



LG Professionals SA Emerging Leaders Program 2018

Group Project

“What is the biggest opportunity facing local government in South Australia in the next five years?”

Commercialisation of Services

Group 1

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EXECUTIVE SUMMARY

The commercialisation of services for local governments in South Australia is an initiative that could provide substantial financial and social benefits if harnessed appropriately. Essentially, commercialisation boils down to revenue streams and returns on investment by delivering public products and/or services for pre-determined fees. Local government staff survey results highlight strong support for commercialisation of services, and there are examples and case studies of councils already taking advantage of the benefits and opportunities it brings.

Working within legislative boundaries and managing community expectations together with elected member engagement were identified as the most important considerations and concerns. Additionally, the risk that comes with engaging in commercial activities can be substantial.

We believe local governments should shift their thinking to deliver better services to meet growing community expectations, and with multiple examples of how successful commercialisation of services can be they should be courageous in taking steps towards opportunities with support from the Local Government Association of South Australia to ensure that risks are mitigated. After all, worthwhile opportunities rarely exist without risk.

The local government sector will need to rethink their existing financial strategies, and through the avenue of commercialisation of services we believe this is a critical opportunity that councils will need to embrace and implement in order to remain financially sustainable in the long-term.

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INTRODUCTION

Local governments in South Australia are not-for-profit organisations and their revenue collection options are limited. They are primarily dependent on the rates and funding arranged from the State Government.

Councils of today face a range of challenges including engagement of residents, aging infrastructure, financial pressures (such as the threat of rate-capping), and rapidly evolving socio-economic demographics and technology evolution. Community expectations of delivering better services are ever-increasing, and with finite resources and more public scrutiny the pressure is on. Operating a commercialised business unit that delivers competitive services to council as well as generating additional revenue is a means of improving financial sustainability, increasing service levels and delivering other community benefits (White 2017).

This report will explore the opportunity of 'commercialisation of services' which we believe is the biggest opportunity facing local government within the next five years.

It is important to note that commercialisation can be achieved through multiple channels, from the fostering of partnerships and joint ventures with private sector commercial organisations to the initiation of autonomous, for-profit companies. Commercialisation in the public sector, be it trying to raise income or reduce costs to maintain service delivery, through whatever model best suits, brings with it risk, and traditionally the public sector is risk averse (White 2017). Some local governments in South Australia are already involved with commercial activities and benefiting from it. If private interests get added to the composition it is important to ensure that diverse stakeholder needs are being balanced and comprehensive due diligence conducted to ensure positive outcomes such as social benefits.

DISCUSSION

Legal Context

Councils in South Australia work within the legislative boundaries of the *Local Government Act 1999*. Legal clarity is provided through Section 47 of the *Act* which states that a council cannot participate in the formation of companies or acquire shares in them. However, Section 46 also states that councils can establish a business or partake in joint ventures/trusts/partnerships as part of a commercial project. This is somewhat contradictory and requires councils to thoroughly investigate commercial opportunities available to them. A full extract of Sections 46 and 47 of the *Local Government Act 1999* is available in **Appendix 3**. It is precisely this point that is a complex and contentious issue. On a standalone basis, local governments and other public sector entities operate on a not-for-profit basis to advance social welfare and provide fundamental public services.

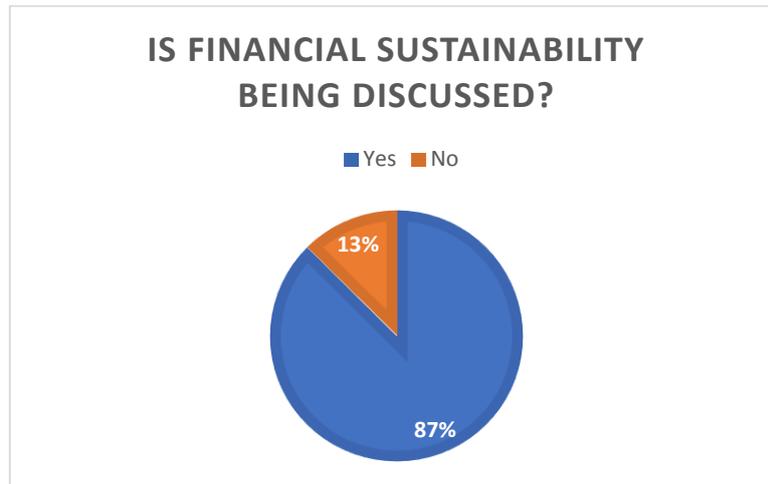
Peak Body Perspective - Local Government Association

In 2017 the Local Government Association (LGA) took a Motion on Notice to explore local, national and international business models used by the local government sector to manage commercial operations and explore any current legislative barriers or opportunities. The report is currently being developed and is likely to be finalised in early 2019. A circular was distributed to councils in August 2018 and of the eight responses most identified that there are some barriers to the forms of commercialisation but did not make reference to legislative change.

Local Government Survey Results

To better understand if the opportunity of commercialisation of services is being considered or implemented within councils, a survey was conducted with over a dozen employees from a range of metropolitan and rural councils across South Australia. These findings gave us a better understanding of the risk appetite of councils and what they consider as commercial opportunities whilst working within the limitations of the *Local Government Act SA 1999*. A summary of the five questions asked is provided below and full details provided in **Appendix 1**.

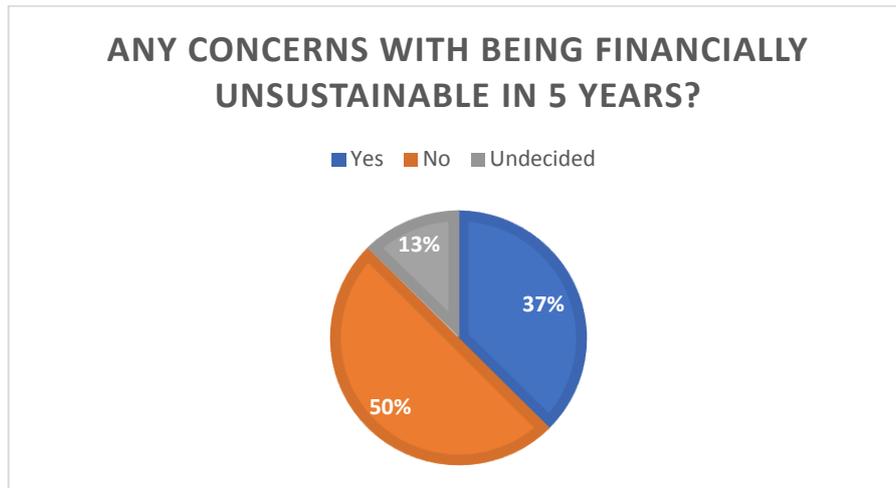
1. Is financial sustainability of your council currently being discussed?



Overwhelmingly the responses were yes with all councils considering financial sustainability in some way. It is important to note that to become financially sustainable councils need to understand the external environment and the impacts this may have on the core revenue stream of rates. Making non-core services a commercial opportunity is an effective way to mitigate this.

The General Manager Wellbeing at the Alexandrina Council noted *'Financial sustainability is always a consideration. This is especially so with key external influences such as potential introduction of rate capping, greater expectation on local government to take on services traditionally delivered by State government, and increasing cost of living pressures on community driving downward pressures on equitable access to services'*. With external factors such as the proposition of rate capping influencing councils' current revenue streams, there is a perception that this will impact their financial sustainability model.

2. Are you concerned that councils will not be financially sustainable within the next 5 years?

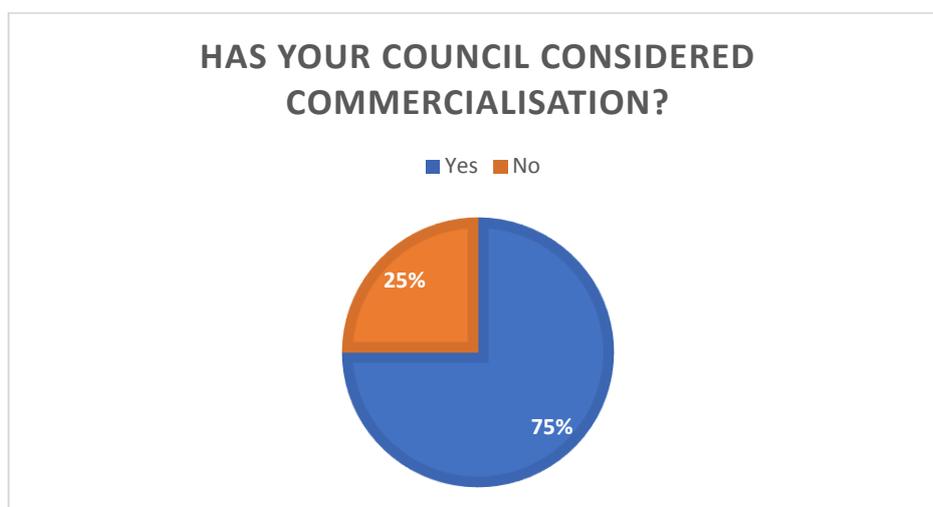


The councils that answered yes referred to rate capping and impacts to service delivery. Those that answered no mentioned that rate capping was yet to be introduced, and that they were well-placed in the short term as most were planning for beyond five years' time.

The City of Adelaide is in an interesting position as they are governed by both the *Local Government Act 1999* and the *City of Adelaide Act 1998*, being a capital city council. The Associate Director Economic Development & Tourism explained how this may affect smaller councils from his point of view: *'The debate around amalgamations for efficiency gains will increase on the back of rate capping and I think alternative fund-raising means to fund specific projects such as charging separate rates to specific groups benefiting from specific projects will be used more - i.e. marketing funds for precinct groups, upgrades of public realm above standard levels'*.

A detailed case study is provided later in this report to demonstrate how a large council has made a typically private and commercial service a financial contributor for them.

3. Has your council considered the commercialisation of services?



The majority of responses were that councils have been looking at commercialising services in some way, and this was expected. Our initial survey of the Chief Executive Officers of seven different councils revealed that, overwhelmingly, the opportunities raised were about commercialising services and illustrating ways on how councils are already doing this in some capacity.

The City of Salisbury General Manager City Development noted some interesting ways on which they were looking at commercialisation. His response demonstrated a number of ways commercialisation can be effective in both small and larger scales.

4. If not currently, is your council planning any future projects or aiming to investigate, identify, or source new revenue streams?



Responses received were again varied with some examples of how councils are looking at ways to reduce operating costs and not necessarily about revenue raising. The shared service approach could be defined as a commercial opportunity as overall the outcome is similar in that council is reducing expenditure and therefore improving their financial situation. We have therefore defined 'shared services' as a commercial opportunity in this report.

The Chief Executive Officer of the City of Tea Tree Gully identified some of the challenges faced by councils when exploring new revenue streams and highlighted the important role the Elected Member body plays. This response is a true representation of the challenges and discussions all councils must face when looking at new revenue streams and something very important to highlight in this report; *'We are always looking at ways in which we can get more out of business partnerships in order to reduce our reliance on rates and debt funding but have found some real challenges. Some of these challenges relate to the political environment that we operate under and include:*

- *Being unable to do things with or on community land that we might like to do but are restricted because of the views of some (usually majority) that community land cannot be used for anything unless the community is 100% in support. 58% or even 79% in favour has not been enough to sway our chambers.*
- *The challenges in making bold decisions in the Council Chambers in the period leading up to an election in case the community might be opposed. At these times it appears that it is easier to say no and do nothing than taking on something bold and daring.*

- *There is a lack of commercial aptitude in the Council Chambers that we would not have if we were a board in a company. We run a \$92m budget and \$30m Capital works program but we do not have one elected member (out of thirteen) who is a business owner or operator nor do we have any professional people such as lawyers, engineers, business managers etc.'*

City of Adelaide Case Study

The City of Adelaide has embarked on a project to drive more investment and services into the capital - Ten Gigabit Adelaide: a revolutionary high-speed, high-performance fibre optic data network that is being rolled out to commercial buildings across the CBD. The City of Adelaide has partnered with a private company in TPG Telecom as the 'Official Network Provider' to implement the delivery and installation of a fibre optic network across the City of Adelaide, 10Gbps data transfer capability and a range of high-performance services for the business community (City of Adelaide 2018b). Further information can be found in **Appendix 2**.

In doing this the City of Adelaide has considered the commercial opportunity that is on offer from an investment in a high-speed internet service. The Associate Director Economic Development & Tourism at the City of Adelaide included in his survey response that *'Ten Gigabit Adelaide has large revenue raising opportunity, both under existing long term contract as well as future phases of what can happen on the network'*.

Unfortunately at this time most of the information is considered *'commercial in confidence'* and was unable to be included in this report, however Kim Hunt, Project Manager Ten Gigabit Adelaide was able to provide the following regarding the commercial aspects of this project:

- One of City of Adelaide's objectives was to leverage its current assets which include conduits, pits and light-poles that are considered to be strategic assets. These existing strategic assets have market value, so these were included in the commercial negotiation.
- The City of Adelaide made capital contribution to the deal which was workshop with Elected Members. Workshops looked at different commercial options for the Council and were endorsed in December 2017 (in confidence).
- In return for Council's investment, the City of Adelaide receives commission-based revenue from TPG.
- The project scope considered other future projects and commercial opportunities. Investing in this project ultimately will provide opportunities for other SMART council projects which can leverage the existing infrastructure whilst saving costs.

Whilst making a contribution towards the project the City of Adelaide have considered what return on investment they will receive as well as a new revenue stream. This is one example of how a council is not only thinking of their community by providing a new and improved service, but also strategically by looking at the commercial opportunity.

In fact, it can be said that the City of Adelaide have been thinking commercially for a number of years with commercial businesses including *UPark* (paid car parking), Adelaide Aquatic Centre, North Adelaide Golf Course, Adelaide Town Hall and Strategic Property Management (City of Adelaide 2018a). These are examples of a large council making big and profitable investments. However, councils on a smaller scale are thinking commercially as well. The next case study illustrates how a regional council is taking steps to think commercial.

Port Pirie Regional Council Case Study

Port Pirie Regional Council is currently engaged in commercial services that have proved effective, assisting the council's financial security. The Director Development and Regulation at the Port Pirie Regional Council stated in the survey: *'We are looking at providing services to neighbouring councils, not so much at this stage to 'make money', but more so to ensure that our own internal people services are fully utilised'*.

The council is in a prime geographical position to capitalise on a shared services model to assist smaller surrounding councils. This has already proved beneficial to all parties as the services are recovered on a cost plus basis generating income for Port Pirie Council and allowing the surrounding smaller councils to meet their service obligations in a consistent and viable way. Whilst this is not a 'fee for service' arrangement it is still providing a cost saving initiative to councils which assists them by strengthening their financial status. Port Pirie Council has a current shared service agreement with Flinders Ranges Council and the District Council of Orroroo-Carrieton through environmental health services: one officer travelling to all councils on a monthly basis to conduct inspections varying from food vendor inspections to wastewater compliance. Further discussions are taking place to provide a similar service in the human resources, financial, development and governance departments.

Port Pirie Regional Council is also exploring a number of exciting options to further commercialise the waste transfer station on a much larger and ideally profitable scale. One major concept currently undergoing a feasibility study is the possibility of supplying the local lead smelter with an alternate fuel source. Problematic waste streams such as tyres would be processed with other green waste into bricks that would then be sold as an alternate fuel source to keep the smelter furnaces operating.

Ipswich City Council Case Study

Not all councils have understood the risks involved with becoming more commercial. The Ipswich City Council in Queensland lost ratepayers \$80 million through a secret property development arm (Robertson 2018). There were three reports completed in 2018 which showed five entities owned and run by the council failed to prove value for money or did not comply with regulations. The reports highlighted the entities were created to circumvent the requirements of the Local Government Act. There was detailed evidence of potential fraud and breaches of the Corporations Act, as well as allegations such as private jet overseas travel. The council was ultimately dismissed, and administrators were appointed (Ferrier et al. 2018).

International Comparison

While considering local opportunities, it is also important to reflect on international examples for commercialisation in local government. By researching international examples we believe it can assist local governments in South Australia in planning their own financial futures.

With diminishing budgets and rising demand, local governments in other countries are increasingly developing businesses that generate additional income, including energy, housing, transport, and leisure investments. One example of commercialisation on an international level is Luton Borough Council in the east of England. They own and operate the fifth busiest and fastest growing airport in the UK (Local Government Association - Luton 2018). A change to zoning has allowed private sector investment and subsequently a growth strategy that will place the airport as a key selling point, generating income throughout the area.

The City of Westminster in the UK has also developed a business to generate additional income. This has come in the form of a communication management company, Westco Trading Limited, a trading arm of the council formed in 2003 which outsources press and communication services to public bodies (Fearn 2011). Their clients include all tiers of government as well as the private sector (Westco 2018).

FUTURE CONSIDERATIONS

As is true of any private sector venture, the greater the commercial appetite, the higher the level of risk involved. By commercialising appropriate services, the opportunities available to councils and the community are unqualified as stated in the many examples in this report. Having more diverse income sources and less reliance on rate increases can contribute towards a consistent operating surplus. This has the ability to directly counteract threats such as rate capping, and will assist councils in remaining financially sustainable into the foreseeable future.

As with any opportunity there are a number of challenges and risks councils should take into account, including:

- Alignment with existing Strategic Plans and objectives
- Engagement and support of the elected member body in making educated decisions, in harmony with community support
- Ensuring staff have the appropriate qualifications, training and education
- Working within legislative boundaries of local government to ensure that the primary role of council is not compromised
- Competitive neutrality - ensuring businesses compete on a level playing field
- Balancing spending, revenue raising and budget constraints
- Services generating additional income for the council to reinvest back into assets and the community for the longer term
- The impending *Planning, Development and Infrastructure Act 2016* which will have significant implications on how councils operate and function.

RECOMMENDATIONS

As employees of local government, we understand and appreciate that councils must operate within legislative boundaries and on restricted budgets particularly in this climate of public scrutiny, and we also understand that to remain financially sustainable councils must maintain an operating surplus as costs continue to increase. This means that expenditure decisions together with the opportunity for revenue raising can result in sufficient funding to offset the current and future cost of services. It is crucial that these decisions focus on longer-term implications rather than short-term gains, particularly in the context of the *Planning, Development and Infrastructure Act 2016*: major legislative change to be fully implemented within the next three years.

Following this research and analysis on the opportunity of commercialisation for local government, we offer the following recommendations:

- Councils need to be more proactive in giving serious consideration and planning to commercialisation rather than wait for forced legislative change or public pressure
- Councils who have appropriate resources manage a commercialisation model to determine if there is service that could provide further benefit
- Councils should capitalise on their existing infrastructure assets by borrowing against them rather than relying on rate increases
- The LGA investing more into this field to assist councils in working within their legislative obligations as errors of judgement could result in serious legal ramifications
- A joint forum or initiative to share and support ideas facilitated through the LGA would assist councils who are either not yet contemplating commercialising services, or considering it but not yet ready to implement.

CONCLUSION

We believe more than ever that the commercialisation of services is the biggest opportunity facing local government within the next five years. With two examples of councils of differing sizes, geographic location and resourcing both benefitting from this model, it demonstrates that when due diligence is taken the commercial model can work.

Our evidence shows that some councils have already begun to embrace a financially strategic paradigm shift, and it will take not only the right personnel but courage and leadership to drive the change.

A quote taken from our survey results summarises our findings nicely; *'all councils face interesting and challenging times, but as with any problem that needs solving, there are also plenty of opportunities if the right approach taken'* (Director Development and Regulation - Port Pirie Regional Council).

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APPENDICES

Appendix 1: Survey results

Appendix 2: Ten Gigabit Adelaide information

Appendix 3: *Local Government Act 1999* Sections 46 and 47



Emerging Leaders Program 2018

Group 1 Project

The Emerging Leaders Program (ELP) of 2018 have been tasked to complete a major Group Project. You have been selected as someone who would have valuable insight into our project topic and we would love to get an understanding of your perspective. *Please note: survey outcomes will be published in our group report and might be included in our final presentation.*

The Group Project is intended to assist ELP participants to develop both professional and personal skills of:

- Thinking and reasoning
- Analysis and critical thinking
- Developing an argument and business case
- Working collaboratively
- Considering alternative perspectives
- Writing clearly, confidently and concisely.

The topic that Group 1 have decided to consider is:

1. What is the biggest opportunity facing local government in South Australia in the next 5 years?

The opportunity we will be focusing our report on is **the commercialisation of services**. Our report will provide and discuss context around why we believe this is a big opportunity for local governments, how Councils could and/or should respond, possible strengths and weaknesses, and the implications this may have on the wider local government sector.

Our team has decided to survey a range of people including CEOs, executives, economic development staff and elected members to better understand the local government landscape and to gain a strategic viewpoint. From there, survey results will be used to develop our project topic broader. The results from the survey will be included in the appendix of our final report which is due in October.

Our team members include a representative from these Councils:

City of Adelaide Jess Kirk	Port Pirie Regional Council Todd Connor	City of West Torrens Josh Banks	City of Salisbury Karyn Brown
City of Onkaparinga Stacey Dutton	Rural City of Murray Bridge James McInnes	Alexandrina Council David Heath	

Thank you for taking the time to participate in this survey as it will assist greatly in developing an innovative and well-informed project outcome.

Name:	Grant McKenzie
Position:	Director Development and Regulation
Contact email:	gmckenzie@pirie.sa.gov.au
Date:	

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Yes, as I would expect within most councils. It is a high priority particularly when taking into account the current rate cap proposal. There has been an increased amount of financial responsibilities put onto councils over recent times (cost shifting) in conjunction with an increase in the community's service expectations.

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

There is concern that some councils will struggle to remain sustainable, particularly the small ones. There is a strong possibility of joint service provision arrangements being necessary if not actual amalgamation at some point in the future.

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

Yes, to some degree, but I am personally not in favour of a full 'privatisation' model for local government. I still believe (maybe old-fashioned) that the primary function of LG is to serve the community as a whole. Sometimes the full user-pays, business model solution just doesn't fit the ideal.

4. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

We are looking at providing services to neighbouring councils, not so much at this stage to 'make money', but more so to ensure that our own internal people services are fully utilised. This also may help to ultimately increase our own in-house people assets, particularly allowing for the opportunity to upskill existing or employ graduates/cadet professionals.

5. Anything else you wish to add?

All councils face interesting and challenging times, but as with any problem that needs solving, there are also plenty of opportunities if the right approach taken.

Thank you for your valuable time and input!

Name:	Stephen Uva
Position:	Financial Analyst City of Port Adelaide Enfield
Contact email:	
Date:	20 August 2018

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

I haven't heard any specific discussions recently about financial sustainability, but Councils' always publish their key financial indicators in their adopted budget & budget reviews, so it is a priority in the construction and publishing of the budget.

Also every financial year a Long Term Financial plan is adopted.

Around 2005-2007 there was a large focus on Councils' Financial sustainability.

There was a survey developed to monitor progress by Councils' in achieving recommendations from an independent enquiry on sustainability endorsed by the LGA. There were 8 separate topics each with issues which were to be rated.

As stated above each Council must have a Long Term Financial plan updated each year as well as track 4 main financial indicators which measure a Councils' sustainability such as:

Adopted Operating Surplus.

Operating Surplus Ratio

Net Financial Liabilities Ratio

Asset Sustainability Ratio

These are key measures of a Councils' financial health.

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

The next 5 years is probably a short term view. Looking at a longer term view it could create some challenges.

I feel that a blanket approach to subdue appropriate rate revenue increases may not take into account asset construction challenges that may arise in particular Council areas, or cost shifting from Federal or State Government.

If this is combined with reduced government funding, Councils' may need to look at alternate revenue streams, increase current fees & charges or a review or cut of services levels provided.

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

Port Adelaide Enfield Council is embarking on a collaborative program of reviews with Charles Sturt and Marion Councils.

The information gained through budget assurance and through more detailed activity costing, alongside benchmarking results that have taken place, will assist us to identify the highest priority areas.

There are opportunities around joint procurement, further sharing of services, skills and staff and learning from each other. The program is currently being developed.

In finance we have been involved with budget assurance. Council's Administration has now carried out a Budget Assurance Program to ensure that what is being spent is what is budgeted for, with the aim of freeing up capacity in the existing budget without reducing services. The Budget Assurance Program has delivered substantial savings.

The program has involved a line by line review of the 2017-2018 budget in close alignment with the

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2016-2017 actual results.

This has resulted in improvements in the organisation's budget.

The budget assurance process led into a review of our budgeting approach, and provided a new baseline for the development of the 2018-2019 budget.

4. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

As mentioned above once the program review is fully developed & underway, opportunities in these areas may come to light.

5. Anything else you wish to add?

Benchmarking has been undertaken as briefly mentioned in question 3.

Council participates in the Performance Excellence Program, coordinated by LG Professionals NSW with Price Waterhouse Coopers. This program was not previously been available in South Australia until last year, over 140 Councils participate across Australia and New Zealand.

Participating councils have found that the program provides critical information that allows them to make better management and operational decisions, and points them towards better prioritisation about where to allocate resources. Information from the benchmarking provides comparative insights into matters such as asset management, service delivery, financial and workforce management.

Name:	Carmine D'Amico
Position:	Acting Coordinator Engineering Assets
Contact email:	cdamico@charlessturt.sa.gov.au
Date:	30/8/18

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Yes, this plays a key role in asset management planning and developing our long term financial plan. Our assets get valued and audited every few years and our LTFP is updated according to what works need to be undertaken to that particular asset.

Rate capping may effect this in future – not sure.

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

Council in general Yes. Most councils are poor with asset management planning.

Charles sturt I am not concerned at all as our major assets are well funded (e.g. roads and bridges).

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

Yes we have

We were a major player in water proofing the west. This was a major project (multiple millions) to harvest stormwater and pump it into aquifier storage. The recycled water is then used to irrigate councils reserves and charge residents that are connected to it in new developments like st clair and Woodville west.

We also look at what developers can contribute to our capital works (future) depending on what their infrastructure requirements are.

4. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

No

5. Anything else you wish to add?

No

Name:	Kym Wundersitz
Position:	Principle Economic & Strategic Planner
Contact email:	kwundersitz@charlessturt.sa.gov.au
Date:	30/8/18

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

> Yes, high priority. Discussions around rate capping have prompted administration to plan for the future and ensure financial sustainability.

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

> No Council's debt structure and expenditure is in a good place.

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

> There is always a need to look at reducing costs and to stretch \$ further. Partnerships are a good approach. Working regionally is assisting in delivering more services to a broader area and avoiding duplication.

4. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

> seeking to make better use of grant funding opportunities and promoting them to our business and broader community.

5. Anything else you wish to add?

No.

Name:	Matt Grant
Position:	Associate Director Economic Development & Tourism
Contact email:	m.grant@cityofadelaide.com.au
Date:	28 August 2018

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Yes. 2018-19 will be the 4th year in a row of zero rate rise percentage increase.

This has been achievable from new growth as a result of development. But community expectations are still the same with service level and costs of delivering these services are increasing equal to or greater than cpi (i.e power, water, wages)

Councils do have opportunities to raise revenue through alternative means but require innovative thinking, especially to make happen legally within often historical legislation. Legislation struggles to keep up with disruptive business models emerging as a result of tech advances. i.e happen with sharing economy – Airbnb vs planning legislation, UBER

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

I think being a Capital city council is a unique position compared to other councils and I consider some of the challenges in a smaller metropolitan council context and respond in this regard. The debate around amalgamations for efficiency gains will increase on the back of rate capping and I think alternative fund-raising means to fund specific projects such as charging separate rates to specific groups benefiting from specific projects will be used more. i.e marketing funds for precinct groups, upgrades of public realm above standard levels.

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

There are respondents to the survey from CoA better placed to respond to this.

I'm external focused in Eco Dev & Tourism. I am aware we are trying to maximise assets (revenue through rent, disposal, acquisition as strategic investment) through an impending strategic property review. Central Market Arcade development and 88 O'Connell Street are live examples of this. 88 O'Connell St is a unique asset as there is a social / community return by having a large vacant site in heart of a significant mainstreet precinct developed and activated as well as increased property values in the surrounds (resulting in increased rate return on capital value increases).

CoA invests \$1.6M in event & festival sponsorship (outgoing funds to attract visitation and increase city vibrancy) – reviewing leveraging opportunities to ensure maximum return requires commercial acumen.

Visitor Information Services – providing information to tourists to Adelaide is a function predominantly provided by CoA as State Govt (through SATC) focus on promoting the State as a destination using digital. Our role is make sure experience in City is best it can be. We are undertaking a detailed feasibility study on a new Visitor Information Centre – new business model,

new location which will have a modern commercial focus to be cost neutral by partnering with private sector to sell local goods & services etc...

4. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

Ten Gigabit Adelaide has large revenue raising opportunity, both under existing long term contract as well as future phases of what can happen on the network.

Councils as trusted entities collect and own lots of data and sources are ever increasing. Within safe environment this valuable commodity could be commercialised.

5. Anything else you wish to add?

Name:	Terry Sutcliffe
Position:	General Manager City Development, City of Salisbury
Contact email:	tsutcliffe@salisbury.sa.gov.au
Date:	3/9/18

6. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

- A. Is a regular topic of conversation within the Executive Group, and via quarterly budget reporting through Executive Group and to Council. Is also an element of the CEO's KPIs and budget attainment is a KPI for all General Managers and Divisional Managers

It is a high corporate and political priority. It has also had a higher profile of late due to the debate about the potential for introduction of rate capping. Whilst this now appears to be off the political agenda as the Liberal State Government was not able to get the support needed in Parliament to pass its rate capping model, ongoing and increased scrutiny by the State Government of Council efficiency and effectiveness will occur – the Opposition has already flagged a number of potential reform agendas in lieu of rate capping, which may receive Liberal Government and cross-bench support.

The primary driver is that financial sustainability provides the capacity of the organisation to deliver services, strategic projects and the outcomes expected by the community of the Council.

7. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

- A. See response to Q1. There will be increased accountability placed on Councils to demonstrate that they are providing 'value for money' for ratepayers and service users. This should not be an issue – any organisation should be able to demonstrate that it is operating efficiently and within financial constraints, the difference being that Local Government operates in the most transparent environment of all levels of government, and to a much higher level of transparency than the private sector. Whilst transparency is critical when dealing with public money, it must also be recognised that it places constraints upon Local Government in some respects when Councils seek to diversify their income base and become more entrepreneurial.

Given that the proposed rate capping model is off the agenda for now, and that it was a flawed model which would likely have impacted upon Councils' financial sustainability, I do not see an immediate or short term threat to the viability of Councils. However there will be an ongoing expectation for Councils to be more efficient and effective, which is an entirely reasonable and appropriate expectation.

8. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

- A. Yes – the City of Salisbury has been pro-active in identifying areas where a commercial approach can be taken to the provision of services and the delivery of projects. Examples include:
- the Water Business Unit – recovering, treating and re-using stormwater for commercial and community uses

- Salisbury Development Services – providing Building Rules Certification services to other Councils and to the private sector on a commercial, business unit, basis
- Strategic Development Projects, whereby the Council acts as the developer of surplus land held by Council, trading under the brand of ‘Salisbury Living’. Council develops allotments for sale into the property development market, rather than selling en globo sites to developers. Whilst Council and the community then obtains the benefit of the development margins, it must also be recognised that the Council also carries the development risk in these circumstances.
- As a ‘shareholder’ in the Northern Adelaide Waste Management Authority (NAWMA), the northern Adelaide Councils take a commercial approach to collection and management of waste in their areas, leveraging off the economies of scale created by collaboration.

9. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

See Q3 above – we are open to investigation of new opportunities and also seek to learn from the experience of others who have diversified their income base to reduce reliance upon rates.

There is for example the potential to commercialise elements of the enormous amount of data that Councils hold – noting the need to maintain privacy and confidentiality as part of this process.

10. Anything else you wish to add?

- A. Councils need to be fully aware of the risks as well as the opportunities associated with commercialisation.
- They also need to clearly define the objectives up front, with a strong focus on the community benefit from pursuing a commercialisation agenda.
- In addition, Councils need to be clear why they may be considering entering a field that may compete with the private sector, and ensure a ‘level playing field’ – applying the principles of competitive neutrality.
- There is however an opportunity to leverage off skills, expertise and assets that the private sector does not have and to find appropriate niches for a Council’s commercial activities, and in effect identify the ‘point of difference’ that assists in justifying the Council’s involvement.

Name:	Tracie Dawber
Position:	Associate Director - Finance
Contact email:	t.dawber@adelaidecitycouncil.com.au
Date:	4 Sept 2018

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Financial sustainability is at the forefront of all council businesses and embedded in CoA's Treasury Policy. Long term financial sustainability is also a requirement of legislation.

A concern being a Capital City council is your ability to delivery required services and then over and above expectations because you are a capital city, and therefore have the additional request to continue to attract residents, visitors and businesses to the CBD.

A priority is making sure we are getting the most out of our existing assets and resources and then to look at what other opportunities are out there, so that we have alternative sources of income and are not reliant of rates and fees

CoA has consistently minimised any rate increases, freezing the rate in the dollar for the last 4 years.

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

No – CoA has a spread of income and continued residential and business growth forecast over the next 5 years.

It is within its Treasury Prudential limits and is forecast to stay within them as part of its 10-year long-term financial plan.

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

I am not aware – but I assume as part of the service reviews and with the onboarding of our new AD – Commercial – opportunities for commercialising some service delivery may be possible.

CoA should also investigate whether we have some competitive advantage skill sets to sell services to other councils.

All opportunities are subject to and restricted to current legislative requirements.

4. *If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?*

CoA will continue to identify and investigate new commercial opportunities across the organisation and has recently employed an Associate Director - Commercial.

5. *Anything else you wish to add?*

It is important to understand what services Council is providing, whether they should be continued to be provided, whether they are better provided by someone else, whether this presents opportunities to commercialise where we do something well or where there is a genuine need and we have competitive advantage and ability to provide the service on a fee basis.

Name:	John Moyle
Position:	Chief Executive Officer
Contact email:	john.moyle@cttg.sa.gov.au
Date:	3/9/18

11. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Yes financial sustainability has been a front of mind concern of our Council for many years with a particular focus over the last 10 years. It is one of our highest priorities each year when we adopt our budgets and have our quarterly budget reviews throughout the financial year.

Some of the key drivers for us are:

1. Ensure we maintain our Asset Ratio at around 100%, usually in a range of between 90-110%. This will ensure we are looking after our existing assets and maintain them in a consistent manner. We rely heavily on our suite of Asset Management Plans when setting our capital works programs.
2. Debt levels – we need to be not afraid of using intergenerational debt to fund major projects that will last for many decades. I believe it is an unreasonable expectation to think we can fund new assets which will last many decades by providing funds through one year’s income. No business operates this way and we don’t run our own lives that way with most of us having a household mortgage.

12. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

Yes this is one of the primary concerns with rate capping and in particular, it has the potential, with Elected Members influencing the Capital Works program, to restrict our ability to maintain our existing assets.

Having said that our Council is currently in a very good financial position but the challenge is always there, every time we consider some new works. It is not sustainable to say yes every time.

13. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

Not really in the context of this question. We do have a procurement partnership with 5 other councils in Council Solutions where we act together in order to obtain our goods and services at a reduced rate. We negotiate on tenders to get better pricing and value adds for the benefit of our community as we are constantly challenged to do more with less.

We run a proactive Continuous Improvement program where look for efficiency gains, service area by service area, comparing ourselves to industry and private enterprise where appropriate. There have been instances where we have outsourced a particular service because we found we weren’t competitive with our benchmark targets and we also felt we would not be able to get there in the short term.

Similarly there have been areas where we have decided to insource because we can do it either cheaper or control our service outputs better.

14. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

We are always looking at ways in which we can get more out of business partnerships in order to reduce our reliance on rates and debt funding but have found some real challenges.

Some of these challenges relate to the political environment that we operate under and include:

1. Being unable to do things with or on community land that we might like to do but are restricted because of the views of some (usually majority) that community land cannot be used for anything unless the community is 100% in support. 58% or even 79% in favour has not been enough to sway our chambers.
2. The challenges in making bold decisions in the Council Chambers in the period leading up to an election in case the community might be opposed. At these times it appears that it is easier to say no and do nothing than taking on something bold and daring.
3. There is a lack of commercial aptitude in the Council Chambers that we would not have if we were a board in a company. We run a \$92m budget and \$30m Capital works program but we do not have one elected member (out of thirteen) who is a business owner or operator nor do we have any professional people such as lawyers, engineers, business managers etc. The most relevant commercial skill is we have a councillor who is a practising town planner in private enterprise who we highly value because of what he brings to the table.

15. Anything else you wish to add?

Some councils have ventured into outsourcing their services to other organisations. I am fundamentally opposed to this because our services should be aimed out directly servicing our local community and not be used to take work away from private businesses where they exist.

I accept there may be an argument for this in remote regional areas where there is insufficient demand locally for such a service and then it is up to the council to provide that service if they deem it to be appropriate. E.g. I was once told of a remote regional council that leased a building and ran a hairdressing salon there a couple of days a week, including employing the hairdresser and supplying all the equipment because there was insufficient demand for anyone to run a viable business themselves. By running this service it allowed the community of the area to maintain some form of self-esteem and the opportunity of socialising that occurs in such premises.

Name:	Gary Lyons
Position:	Manager Sustainable Resources
Contact email:	Gary.lyons@alexandrina.sa.gov.au
Date:	31/8/18

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Yes I think financial sustainability is endemic to local government. My personal experience is that this is more mature than most private entities due to the legislation that is enforced. I imagine this will only continue to be improved with advancement in business analytics, industrial engineering and asset management.

I think the concept of financial sustainability is the key focus of most Councils. However this can be somewhat counterproductive with perhaps an overemphasis on the 'build cost' and not the life cycle costs of assets and services. This is driven by quite antiquated procurement policies that disproportionately focus on costs as a high weighted average. The development of quality assurance frameworks would assist in developing more sustainable solutions for the long term.

I think primary drivers come from administrative legislation that is driven by the public and political environment. There is a lot of distrust regarding Councils and this generally creates more bureaucracy that in turn impacts efficiency. It will be how Councils challenge, embrace and adapt to these condition that will ensure financial sustainability.

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

Not particularly. I think they will adapt as there is no other option. This will occur with either reducing the service levels to the community and/or developing a process that works around the legislative barriers. i.e. User pays services.

There will be massive optimisation gains to be had with the emergence of the next generation and business analytics. Data driven decision making and automated workflows will revolutionise all organisational aspects into the future. Concept is not currently well understood.

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

Not fully across this but know that it has been discussed. I know there is revenue generation with shared services between Councils but unaware of any commercial ventures. I think this will become more prevalent within highly specialised areas. I do know of some engineering services that have

commercial spinoffs in the technical arena (water industry).

My limited experience in local govt had the impression that commercial services that compete against local businesses are illegal.

I imagine user paid services will become prevalent. Although this will limit the overall strategic influence of the Council it will drive more pointed strategic prioritisation at the service level. This can be beneficial to the end user, especially if the service area lacks the political profile.

I think the divestment of services is a high risk to community. These decisions can be highly controversial to cover budgetary shortfalls in other areas and/or purely monument building for political aspirations. This can be challenging for some Councils but the easy path is not always the best for the community.

I think there is great potential to develop and market products for the public sector. The one thing Councils have and that is money (hard to believe). This could occur in a number of emerging areas that Councils will need to adapt to. If you're the first to do it well, you could sell that product. Growth areas for commercial opportunities may include, business/data analytics, smart cities (IOT), industrial engineering, lean management, decentralised energy, integrated technology, climate change adaptation, asset LCA, commercialisation consultants :P

4. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

Not in a strict commercial sense but we're looking at the ROI for expansion of user paid schemes. This is a growth philosophy, despite essentially being a not-for-profit. Growth has a strategic advantage to improve service reliability, compliance and quality for the lowest possible cost. i.e. sustainable.

The concept here is that expansion with the highest ROI should be considered as a priority.

5. Anything else you wish to add?

With my limited experience there will be a challenge getting the investment from a political sense. There seems to be an overemphasis on debt management (spending) versus revenue generation.

Name:	Peter Auhl
Position:	Associate Director IM
Contact email:	p.auhl@cityofadelaide.com.au
Date:	4/9/2018

1. *Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?*

Not to my knowledge

2. *Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?*

No, I believe that councils are well placed to respond to rate capping and there are efficiencies across the sector

3. *Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?*

Yes, we have and I have been. 10GA would be the most recent example of effectively a PPP

4. *If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?*

All the projects that I am working on have a lens to additional revenue and commercial opportunities

5. *Anything else you wish to add?*

Name:	Kathy Hayter
Position:	General Manager Wellbeing
Contact email:	kathy.hayter@alexandrina.sa.gov.au
Date:	14 September 2018

16. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Financial sustainability is always a consideration. This is especially so with key external influences such as potential introduction of rate capping, greater expectation on local government to take on services traditionally delivered by State government, and increasing cost of living pressures on community driving downward pressures on equitable access to services.

Delivering cost effective and efficient services, infrastructure, assets, programs and activities. the portfolio of deliverables is broad, and a focus will always be efficiencies in the sense of continuous improvement, but increasingly, innovation that delivers positive impact (for community) or return on investment.

17. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

There are many external pressures influencing council's operations currently, and by virtue of their externality are outside of council's control (obviously acknowledging advocacy efforts that may influence outcomes). Rather than suggesting councils will not be financial viable I think it's more a case of core business evolving to match funding availability. This also places an imperative on councils to ramp up innovation and identify income streams form non-traditional services.

18. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

Yes, across the organisation there would be many examples (if 'Id been here longer I could probably write you a long list), but off the top of my head:

- *Fleurieu Regional Waste Authority (collaboration between four regional councils)*
- *Fleurieu Aquatic centre (two council collaboration)*
- *Council provides core services such as financial and payroll to other councils on a fee-for-service basis*
- *Council administers about 600 leases and permits for assets, of which about 150 are commercially-driven*

19. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

Yes, this is definitely a part of considering sustainability. This evidenced by Alexandrina Council's restructure to place emphasis (and a whole new directorate) focussed on 'growth'.

20. Anything else you wish to add?

Important to remember that securing long-term financial sustainability for councils requires a multi-faceted approach that includes (for example):

- *sureing up base funding;*
- *expanding income streams (potentially via commercialisation of services or activities);*
- *'smarter' fiscal practices (e.g. returns on investment, cash-flowing etc)*
- *increasing collaboration (with other government entities);*
- *nurturing public-private partnerships; and*
- *progressing through a continuum of for, with and by community.*

Name:	Bill Ross
Position:	GM Corporate & Regulatory
Contact email:	Brosss@wtcc.sa.gov.au
Date:	5/9/18

1. Is financial sustainability of your Council currently being discussed? What priority is it for your organisation? What are the drivers?

Financial sustainability is one of 3 key drivers for Council financially and probably the most important. It is highly valued within our community, based on a survey a few years ago. WTC is financially strong and debt free, and has been financially sustainable for many years. Financial sustainability is not as a result on the table currently for discussion.

2. Are you concerned that Councils will not be financially sustainable within the next 5 years - potentially due to rate capping, government funding, etc.?

No, not concerned at this time, given the likelihood of rate capping legislation not being introduced. Over-spending by the Council could change things, but for now we have that under control.

3. Has your Council considered the commercialisation of services? Are you currently involved in any commercialisation projects such as corporate partnerships, investments, shared services, long term leases etc.?

Commercialisation isn't on Council's agenda currently. We don't have a strong financial need for it and its value is open to question.

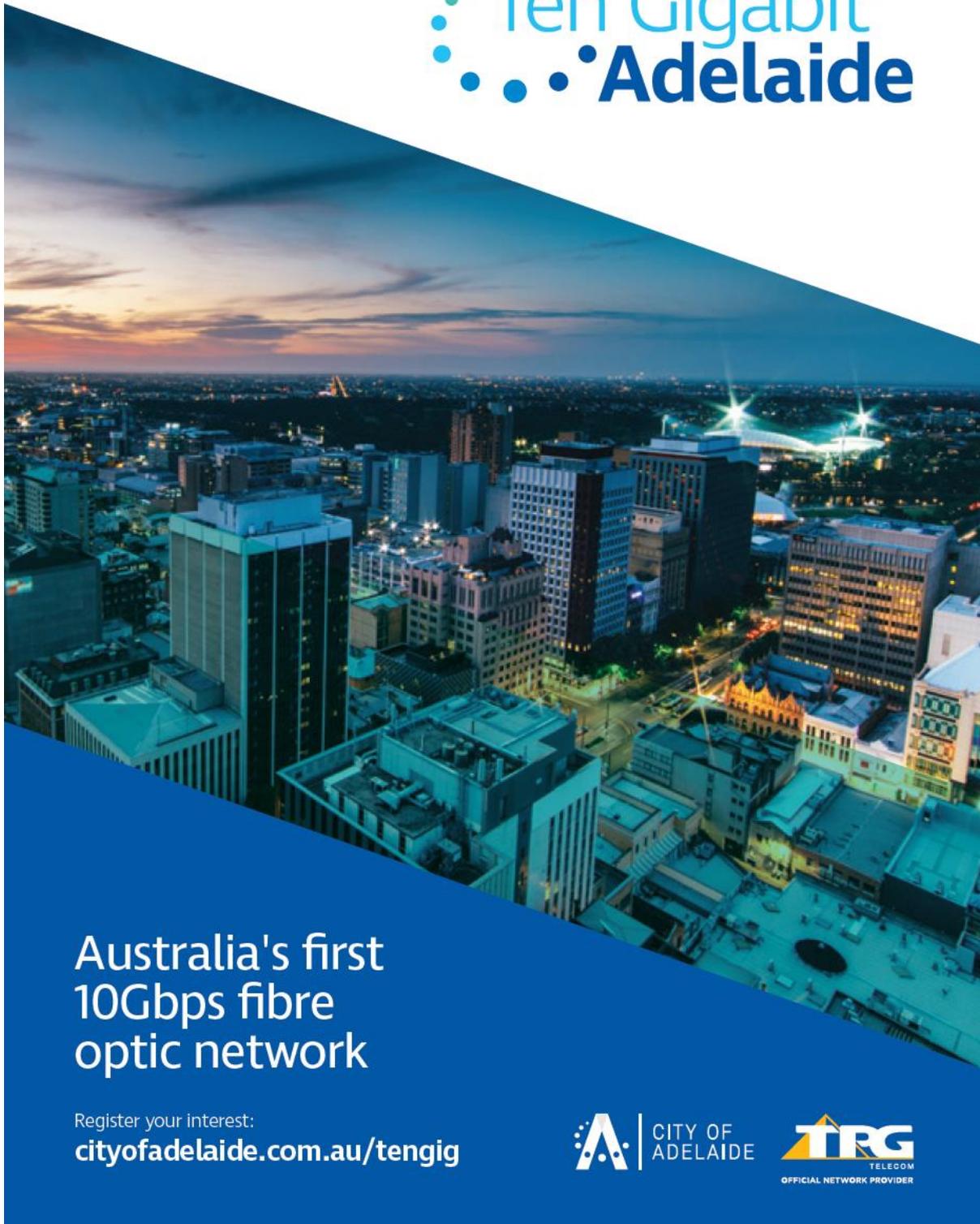
4. If not currently, is your Council planning any future projects or aiming to investigate, identify, or source new revenue streams?

WTC is heavily rate dependant (87.7 per cent of our income is rates). There are limited opportunities available for new revenue streams, so no plans are in place.

5. Anything else you wish to add?

Nup.

Ten Gigabit Adelaide



Australia's first
10Gbps fibre
optic network

Register your interest:
cityofadelaide.com.au/tengig



What is Ten Gigabit Adelaide?

Ten Gigabit Adelaide is a revolutionary high-speed, high-performance fibre optic data network that is being rolled out across the City of Adelaide. The network will enable businesses and organisations to access a range of cloud-based services and phenomenal 10Gbps data speeds. The transformational network will unleash a wide range of new possibilities for businesses and organisations, without being inhibited by the restrictions and congestion often experienced with traditional internet services.

Ten Gigabit Adelaide is specifically designed for businesses and organisations located in the City of Adelaide, giving City-based businesses a distinct competitive advantage. This in turn will help to retain and attract new businesses to the City of Adelaide, create jobs, drive innovation and investment, and generate significant economic, social and financial returns for the City and the local community.

Network rollout has now commenced!

The City of Adelaide has partnered with TPG Telecom as the 'Official Network Provider' to implement the first and most visible element of Ten Gigabit Adelaide: the delivery and installation of a fibre optic network across the City of Adelaide, 10Gbps data transfer capability and a range of high-performance services for the business community.

TPG has commenced installation of the network and will continue to progressively roll out to 1,000 selected buildings within the CBD and along the main commercial strips in North Adelaide within the next two years.

"The network will enable businesses and organisations to access a range of cloud-based services and phenomenal 10Gbps data speeds."

Ten Gigabit
Adelaide



CITY OF
ADELAIDE



Register your interest: cityofadelaide.com.au/tengig

What are the benefits?



For the City

- Between \$16m and \$76.4m economic benefit per annum for the local community*
- Up to 2,500 new jobs to be created over the first six years, including 40 FTE jobs per year of construction*
- Helps to retain and attract new businesses, entrepreneurs, government and institutions
- Results in more people working, living, visiting and spending time and money in the City
- Fundamental infrastructure needed to deliver a variety of smart city projects and services such as intelligent traffic flow, autonomous vehicles, artificial intelligence, smart lighting, wayfinding and CCTV security
- Reduces pressure on public internet networks and improved Adelaide Free WiFi
- Reduces current and future costs of City's own communication requirements.

*Source: South Australian Centre for Economic Studies (University of Adelaide).



For business

- Symmetrical 10Gbps data speeds, providing improved productivity and operational efficiencies
- Exclusive access to a community of other City-based businesses and organisations, creating endless opportunities for collaboration, innovation and sharing of resources and data
- Access to the latest business data applications, services and tools
- Greater ability to attract and retain talent
- A distinct competitive edge over businesses that are not connected to the network
- Reduces costs for communication requirements, data infrastructure and connectivity
- Increases global competitiveness by quickly and securely exporting services to the world
- Makes connected buildings more attractive to tenants.

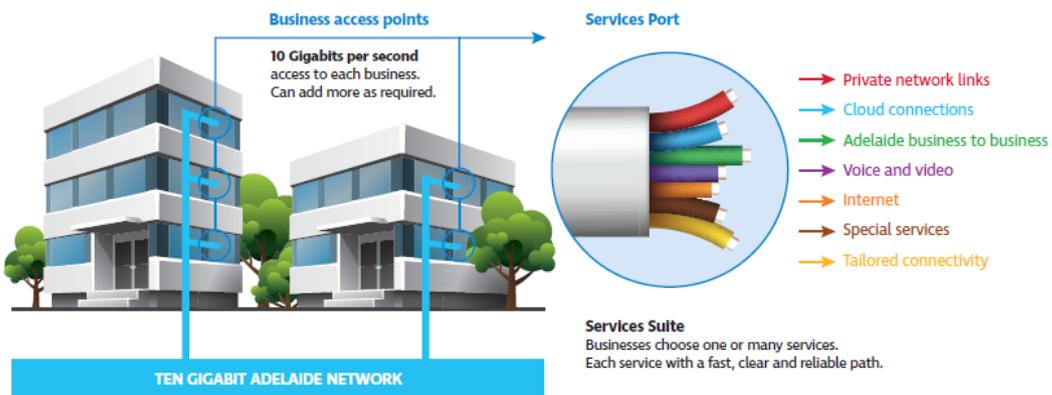


For residents, workers, students and visitors

- Enables new and existing smart city projects and services that will make it easier, safer and more enjoyable to navigate and spend time in the City
- Improves residential internet services once business traffic is transitioned to the Ten Gigabit Network
- More businesses will mean greater job opportunities, including more career prospects for graduates, leading to the retention of Adelaide's youth
- New opportunities to learn and share information across schools, universities, medical precincts and research facilities
- New and exciting range of events and festivals such as real time live music performances and digital art for all to enjoy
- Creates digital based community networks between residents, workers, students, businesses and visitors.

Register your interest: cityofadelaide.com.au/tengig

What services are available?



Businesses that are in one of the Ten Gigabit Adelaide connected buildings will be able to choose from the latest and proven business data capabilities, applications, services and tools from multiple retail providers.

The first wave of services that will be offered through Ten Gigabit Adelaide by TPG include:

- Business-to-business connectivity – businesses connected to the network will be able to transmit data at 10Gbps speeds between offices / other businesses with no data transfer limit and at super low latency.
- Secure corporate network links – enabling remote connection of office communication systems, locally and beyond.
- Voice and video communication systems.
- High-speed and direct connection to the internet / ISP services.
- Direct cloud connectivity.

Each service in the Ten Gigabit Adelaide suite has its own, dedicated and uncontested connection, meaning businesses can access via a clean, super-fast, low-latency connection.

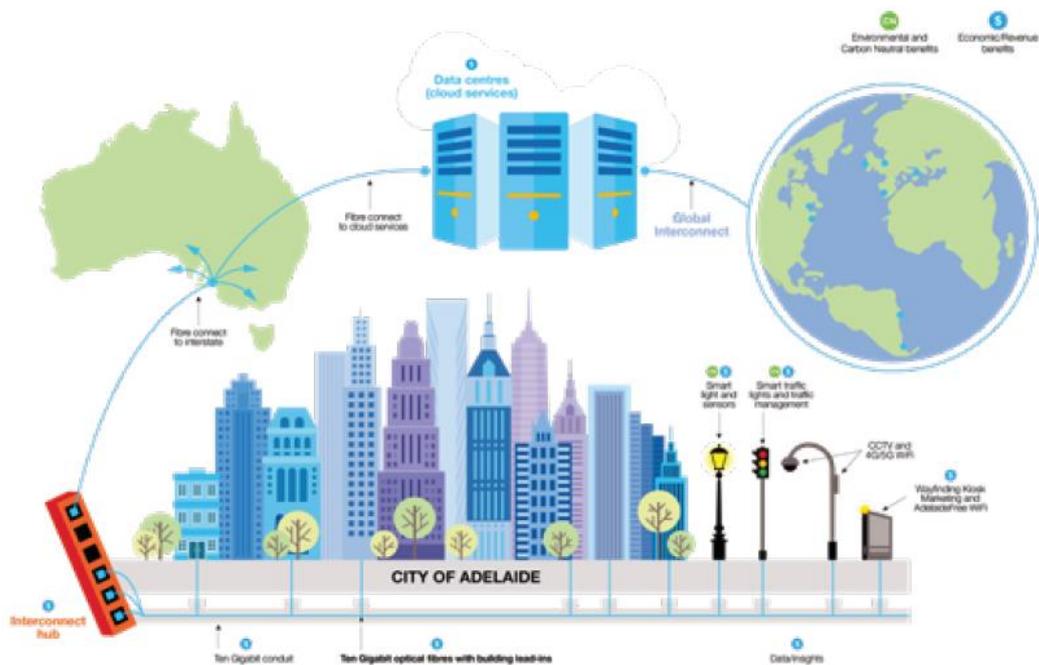
There is no charge for the installation of a Ten Gigabit Adelaide access point in buildings – this is being provided free of charge by the City of Adelaide and TPG.

The price for accessing individual services is considerably less than what is currently on offer in the market, with access to a 10GB port starting from \$399, which includes 1GB of internet.

To find out more about the services and prices available from TPG visit tpg.com.au or call 13 61 78.

Register your interest: cityofadelaide.com.au/tengig

How does it work?



TPG is installing the fibre optic network via ducts and pits in the ground and then connecting fibre optic cables direct to individual buildings. A connection point is being installed in each of the 1,000 selected buildings.

Unique fibre extensions are being made for each business customer within the connected buildings, providing a direct access point to a symmetrical 10Gbps transmission link. Businesses can purchase a service, or several services, via the Ten Gigabit Adelaide network access point. Large businesses can choose to have multiple access points, with the comfort of knowing each one is independent and will provide secure, reliable and symmetrical 10Gbps performance.

“Businesses that are in one of the Ten Gigabit Adelaide connected buildings will be able to choose from the latest and proven business data capabilities, applications, services and tools from multiple retail providers.”

Register your interest: cityofadelaide.com.au/tengig

APPENDIX 3

Local Government Act 1999—1.8.2017
Chapter 4—The council as a body corporate
Part 1—Fundamental features
Division 4—Delegations

- (8) A person is entitled, on payment of a fee fixed by the council, to an extract from the record of delegations under subsection (6).
- (9) This section does not limit or affect a power of delegation under another Act.

Division 5—Principal office

45—Principal office

- (1) A council must nominate a place as its principal office for the purposes of this Act.
- (2) Subject to subsection (3), the principal office of a council must be open to the public for the transaction of business during hours determined by the council.
- (3) A council should consult with its local community in accordance with its public consultation policy about the manner, places and times at which its offices will be open to the public for the transaction of business, and about any significant changes to these arrangements.

Part 2—Commercial activities and restrictions

46—Commercial activities

- (1) A council may in the performance of its functions and subject to this Act engage in a commercial activity or enterprise (a *commercial project*).
- (2) A council may, in connection with a commercial project—
 - (a) establish a business;
 - (b) participate in a joint venture, trust, partnership or other similar body.

47—Interests in companies

- (1) A council must not—
 - (a) participate in the formation of a company; or
 - (b) acquire shares in a company.
- (2) However, subsection (1) does not—
 - (a) limit the investment of money under this Act; or
 - (b) limit the ability of a council to participate in the formation of, or to become a member of, a company limited by guarantee established as a national association to promote and advance the interests of an industry in which local government has an interest.

Part 3—Prudential requirements for certain activities

48—Prudential requirements for certain activities

- (aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—
 - (a) acts with due care, diligence and foresight; and
 - (b) identifies and manages risks associated with a project; and