

AEDA Funding Model

CFG Workshop
26 August 2025

Presenter: Anthony Spotalis
Chief Operating Officer

Workshop purpose

On June 10 2025 Council resolved that

The Administration to schedule a workshop for August 2025 as the first step in a process to formulate a proposal to provide annually a percentage of rates to the Adelaide Economic Development Agency, incorporating.

- 1. The quantum of the percentage of rates and the business case for determining that quantum*
- 2. If agreed, whether the initiative it is to be introduced in a staged manner or otherwise*
- 3. The case for and against the inclusion of Rundle Mall, other Precincts or any aspect of the Agency's remit in the proposal*
- 4. The means by which the initiative is to be funded, including an assessment of the organisation's capacity for a reduction in expenditure in other areas or consideration of alternative and equitable funding mechanisms including a separate/additional rate and any other options and*
- 5. Any recommendations to provide greater transparency to Council on the proposed expenditure by the Agency of increased funding.*

Key drivers & source of funding

- AEDA provides services on behalf of the City of Adelaide
- Services are driven by:
 - AEDA Charter
 - City of Adelaide Strategic Plan
 - Economic Development Strategy
 - AEDA Strategic Plan
- Funded through appropriation from City of Adelaide (except Rundle Mall activities funded through Special Rate)

Rundle Mall activities and Special Rate have been excluded from this analysis

Key questions

What are the
key drivers
behind AEDA's
activities?

What level of
funding does
Council want to
provide to
AEDA?

Is a fixed
proportion of
rates the most
appropriate
approach to
funding AEDA
activities and, if
not, what is?

- What are rates?
 - A form of taxation to fund the varied activity and operations of Council
 - A property-based tax
 - Subject to equity principles of taxation
- What are rates NOT?
 - A fee-for-service
 - The sole source of City revenue

CoA expenditure supporting business

- 75% of the City's rates are paid by commercial entities but...
- Over 100% of the City's rates are spent to support commercial activity
- Impact on infrastructure driven by commercial use
 - 400,000 visitors daily, compared to 27,000 residents
 - Trucks, buses & cars wear more on roads, kerbs, traffic signals
 - Other services (eg cleaning etc)

Components of AEDA's Budget

- Like all council services, the 4 main budget components funded are:
 - BAU: base budget, indexed across the LTFP, to maintain service levels
 - Operating activities: specific ongoing initiatives, form part of BAU
 - Service level changes: such as Adelaide Fashion Week (identified separately and incorporated into BAU in outer years)
 - Strategic projects: prioritised funding, to deliver Strategic Plan, EDS and AEDA Strategic Plan

Key Drivers for AEDA Activity



AEDA 2025-26 Budget

	24/25 Q3 Budget				25/26 Budget				
	\$'000	FTE	Inc.	Exp.	Total(N)	FTE	Inc.	Exp.	Total(N)
Operating View									
Revenue		-	4,637	-	4,637	-	4,528	-	4,528
Employee Costs		31.6	-	(4,656)	(4,656)	31.6	-	(4,769)	(4,769)
Materials		-	-	(4,656)	(4,656)	-	-	(4,967)	(4,967)
Sponsorships		-	-	(3,264)	(3,264)	-	-	(3,346)	(3,346)
Depreciation		-	-	(88)	(88)	-	-	(48)	(48)
Finance Costs		-	-	(6)	(6)	-	-	(4)	(4)
TOTAL		31.6	4,637	(12,670)	(8,033)	31.6	4,528	(13,134)	(8,606)
Activity view									
General Manager AEDA (office)		2.0	-	(587)	(0,587)	2.0	-	(546)	(546)
Business and Investment		7.0	100	(2,718)	(2,618)	7.0	-	(2,787)	(2,787)
Marketing		8.0	-	(1,918)	(1,918)	8.0	-	(2,144)	(2,144)
Rundle Mall Management		9.6	4,518	(4,490)	28	9.6	4,518	(4,518)	-
Visitor Economy		5.0	19	(2,957)	(2,938)	5.0	10	(3,139)	(3,129)
TOTAL		31.6	4,637	(12,670)	(8,033)	31.6	4,528	(13,134)	(8,606)

Strategic and Capital Projects that this Program delivers (costs in addition to the Program Budget):

	24/25 Q3 Budget		25/26 Budget		
	\$'000	Inc.	Exp.	Inc.	Exp.
Strategic Projects					
Rundle Mall Live Music Program		-	(100)	-	(100)
Tourism and Business attraction		-	(133)	-	(150)
Partner Marketing – Winter Focus		-	-	-	(75)
City Brand Development		-	-	-	(100)
Investment Attraction Program		-	-	-	(100)
Commercial Events Funding Program		-	(500)	-	-
TOTAL		-	(733)	-	(525)

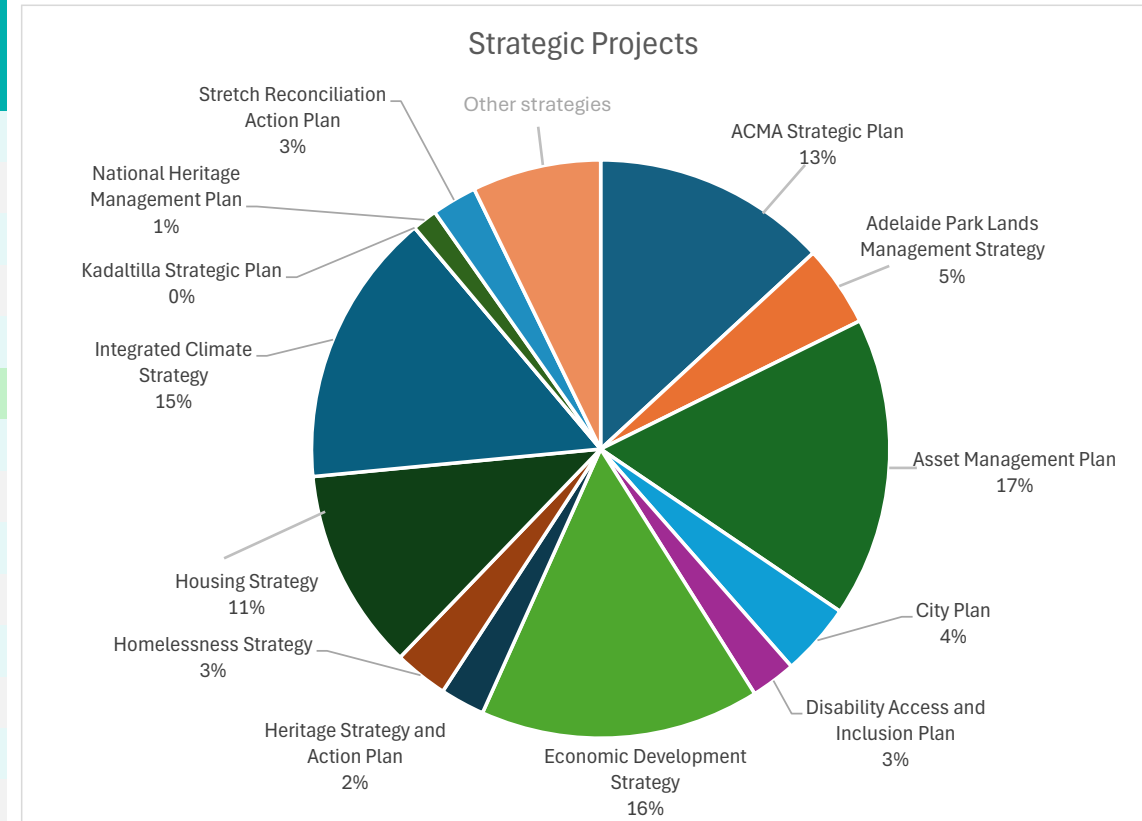
Operating Activities that this Program delivers (costs embedded in the Program Budget):

	\$'000	24/25 Q3 Budget		25/26 Budget	
		Inc.	Exp.	Inc.	Exp.
Adelaide Fashion Week	-	-	(310)	-	(489)
Business Growth - Business Support	-	-	(172)	-	(232)
Data and insights	-	-	(359)	-	(412)
AEDA Summit	100	100	(100)	-	-
Event and Festival Sponsorship	-	-	(1,932)	-	(1,990)
General Marketing	-	-	(408)	-	(420)
Main streets Development Grants / Precinct Activation	-	-	(184)	-	(190)
Strategic Partnerships	-	-	(1,108)	-	(1,142)
Visitor Growth – Tourism Projects	-	-	(180)	-	(198)
TOTAL	100		(4,753)		(5,073)

		24/25 Q3 Budget		25/26 Budget	
	\$'000	Inc.	Exp.	Inc.	Exp.
Capital Projects					
New and Upgrade		3,954	(1,261)	-	(3,754)
Renewal		-	(80)	-	(300)
TOTAL		3,954	(1,341)	-	(4,054)

Spend on key strategies

Endorsed Strategies/Plans	Expenditure \$'000	% of Project Pool (as per 25/26 BP&B)
ACMA Strategic Plan	939	13%
Adelaide Park Lands Management Strategy	325	5%
Asset Management Plan	1,200	17%
City Plan	290	4%
Disability Access and Inclusion Plan	180	3%
Economic Development Strategy	1,118	16%
Heritage Strategy and Action Plan	178	2%
Homelessness Strategy	215	3%
Housing Strategy	806	11%
Integrated Climate Strategy	1,100	15%
Kadaltilla Strategic Plan	-	-
National Heritage Management Plan	100	1%
Stretch Reconciliation Action Plan	180	3%
Other Strategies	515	7%
Total (net of related revenue)	7,146	100%



Funding at different levels

- AEDA currently funded at around 6.2% of (general) rates (\$9.1m)
- This covers BAU, operating activities, sponsorships & strategic projects
- AEDA estimates funding the 2024-2028 EDS requires an increase in funding to \$14.1m (9.5% of 2025/26 general rates revenue)
- With increases in funding, currently unfunded or yet-to-be prioritised projects can be funded to achieve objectives
(CoA Strategic Plan, EDS 2024-28, AEDA Strategic Plan)
- Within the level set by Council, the AEDA Board has discretion to prioritise funding (in line with endorsed strategies)

Funding at different levels

		2025-26			
Employee Costs		3,454	3,454	3,454	3,454
Administration		82	82	82	82
Board Expenses		82	82	82	82
Visitor Centre		201	201	201	201
		3,819	3,819	3,819	3,819
Operating activities					
Adelaide Fashion Week		489	489	489	650
Business Growth		232	232	232	232
Data & Insights		126	126	126	126
General Marketing		388	388	458	532
Visitor Growth - Tourism Projects		198	198	198	198
		1,433	1,433	1,503	1,738
Sponsorships					
Events & Festivals Sponsorship		1,990	1,990	1,990	1,990
Strategic Partnerships Program		1,142	1,142	1,142	1,442
Mainstreet Development Grants		190	190	190	190
		3,322	3,322	3,322	3,622
Total BAU		8,574	8,574	8,644	9,179
Strategic Projects					
Rundle Mall Live Music		100	100	100	100
Tourism Attraction		150	150	150	150
Partner Marketing - Winter		75	75	75	75
City Brand Development		100	100	100	100
Investment Attraction		100	100	180	180
Commercial Events Fund		-	-	-	-
		525	525	605	605
Total BAU and Strategic Projects		9,099	9,099	9,249	9,784
Additional Projects					
Small Business Program	EDS Goal 2	250	520	680	750
Outward facing marketing	COA Strat Plan Goals 2,3	125	345	830	900
North Terrace Enhancement	EDS Goal 1	200	200	250	300
Innovation Places	AEDA Strat Plan Obj 4	-	500	500	500
Climatech Program	EDS Goal 2	-	500	600	650
SATC Partner Marketing	AEDA Strat Plan Obj 2, 3	-	-	100	200
Evening Economy	EDS Goal 2	-	-	450	450
Creative Industries Showcasing	EDS Goals 3, 5	-	-	-	150
Supporting business activity (re mainstreet upgrades)	AEDA Strat Plan Obj 2	-	-	-	450
Total Additional Projects		575	2,065	3,410	4,350
Total City of Adelaide Contribution		9,674	11,164	12,659	14,134
Proportion of general rates		6.5%	7.5%	8.5%	9.5%

Not funded

Discretionary spend

Special CFG meeting: AEDA
funding model - workshop

Different drivers

- Council commitments and external factors drive rate revenue:
 - Renewals funding (including catch up work)
 - Inflation (CPI)
 - Changes in services (internal and external)
 - New Council commitments (eg 1.5% to Park Lands buildings)
 - Interest rates impacting debt servicing
- Conversely, AEDA expenditure driven by planned activities within:
 - AEDA Charter
 - CoA Strategic Plan
 - EDS
 - AEDA Strategic Plan

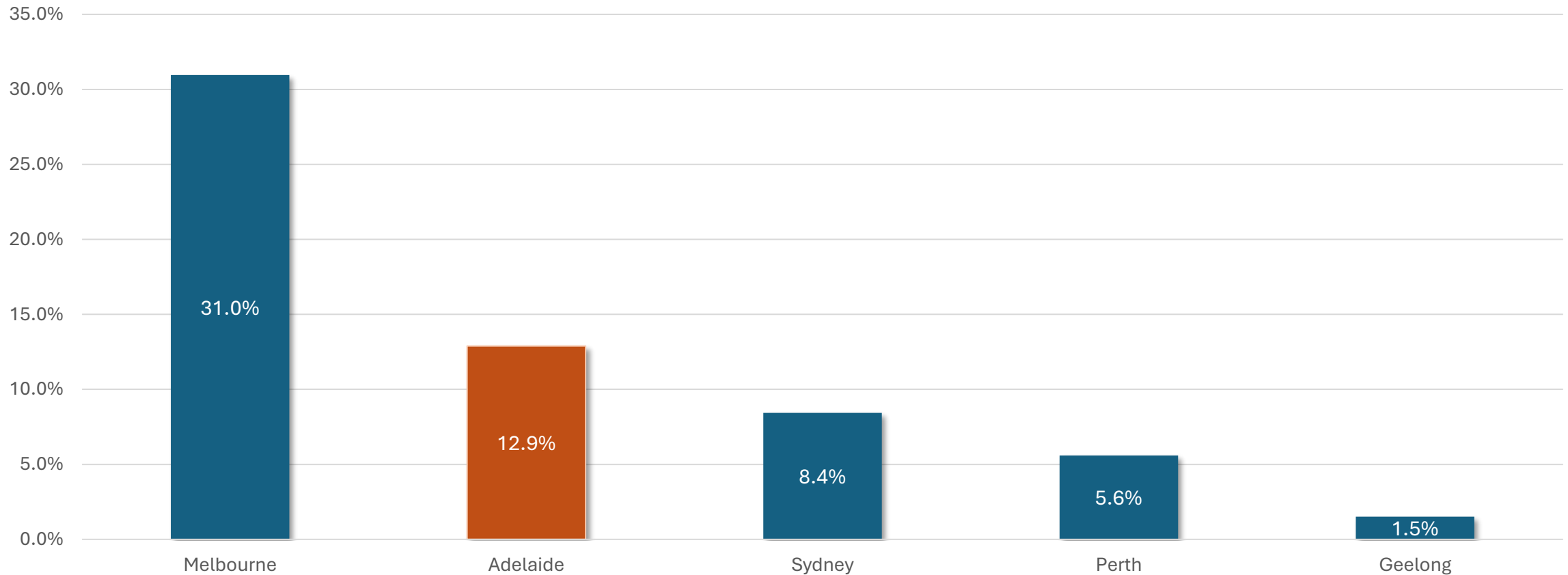
Historical funding levels

\$'000	2022/23	2023/24	2024/25	2025/26
AEDA Budget*	8,976	9,191	8,392	9,131
Rates revenue	118,466	128,812	136,897	148,901
%	7.6%	7.1%	6.1%	6.2%
Economic Development	16,300	19,100	N/A	N/A
Rates revenue	118,466	128,812	136,897	148,901
%	13.8%	14.8%	N/A	N/A

* Excludes Rundle Mall activity and Special Rate but does include Strategic Projects

Other cities' spend on economic activity

Spend on economic growth activity (as a % of rates)



12.9% of rates funding is comparable to other capital city councils noting that each capital city has different objectives.

Separate rate to fund precinct activity

- Rundle Mall funding through Separate Rate – ratepayers pay “directly” for agreed activities
- Introducing a Separate Rate to other Precincts (similar to RM) is potentially prohibitive financially to the ratepayers and difficult to administer

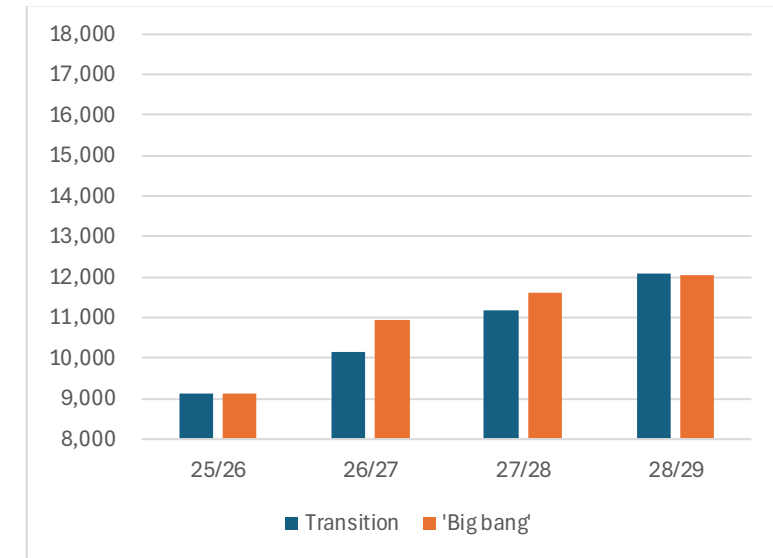
	Assessments	Rates (23/24)	Average Rates	Cost	One-off Rate Rise	Average Rates Increase	Average Rates	Function
Original Grouping	1,000	4,650,000	4,650	200,000	4.30%	200	4,850	Tenancy Mix Curation
				300,000	6.45%	300	4,950	Marketing
				400,000	8.60%	400	5,050	Tenancy Mix Curation + Marketing

Funding target

	25/26	26/27	27/28	28/29
Rates Related Revenue (LTFP)	154,896	163,902	171,850	176,888
General Rates Revenue	148,301	158,622	168,140	174,697
Annual Rate Revenue Increase (inc Growth)	7.1%	7.0%	6.0%	3.9%

AEDA (Transition)	6.16%	6.41%	6.66%	6.91%
AEDA \$	9,131	10,163	11,193	12,066
Annual \$ Increase		1,032	1,030	873
Annual % increase		11.3%	10.1%	7.8%

AEDA ('Big bang')	6.2%	6.90%	6.90%	6.90%
AEDA \$	9,131	10,945	11,602	12,054
Annual \$ Increase		1,814	657	452
Annual % increase		19.9%	6.0%	3.9%



AEDA Target						
Option 2	6.90%					
CPI	From table	2.50%	2.50%	2.50%	Flat Share	Transition
Option 1	9,674	9,916	10,164	10,418	6.20%	0.00%
Option 2	11,164	11,443	11,729	12,022	6.90%	0.25%
Option 2.5	12,130	12,433	12,744	13,063	7.40%	0.40%
Option 3	12,659	12,975	13,300	13,632	7.80%	0.55%
Option 4	14,134	14,487	14,850	15,221	8.70%	0.85%

Recommendation

- Fund AEDA to level from option 2
- If Council supports this level of funding...
achieve by gradually increasing funding as a percentage of rates to say, 6.9%
- This requires about \$1m per annum additional funding for the next 3 years, from:
 1. Defunding other strategies
 2. Efficiencies
 3. Increase in rates
- Funding reviewed annually as part of business planning process – however AEDA Board has discretion to prioritise funding, using same principles as CoA budget process (eg strategic alignment)
- Funding activities identified early (refer slide 13) and reported on separately (including outcomes)

Key questions

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