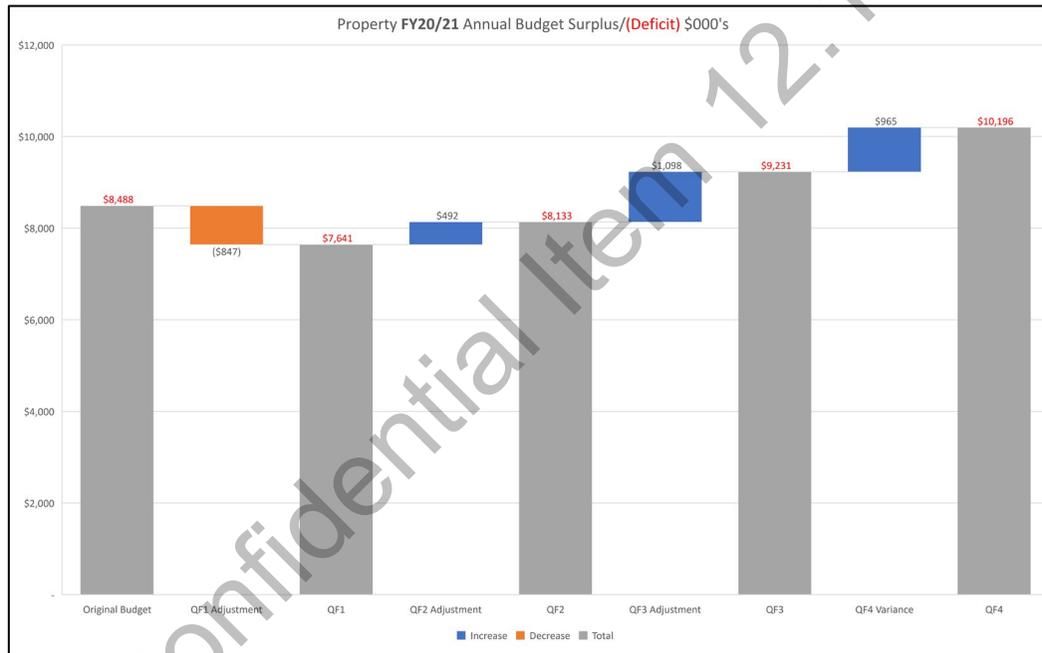
Town Hall

Property Services

\$'000	Full Year Results			Prior Year Actuals	
	Actual	Budget	Variance	2018/19	2019/20
Operations Income	9,966	9,323	643	10,416	10,018
Resource Costs	(758)	(756)	(1)	(648)	(995)
Contractual Services (Excl Contract Labour)	(5,755)	(6,224)	469	(5,803)	(5,718)
Materials	(2,138)	(3,128)	990	(2,901)	(2,921)
Internal Charges	10,489	11,469	(981)	11,082	10,331
Other Expenditure	(1,608)	(1,453)	(155)	(1,239)	(1,560)
Operations Expenditure	230	(92)	322	490	(863)
Operations Net Position	10,196	9,231	965	10,907	9,155

Overall \$10.2m Surplus, \$1.0m favourable to budget

- Rental income favourable due to inclusion of property rent relief budget only partially offset by vacancies.
- Ongoing revenue from CMA was better than anticipated.
- Contractual Services include savings from performance based rent expenditure.
- Variance in Materials are primarily due to savings from new electricity expense contract.
- Internal recharges are unfavourable due to underspend in corresponding internal budgets (these are represented as an offsetting saving in their expenditure budgets).
- Other Expenditure includes provision for Bad Debt.



Property Services

Overview

Parking

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Update

- Continuing close monitoring of business activity within the commercial property portfolios. Connecting businesses with City Business Support Package.
- Some businesses are still finding their feet as they adjust to the end of Jobkeeper. Requests for rent relief continues to prevail.
- Central Market Arcade ongoing revenue beyond pre-development forecast closure of the property.
- Hospitality reporting patchy trading conditions with 25% of CBD office workforce working from home despite easing of restrictions over the last quarter.
- Commercial vacancy rate declined down from 11% to 8% since last reporting. Renew Adelaide commitment has assisted providing short term leasing solutions for start-up incubator business opportunities.
- Whitmore Square residential 8 vacancies of 20 apartments attributed to COVID impacts with international students and tourism leading the downturn in this sector.
- Commercial debtors over 60 days are 6.7% of annual revenue (March 2020 2.7%) of this 89% is from only 10 tenants out of a total 124.

