

2021-22 Quarter 2 Confidential Commercial Operations Report

ITEM 7.1 01/02/2022

The Committee

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, Director City Services

EXECUTIVE SUMMARY

Council's commercial operations up to the end of the second quarter of 2021/22 generated an operating surplus of \$14.9m which was \$1.1m favourable to budget. The \$1.1m variance comprised of favourable results in Parking (includes On-Street and UPark) of \$0.3m, Property \$0.5m, Aquatic Centre \$0.4m and Golf \$0.1m partially offset by unfavourable variance in Town Hall of (\$0.1m).

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.

The following recommendation will be presented to Council on 8 February 2022 for consideration

That Council

1. Notes the 2021-22 Quarter 2 Confidential Commercial Operations Report as detailed in Attachment A to Item # on the Agenda for the meeting of Council held on 8 February 2022.
2. In accordance with Section 91(7) & (9) of the *Local Government Act 1999 (SA)* and because Item # [2021-22 Quarter 2 Commercial Operations Report] listed on the Agenda for the meeting of the Council held on 8 February 2022 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 2029.
 - 2.2 The confidentiality of the matter be reviewed in December 2023.
 - 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part of the order herein and directed to present a report containing the Item for which the confidentiality order has been revoked.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 | Not as a result of this report |
| 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 December 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 – 2021-22 Quarter 2 Confidential Commercial Operations Report

- END OF REPORT -

2021-22 Quarter 2 Confidential Commercial Operations Report

Confidential Item 7.1 Attachment A

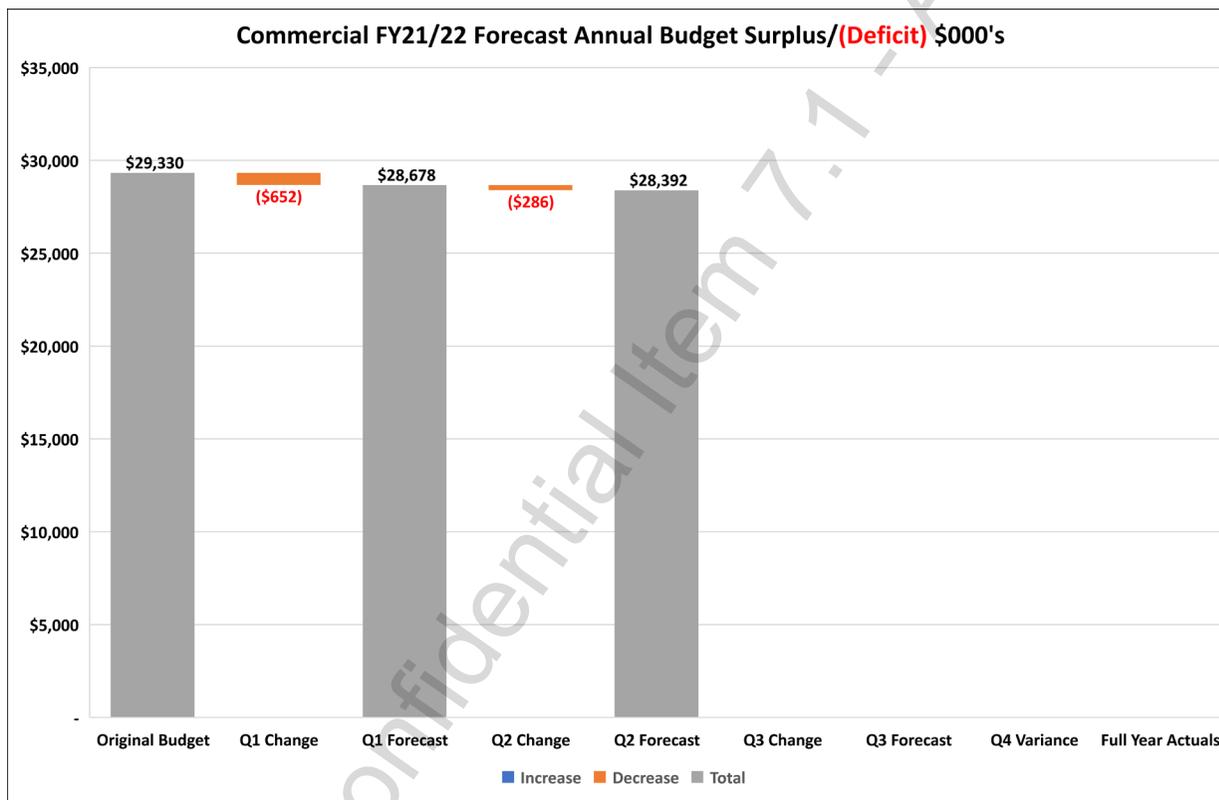


- Overview
- Parking
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services

| \$'000 | Year To Date | | | Prior YTD Actuals | | Adopted Budget | Full Year Forecast |
|-----------------------------------|---------------|---------------|--------------|-------------------|---------------|----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Parking | 13,915 | 13,665 | 250 | 13,994 | 11,841 | 27,199 | 26,103 |
| Aquatic Centre | (264) | (634) | 370 | (306) | (827) | (928) | (806) |
| North Adelaide Golf Course | (33) | (161) | 128 | (252) | 127 | (333) | (148) |
| Adelaide Town Hall | (63) | 19 | (82) | 269 | (165) | (259) | (409) |
| Property Services | 1,378 | 908 | 470 | 2,979 | 2,787 | 3,651 | 3,651 |
| Program Teams Net Position | 14,932 | 13,797 | 1,135 | 16,684 | 13,763 | 29,330 | 28,392 |

YTD \$14.9m Surplus, \$1.1m favourable to budget.

- Parking revenue during Q2 improved however end of Q2 and beginning of Q3 impacted by State Government work from home recommendation.
- Adelaide Town Hall still impacted by COVID restrictions.
- All other businesses performing better than budget.
- Due to the uncertain outlook full year forecast is (\$0.9m) mainly due to not achieving the on-street parking revenue target.



Note: All figures in this report exclude depreciation.

Parking (On-Street & UPark)

213

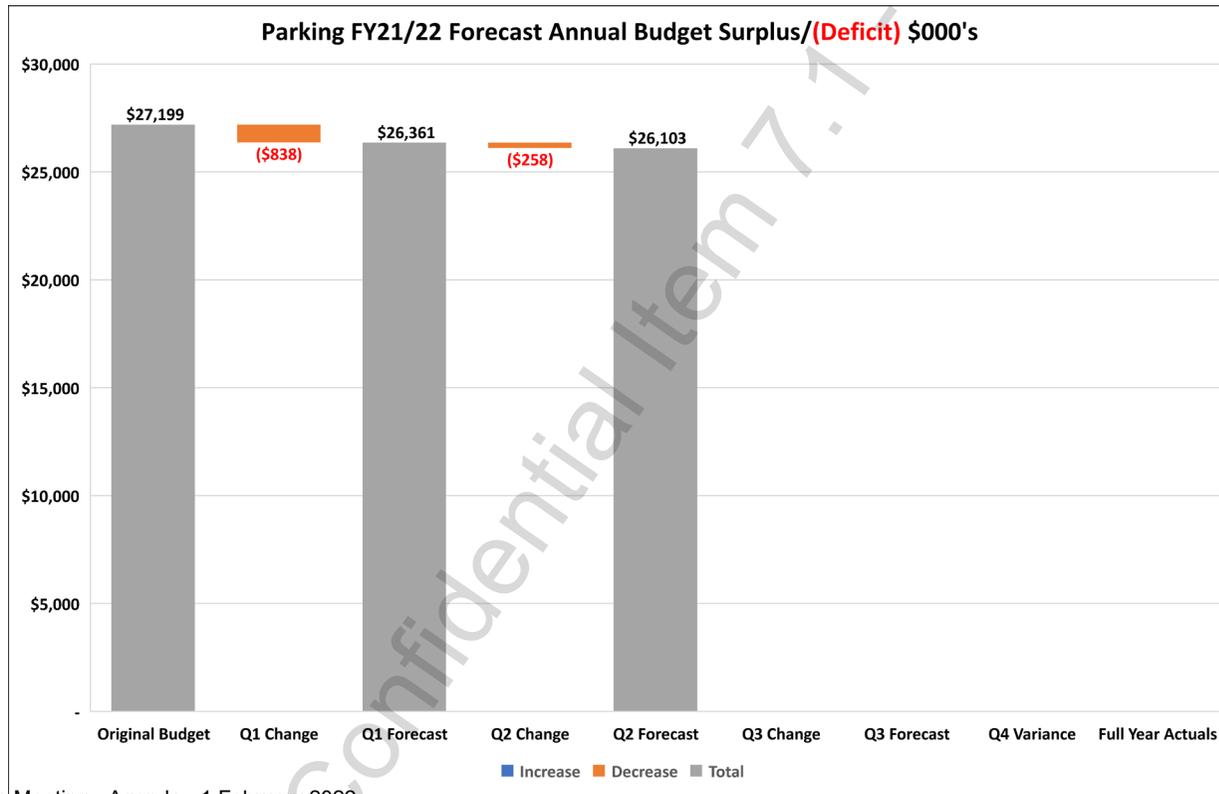
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- Property Services

| \$'000 | Full Year Results | | | Prior Year Actuals | | Adopted Budget | Full Year Forecast |
|---|-------------------|----------------|------------|--------------------|----------------|-----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Operations Income | 20,061 | 20,101 | (40) | 21,750 | 18,549 | 39,705 | 38,788 |
| Resource Costs | (1,090) | (1,090) | (1) | (1,507) | (1,224) | (1,948) | (2,050) |
| Contractual Services (Excl Contract Labour) | (991) | (1,172) | 180 | (1,175) | (946) | (2,264) | (2,280) |
| Materials | (34) | (62) | 28 | (78) | (87) | (118) | (118) |
| Internal Charges | (3,466) | (3,659) | 193 | (4,387) | (3,886) | (7,308) | (7,308) |
| Other Expenditure | (564) | (454) | (110) | (609) | (564) | (869) | (929) |
| Operations Expenditure | (6,146) | (6,436) | 290 | (7,756) | (6,708) | (12,506) | (12,685) |
| Operations Net Position | 13,915 | 13,665 | 250 | 13,994 | 11,841 | 27,199 | 26,103 |

YTD \$13.9m Surplus, \$0.3m favourable to budget.

- Overall performance for the first half of the year was similar to two years ago and better than last year.
- Last week of Q2 and beginning of Q3 have been impacted by the State Government work from home recommendation.
- Due to uncertainty for the rest of the year BR2 budget has been used as the full year forecast less the revenue target for on-street parking.

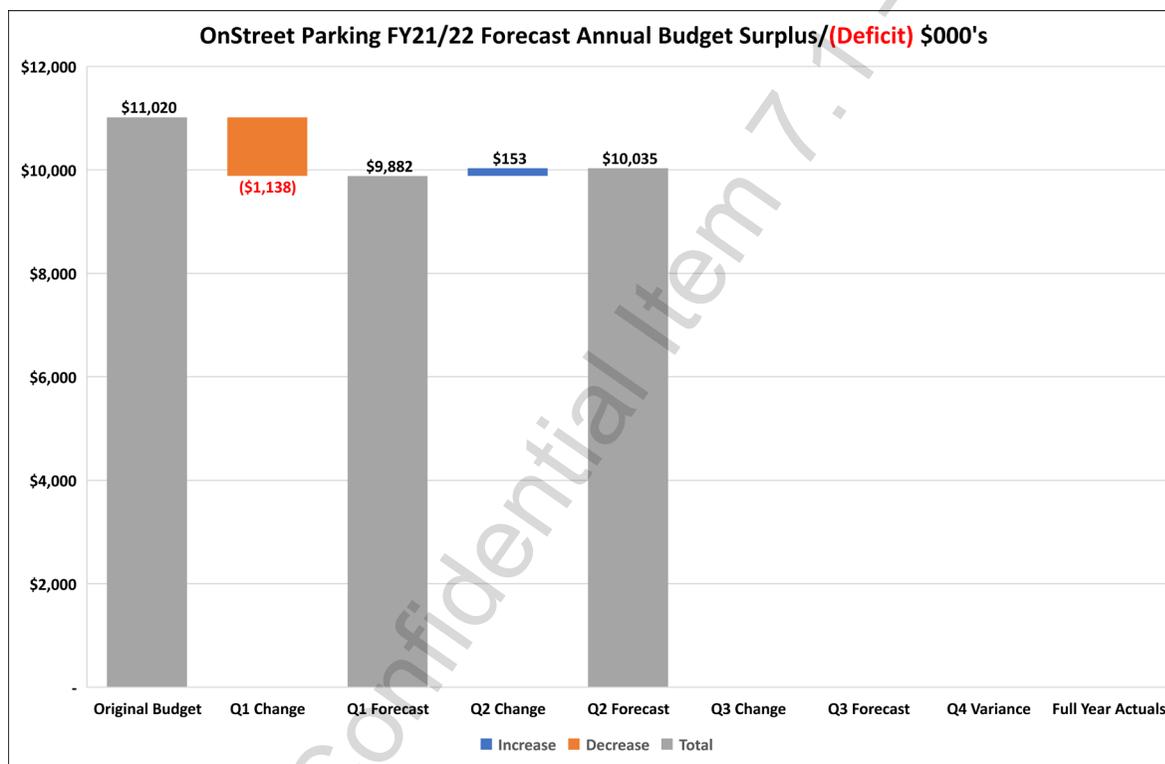


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| \$'000 | Full Year Results | | | Prior Year Actuals | | Adopted Budget | Full Year Forecast |
|---|-------------------|--------------|--------------|--------------------|--------------|----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Operations Income | 5,431 | 5,843 | (412) | 6,075 | 5,509 | 11,782 | 10,865 |
| Resource Costs | (51) | (57) | 6 | (456) | (394) | (115) | (106) |
| Contractual Services (Excl Contract Labour) | (212) | (254) | 43 | (278) | (246) | (325) | (341) |
| Materials | (2) | (39) | 37 | (42) | (39) | (78) | (78) |
| Internal Charges | (2) | (10) | 8 | 0 | (8) | (21) | (21) |
| Other Expenditure | (153) | (127) | (26) | (280) | (247) | (224) | (284) |
| Operations Expenditure | (420) | (488) | 67 | (1,055) | (934) | (763) | (830) |
| Operations Net Position | 5,010 | 5,355 | (345) | 5,020 | 4,575 | 11,020 | 10,035 |

YTD \$5.0m Surplus, (\$345k) unfavourable to budget.

- Performed to budget for most of Q2 until the State Government recommendation to work from home.
- Due to uncertain outlook BR2 budget less the revenue target has been used as the annual forecast.



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.

Overview

Parking

Aquatic Centre

North Adelaide Golf Course

Town Hall

Property Services

All Day Paid

465 Bays

| | 2021/22 QF2 | 2020/21 QF2 | 2019/20 QF2 |
|--------------------------------|----------------|----------------|----------------|
| Revenue Total | \$ 267,069 | \$ 244,614 | \$ 294,600 |
| Payment Transactions | 2,202 | 20,318 | 25,494 |
| Average Transaction Value | \$ 12.14 | \$ 12.04 | \$ 11.56 |
| Average value/income per Space | \$ 191 | \$ 175 | \$ 211 |

FiscalYear ● 2019/20 ● 2020/21 ● 2021/22



Paid - Zone 1

1,189 Bays

| | 2021/22 QF2 | 2020/21 QF2 | 2019/20 QF2 |
|----------------------------------|----------------|----------------|----------------|
| Revenue Total | \$ 1,586,257 | \$ 1,526,032 | \$ 1,665,926 |
| Payment Transactions | 302,390 | 305,251 | 344,520 |
| Average Transaction Value | \$ 5.25 | \$ 5.00 | \$ 4.84 |
| Ave value/income per Space/Month | \$ 445 | \$ 428 | \$ 467 |

FiscalYear ● 2019/20 ● 2020/21 ● 2021/22

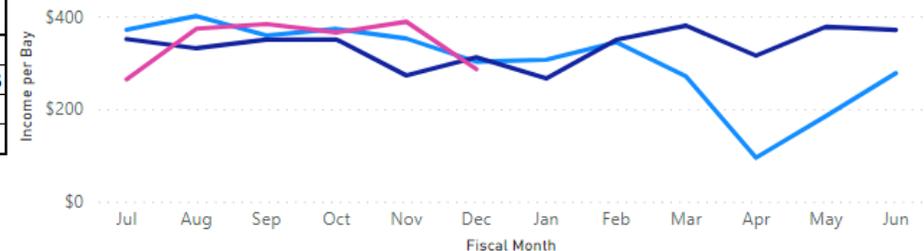


Paid - Zone 2

1,097 Bays

| | 2021/22 QF2 | 2020/21 QF2 | 2019/20 QF2 |
|--------------------------------|----------------|----------------|----------------|
| Revenue Total | \$ 1,141,156 | \$ 1,025,308 | \$ 1,127,322 |
| Payment Transactions | 210,631 | 202,859 | 224,093 |
| Average Transaction Value | \$ 4.52 | \$ 5.05 | \$ 5.03 |
| Average value/income per Space | \$ 347 | \$ 312 | \$ 343 |

FiscalYear ● 2019/20 ● 2020/21 ● 2021/22

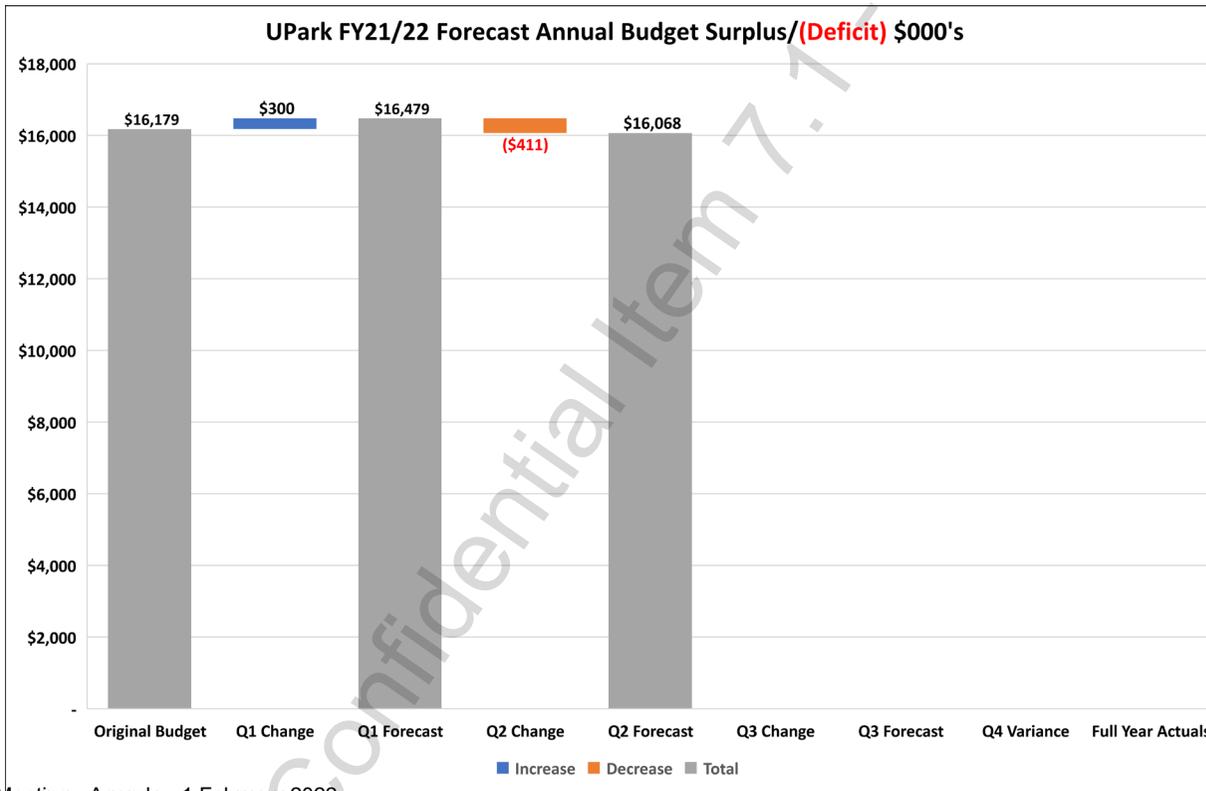


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| \$'000 | Full Year Results | | | Prior Year Actuals | | Adopted Budget | Full Year Forecast |
|---|-------------------|----------------|------------|--------------------|----------------|-----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Operations Income | 14,630 | 14,258 | 372 | 15,675 | 13,040 | 27,923 | 27,923 |
| Resource Costs | (1,039) | (1,033) | (6) | (1,051) | (831) | (1,833) | (1,944) |
| Contractual Services (Excl Contract Labour) | (780) | (917) | 138 | (897) | (700) | (1,939) | (1,939) |
| Materials | (32) | (23) | (9) | (36) | (48) | (40) | (40) |
| Internal Charges | (3,464) | (3,648) | 185 | (4,388) | (3,878) | (7,287) | (7,287) |
| Other Expenditure | (411) | (327) | (84) | (329) | (317) | (645) | (645) |
| Operations Expenditure | (5,725) | (5,949) | 223 | (6,700) | (5,774) | (11,744) | (11,855) |
| Operations Net Position | 8,905 | 8,310 | 595 | 8,975 | 7,266 | 16,179 | 16,068 |

YTD \$8.9m Surplus, \$0.6m favourable to budget.

- Results include Central Market UPark.
- Revenue performed strongly during Q2 aided by additional Park Lands events.
- Performance during the last week of Q2 and beginning of Q3 has dropped significantly due to the State Government work from home recommendation.
- Due to uncertain outlook for the remainder of the year BR2 budget has been used as the full year forecast.



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Recent Achievements

- Customer acquisition, retention and recovery promotions have continued using UPark Plus functionality released in June 2021. Promotions have been directed at lesser performing carparks. Analysis of the first acquisition campaign shows we have maintained around 3% of customers at the conclusion of the special offer pricing, equating to approximately \$100,000 per annum revenue.
- Transitioning of existing monthly account customers to UPark Plus has been finalised, with the last car park cutover on 1 November 2021.
- UPark won the award for Outstanding Customer Service for UPark Plus at the Parking Industry Awards at its virtual event in November. This follows winning the award for the same category in the Local Government Excellence Awards in May 2021.
- Recent Park Land events including Not the Royal Adelaide Show have generated \$110,000 in revenue, partly offsetting the revenue impact of cancellation of the Royal Adelaide Show.
- Patronage and associated revenue at the new UPark Andrew has steadily increased through targeted marketing and communication campaign.

Upcoming Quick Wins

- Ongoing refresh and rebrand of internal car park painting and signage.
- An acquisition campaign for UPark Plus for parking during January, a quiet month, forecast to attract additional customers.
- Leverage of UParks Adelaide Fringe Sponsorship to attract additional patronage and revenue.
- Installation of Electric Vehicle Chargers as part of State Government's Electric Vehicle Smart Charging Trial in UPark Wyatt and UPark Topham.

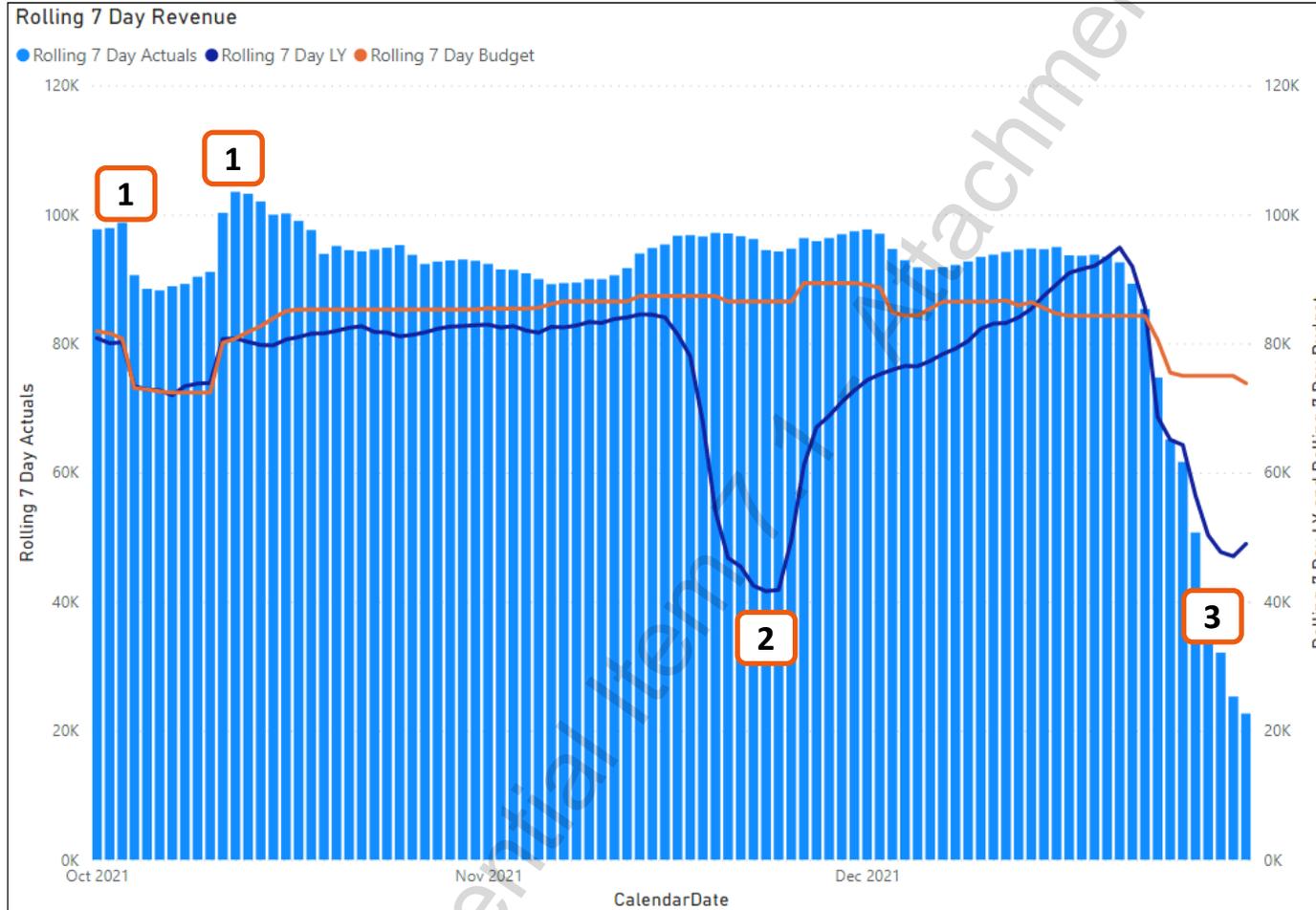
Future Budget Impact

- Preliminary works commenced at UPark Gawler in November 2021 and will recommence 4 January 2022 following a Christmas break. From this time there will be significant reduction in the number of bays available up until July 2022 due to a combination of the works and bays already restricted due to identified structural issues. It is forecasted revenue at this car park will be below budget during the works and into the future.

UPark Road Map

- UPark Car Park Management System Replacement (CPMS) preferred supplier has been selected with replacement to occur across all ten 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.

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Key

1. Increases due to additional Park Lands events.
2. November 2020 lockdown.
3. Reduction in performance due to State Government recommendation to limit people movement.

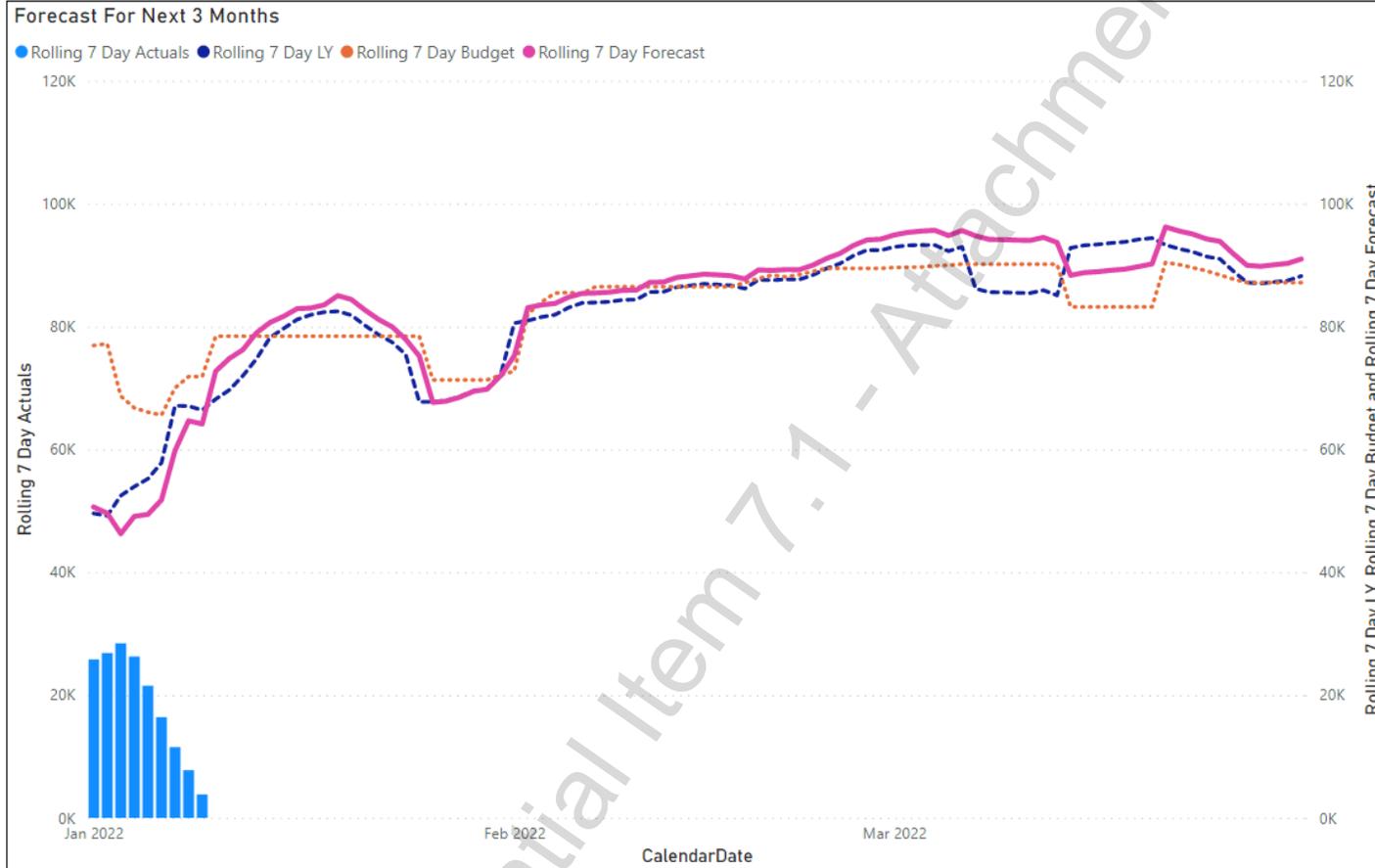
Note: Graph includes Central Market UPark & Park Lands.

- Revenue outperformed the same quarter last year and budget up until the second half of December.
- During the last week of December performance dropped below last year due to impacts of the current COVID situation with recommendation from State Government to reduce people movement where possible.
- Last year there was a three day lockdown (November 2020) followed by a recovery period.

UPark – Revenue forecast Q3 2021/22

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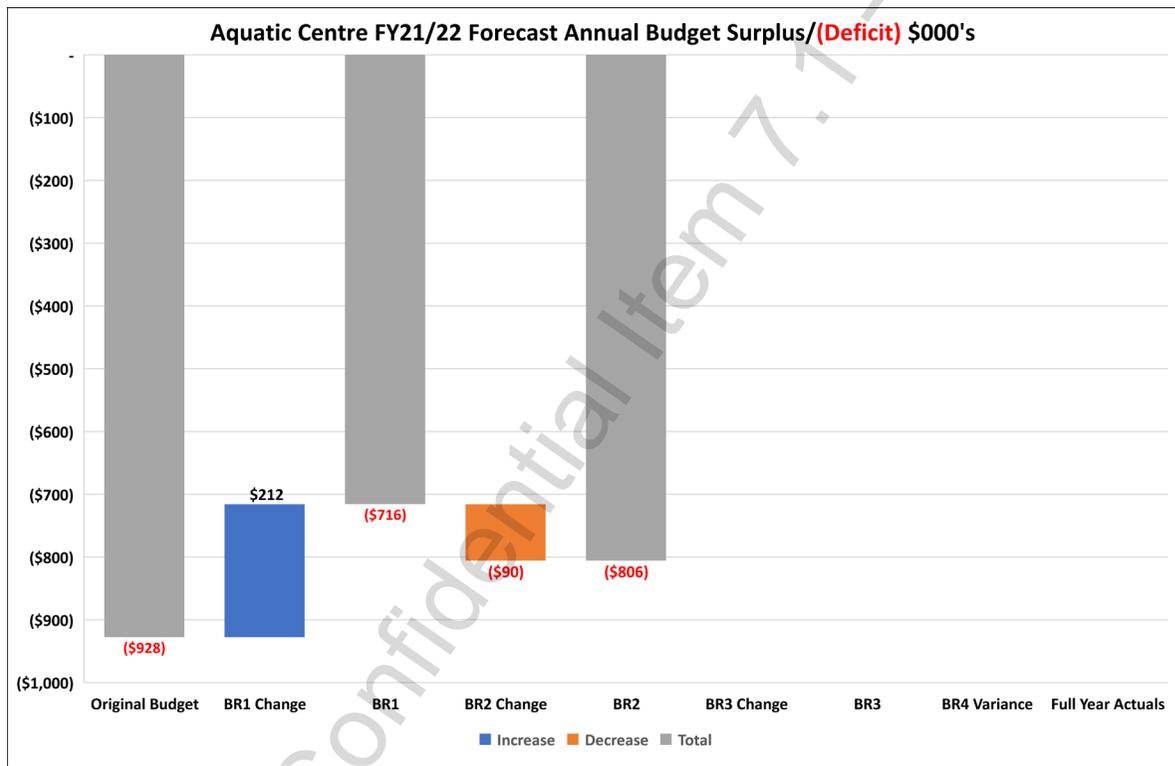
- The chart shows revenue forecast for Q3 2021/22 against budget and the same time last year (Q3 2020/21).
- Forecast has not been adjusted for impacts of Gawler car park works (see UPark update) or the current recommendation from State Government to limit people movement due to insufficient data to estimate the impacts.
- The graph shows an expectation we will be better than budget during Q3 but this is reliant on good visitation to Adelaide Fringe.
- Due to the uncertain outlook for the remainder of the year BR2 budget has been used as the annual forecast.

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| \$'000 | Full Year Results | | | Prior Year Actuals | | Adopted Budget | Full Year Forecast |
|---|-------------------|----------------|-------------|--------------------|----------------|----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Operations Income | 2,809 | 2,907 | (98) | 3,385 | 1,560 | 6,103 | 6,096 |
| Resource Costs | (1,836) | (1,976) | 141 | (2,108) | (1,365) | (3,936) | (3,817) |
| Contractual Services (Excl Contract Labour) | (197) | (243) | 46 | (239) | (168) | (479) | (479) |
| Materials | (790) | (898) | 108 | (1,010) | (542) | (1,796) | (1,786) |
| Internal Charges | (162) | (297) | 135 | (216) | (226) | (593) | (593) |
| Other Expenditure | (89) | (126) | 37 | (119) | (85) | (226) | (226) |
| Operations Expenditure | (3,074) | (3,541) | 467 | (3,691) | (2,387) | (7,030) | (6,901) |
| Operations Net Position | (264) | (634) | 370 | (306) | (827) | (928) | (806) |

Overall (\$0.3m) Deficit, \$0.4m favourable to budget.

- Aquatic Centre revenue has felt the impacts of lockdowns, density restrictions and lower discretionary spend in the first half of the year. Health Club participant numbers have decreased in the second quarter, however Swim School participation continues to exceed budget
- Revenue is forecast to remain on budget, supported by Swim School enrolments
- Savings in Operational expenses including Utilities \$0.1m, Maintenance \$0.2m and Employee expenses \$0.2m contribute to the favourable result



Overview

Parking

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Recent achievements:

- Swim School demand has seen numbers reach 2900 participants through the second quarter. On average this represents approximately a 11% increase on actual enrolments during the same period in FY19/20.

Update:

Memberships:

- Membership numbers have decreased during the quarter, representing an approximate 17% downturn on budget. Attributable factors may include COVID restrictions currently in place and economic impacts on discretionary spending.

Patronage:

- Casual patronage remains down month on month compared to prior years, this can be attributed to current COVID restrictions still in place. Density restrictions are now reduced to 1 person per 7sqm. The effects of the restrictions are also being felt in secondary spend through the Kiosk.

Looking Forward:

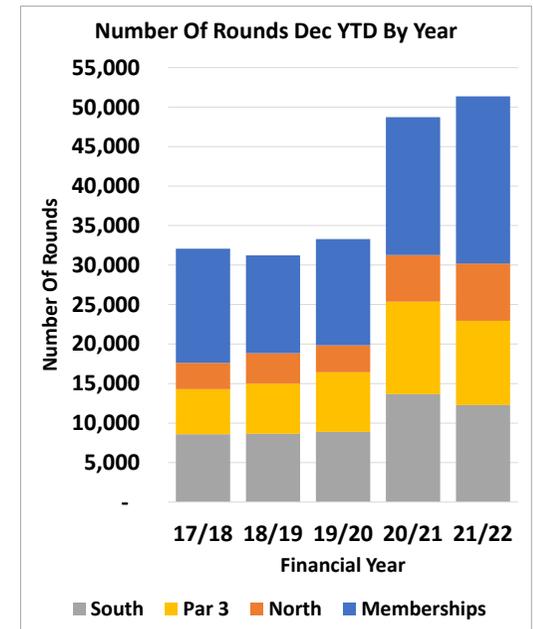
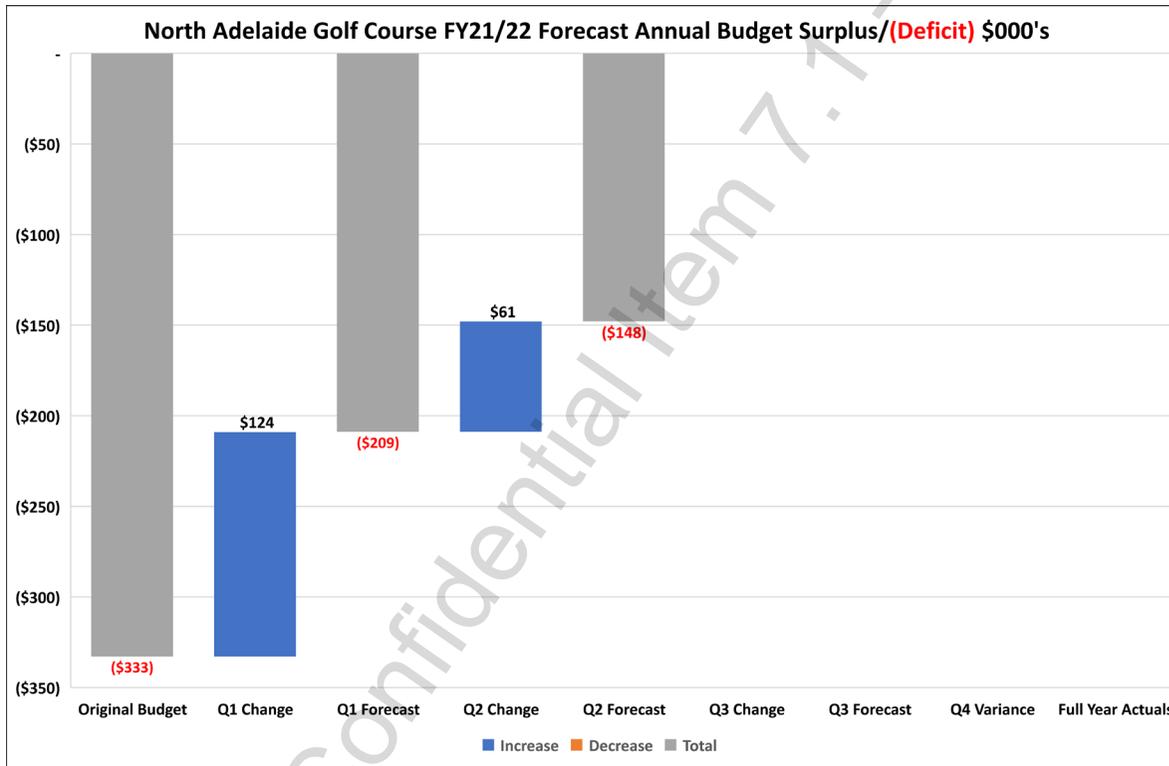
- Online Swim School enrolment has been introduced, enabling a simpler and more efficient experience for customers.
- A new Swim School wait list is further supporting the drive to streamline processes and improve customer experience.
- Scheduled capital expenditure - lane rope renewal for 50m pool and pin loaded gym equipment in transit.
- Upgrade to Point of Sale system is in progress and is due to be completed in the new year.

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| \$'000 | Full Year Results | | | Prior Year Actuals | | Adopted Budget | Full Year Forecast |
|---|-------------------|----------------|--------------|--------------------|----------------|----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Operations Income | 1,741 | 1,307 | 434 | 1,146 | 1,468 | 2,518 | 2,706 |
| Resource Costs | (905) | (808) | (98) | (770) | (706) | (1,584) | (1,582) |
| Contractual Services (Excl Contract Labour) | (231) | (165) | (66) | (145) | (153) | (310) | (310) |
| Materials | (386) | (274) | (113) | (271) | (293) | (567) | (571) |
| Internal Charges | (118) | (124) | 6 | (116) | (103) | (242) | (242) |
| Other Expenditure | (134) | (98) | (36) | (96) | (86) | (149) | (149) |
| Operations Expenditure | (1,775) | (1,468) | (306) | (1,398) | (1,340) | (2,851) | (2,854) |
| Operations Net Position | (33) | (161) | 128 | (252) | 127 | (333) | (148) |

YTD (\$33k) deficit, \$128k favourable to budget.

- Golf continues to see strong demand with round numbers remaining high.
- Investment in the North Course has seen round numbers grow on previous year.
- There has been a small reduction in rounds at South Course and Par 3 however most of the COVID gains have been held.
- Year end forecast is a deficit of (\$148k) which is \$185k favourable to budget.



Overview

Parking

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Recent Achievements

- North Course has seen continued strong growth and the new irrigation has been important in improving the efficiency of watering. This course also had the 11th green replaced to improve hole safety.
- 6th Tee and Green on South Course reconstructed to improve safety, speed of play and course quality. Will come back into play early January.
- Par 3 mats replaced, and tee areas landscaped.
- 1st Tee on South Course and entrance landscaping updated to provide quality image on first impressions.
- Busy corporate functions for Xmas with December contributing to highest total income on record for one month. Corporate income particularly at improved Par 3 options as a result of improvements outside and to kitchen there.
- Weekly competition has continued to grow month on month with YTD weekly competition rounds up over 300% on prior year.
- Continued strong growth in non-Club (NAGC) Season Pass sale and rounds with non-Club (NAGC) rounds, YTD, now almost 2/3 of total Season Pass rounds where previously Club (NAGC) accounted for 60% to 70% of Season Pass rounds.

Upcoming Quick Wins

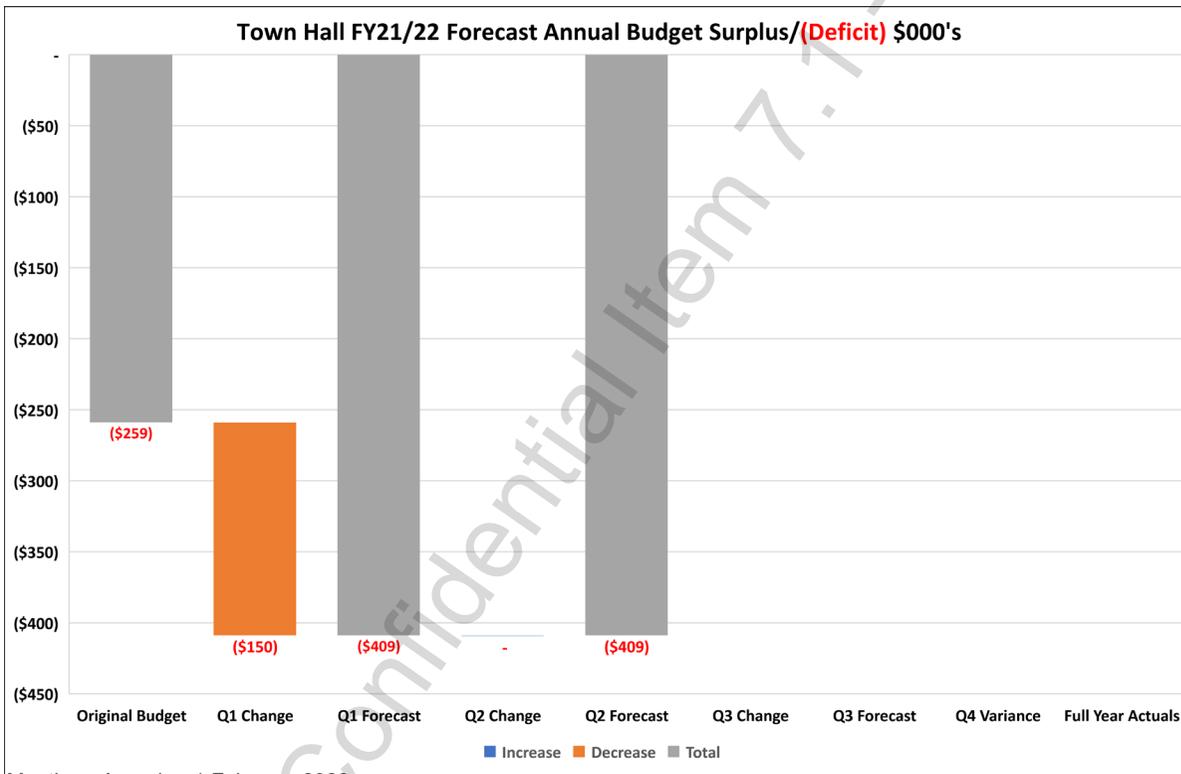
- Improved range of events being introduced for new year which will benefit Season Pass holders and attract new people to the course including, Hole in One jackpot and VIP evenings.
- Focus on increasing non-club (NAGC) Season Pass holder opportunities.
- Focus on improving paths and directional signage, particularly on the North Course.
- New Bent grass nursery being developed on North Course which will allow more efficient green replacement and repairs in the future.
- Remaining holes on North Course to be irrigated March-June 2022.

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- UPark
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- Town Hall**
- Property Services

| \$'000 | Full Year Results | | | Prior Year Actuals | | Adopted Budget | Full Year Forecast |
|---|-------------------|--------------|--------------|--------------------|--------------|----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Operations Income | 738 | 554 | 183 | 751 | 72 | 684 | 839 |
| Resource Costs | (202) | (234) | 32 | (212) | (126) | (440) | (403) |
| Contractual Services (Excl Contract Labour) | (576) | (253) | (323) | (264) | (131) | (402) | (765) |
| Materials | (15) | (24) | 9 | (1) | (0) | (49) | (28) |
| Internal Charges | 21 | 16 | 5 | 24 | 44 | 29 | 29 |
| Other Expenditure | (29) | (40) | 12 | (30) | (25) | (80) | (80) |
| Operations Expenditure | (801) | (535) | (265) | (483) | (237) | (943) | (1,248) |
| Operations Net Position | (63) | 19 | (82) | 269 | (165) | (259) | (409) |

Year to date (\$63k) deficit, (\$82k) unfavourable to budget.

- Budget revenue assumptions were optimistic, the recovery from COVID has been slower than anticipated and some restrictions remain in place.
- The increased forecast deficit reflects the ongoing impact of COVID.
- Change in catering model is reflected in forecast increase of income, offset by forecast increase in contractual services where payment is made to caterer.



Overview

UPark

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

Achievements

- Adelaide Symphony Orchestra contract for 2022 season has been signed with more than 30 bookings.
- Encouragingly the venue experienced an increase in short lead bookings. November was a busy month with the Auditorium utilisation at 53 per cent compared with only 20 per cent for November 2020. However, the recent capacity restrictions announced after Christmas has resulted in uncertainty for future events, particularly events in Quarter 3.
- An independent pricing review is in progress and recommendations will be considered in coming months.

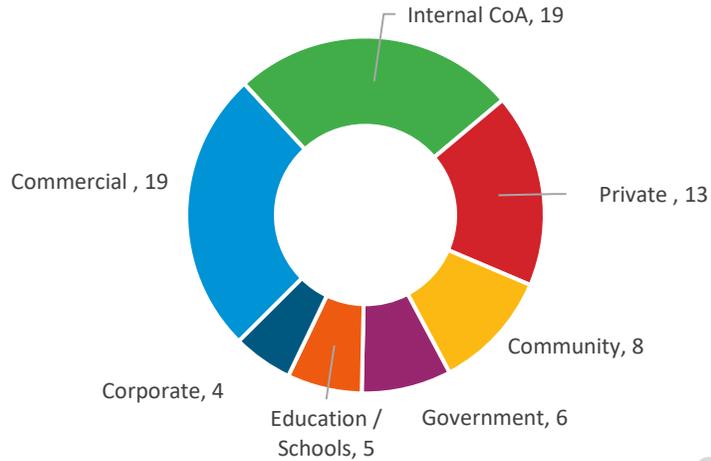
Outlook

- Town Hall revenues have significantly increased as compared to the prior year, \$326k versus \$72k, noting quarter 2 was not impacted by lockdowns. (2021/22 catering revenue has been removed prior to comparison).
- The State Government has opened borders, eased restrictions and increased density caps, enabling greater certainty for the venue and its customers. Both the general population and politicians appear committed to living alongside the virus rather than in fear of it, and therefore it is hoped there will be a full return to pre-covid conditions in the near future, strengthening the Town Hall offering and revenues.
- In addition, it is possible that the soon to be dominant Omicron variant, with its milder symptoms, may avert increased restrictions or lockdowns that had been considered a risk for the colder months in the second half of the financial year.
- If a vaccine mandate is implemented at the Adelaide Town Hall, there will likely be an increase to expenses to manage this including additional Security and Front of House staff.

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

Town Hall Events held in Quarter 2

Event numbers by Classification



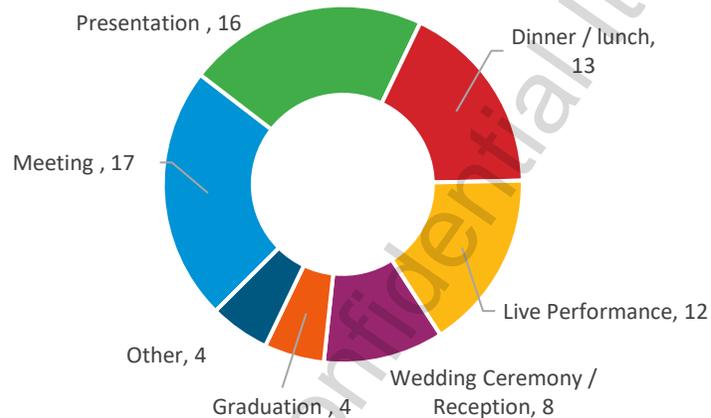
Live Performances presented by:

- Adelaide Symphony Orchestra
- Candlelight Concerts presented by Vivaldi Four Seasons including a holiday special featuring “The Nutcracker”
- Musica Viva
- Australian Girls Choir Concert
- The Lord Mayor’s Christmas Concert

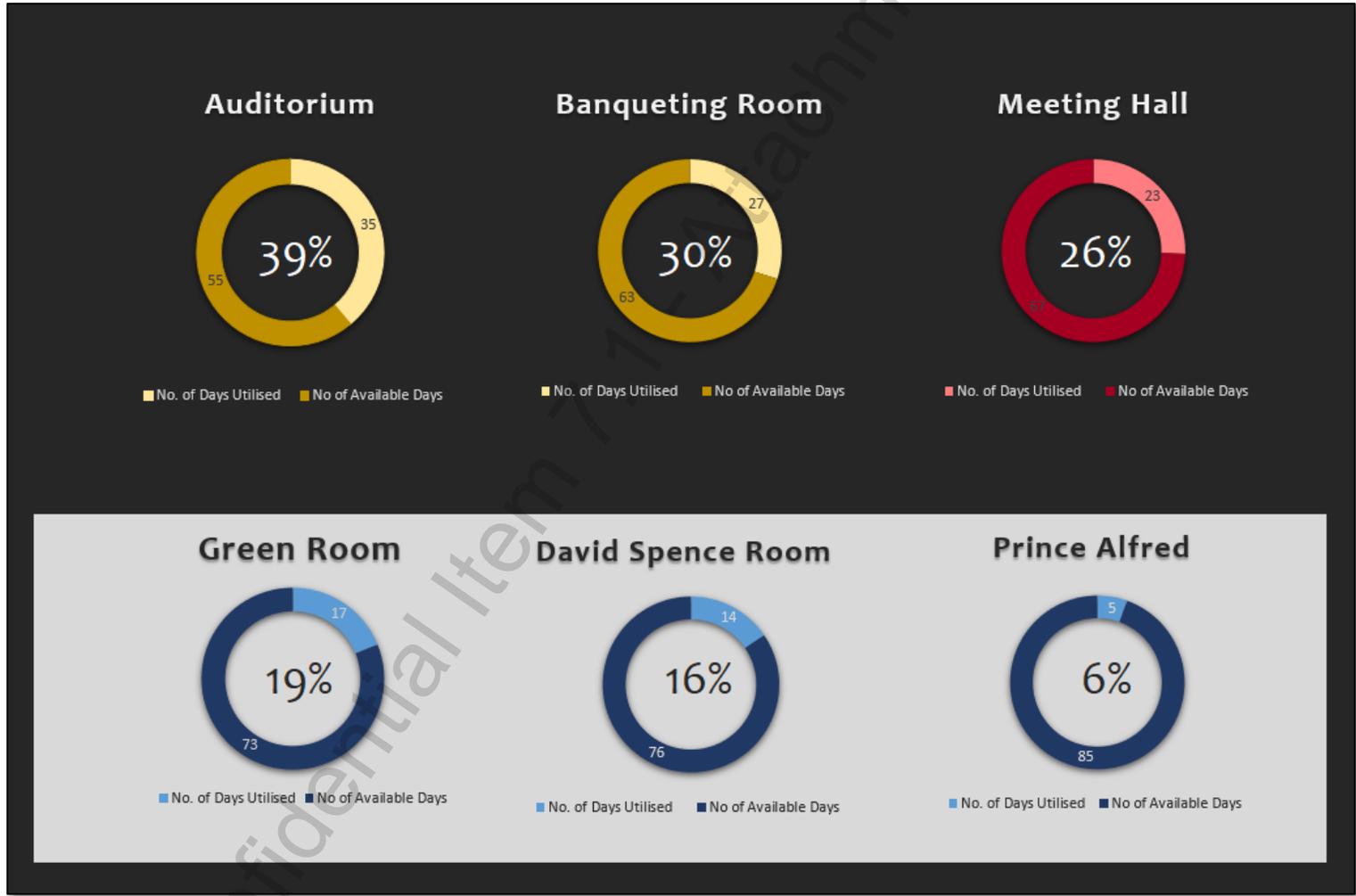
Other event highlights:

- A White Ribbon event to Recognise and Respond to Domestic and Family Violence
- Ovarian Cancer Research Gala Dinner
- Feast Festival Flag Raising Event
- Monski Mouse’s Christmas Baby Disco

Event numbers by Event Type



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

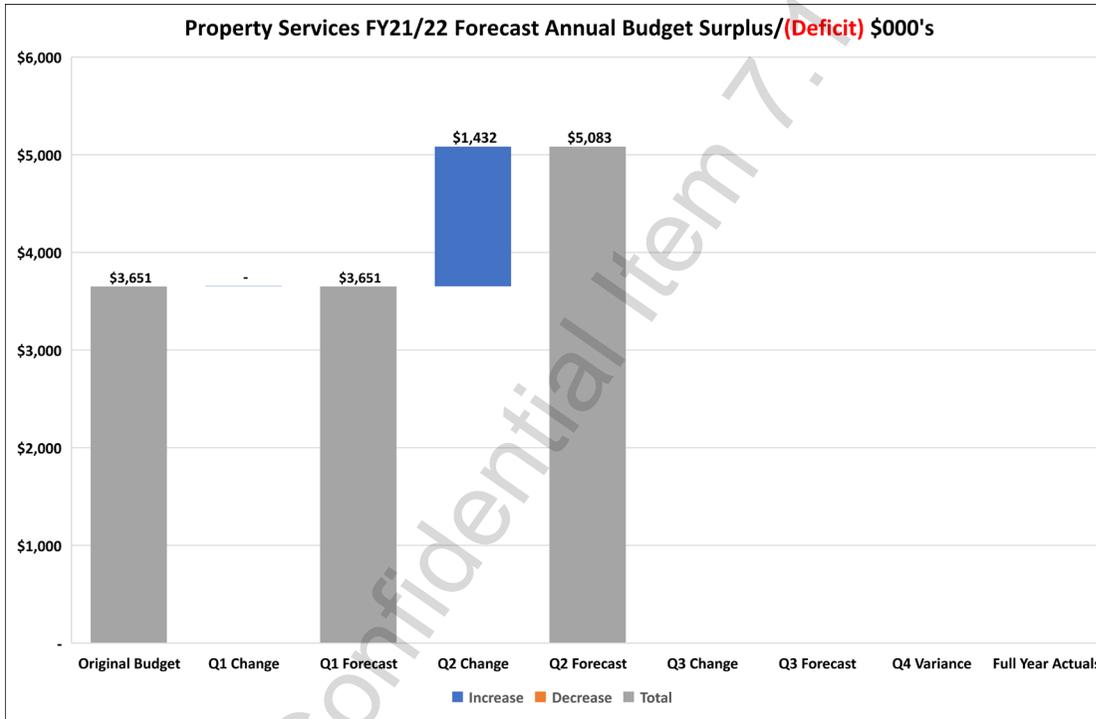


- Overview
- Parking
- Aquatic Centre
- North Adelaide Golf Course
- Town Hall
- Property Services**

| \$'000 | Year to Date | | | Prior Year Actuals | | Adopted Budget | Full Year Forecast |
|---|----------------|----------------|------------|--------------------|--------------|----------------|--------------------|
| | Actual | Budget | Variance | 2019/20 | 2020/21 | | |
| Operations Income | 3,721 | 3,269 | 452 | 5,885 | 5,309 | 6,081 | 7,558 |
| Resource Costs | (271) | (259) | (12) | (524) | (492) | (523) | (523) |
| Contractual Services (Excl Contract Labour) | (3,474) | (3,606) | 132 | (2,952) | (2,973) | (7,093) | (7,065) |
| Materials | (991) | (1,214) | 223 | (1,387) | (990) | (2,595) | (2,566) |
| Internal Charges | 4,276 | 4,576 | (299) | 5,419 | 5,077 | 8,982 | 8,982 |
| Other Expenditure | (800) | (833) | 33 | (649) | (715) | (1,202) | (1,302) |
| Operations Expenditure | (1,260) | (1,336) | 76 | (94) | (93) | (2,430) | (2,475) |
| Operations Net Position | 2,462 | 1,933 | 528 | 5,791 | 5,216 | 3,651 | 5,083 |

YTD \$2.5m Surplus, \$528k favourable to budget.

- Rental income favourable due to on-going revenue from CMA being better than anticipated.
- Variance in Contractual Services include lower than budgeted Consultant and Outgoings expenses. Predominately timing related.
- Variance in Materials is primarily due to lower than budgeted seasonal water and electricity expenses.
- Internal charges unfavourable due to lower than anticipated recovery of Outgoings expenses.
- Forecast includes additional CMA revenue and elimination of costs and revenue associated with disposal of Whitmore Square apartments to be offset against budgeted savings target. Also recognising temporary adjustment to bring apartments up to a higher level.
- Debt collection remains a key activity requiring resource focus as tenants continue to operate in challenging market conditions. Commercial debtors over 60 days are 9.7% of annual revenue (March 2020 2.7%).



Overview

Parking

Aquatic Centre

North Adelaide
Golf Course

Town Hall

Property Services

- Continuing close monitoring of business activity within the commercial property portfolios. Working with tenants to ensure regular payments and action maintenance requests.
- Vacancy management is a challenge as there are competition in the market with large incentives. Two new tenants in Rundle Street with fit outs started.
- 4 vacancies in the commercial portfolio (excluding Central Market Arcade (CMA)).
- Commercial debtors (excluding CMA) nothing over 60 days, \$16K over 30 days.
- Central Market Arcade ongoing revenue beyond pre-development forecast closure of the property.
- Redevelopment notice provided in Dec 2021 to CMA traders.
- Individual meetings with CMA traders in Jan/Feb 2022 to discuss make good expectations.

Reports to be presented to Council in Confidence

All reports in this section will be presented to Council on 8 February 2022 for consideration and determination.

13. Confidential Item 7.1 - 2021-2022 Quarter 2 Confidential Commercial Operations Report [2021/00850] [TC]
Shaun Coulls, Associate Director Strategic Property & Commercial, City of Adelaide was available to respond to questions from Council Members.

THAT THE COMMITTEE:

In accordance with Section 91(7) & (9) of the *Local Government Act 1999 (SA)* and because Item 7.1 [2021-22 Quarter 2 Confidential Commercial Operations Report] listed on the Agenda for the meeting of The Committee held on 1 February 2022 was received, discussed and considered in confidence pursuant to Section 90(3) (b) of the *Local Government Act 1999 (SA)*, this meeting of The Committee do order that:

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 2029.
2. The confidentiality of the matter be reviewed in December 2023.
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.