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14 July 2014

Hon. Jay Weatherill MP
Premier of South Australia
GPO Box 2343
ADELAIDE SA 5001

Dear Premier,

Re: Reform of Govt. Boards/Committees: Adelaide Entertainments Corporation Board

Thank you for your letter of 8 July 2014, regarding the Government's recent decision to reform South Australian government boards and committees. I write to inform you of the benefits that the Adelaide Entertainments Corporation Board delivers to the Government and taxpayers.

As you are aware, the Adelaide Entertainments Corporation Board is responsible for operating the Adelaide Entertainment Centre and Coopers Stadium (formerly Hindmarsh Stadium). The Corporation trades profitably and without any recurrent funding assistance. The Board plays a pivotal role in establishing and overseeing the direction of the Corporation to ensure that it remains a viable and successful entity. The many achievements and continuing strong financial performance of the Corporation demonstrates that the Board is performing its role at a high level.

The entertainment industry is a complex one with a high level of risk associated through dealing with a wide variety of acts, promoters and private sector entertainers. The Corporation operates in a highly specialised industry requiring the strictest adherence to commercial confidentiality. There is a very real danger that many international acts would bypass South Australia and the financial performance of the Corporation deteriorate significantly if government departments/ministers were to become involved. There is no government department or board that has the specialist venue management expertise required to operate the commercial activities undertaken by the Corporation. The Board plays an important role in creating a level of distance between its operations and Government, and this enables the Corporation to act commercially in its highly sensitive dealings with concert promoters and other hirers of its venues to ensure that fair and sensible returns are achieved, which in turn assists to mitigate significant political and financial risks to Government.

In 2012, DPTI-ORS commissioned independent consultants KPMG to undertake a comprehensive review of the various venues operated by ORS with the key objective of providing recommendations around potential future governance and management arrangements. All management options were considered by KPMG, and they concluded that the Adelaide Entertainments Corporation was best placed to take responsibility for the management of Coopers Stadium. The Corporation was given the additional responsibility by Government of managing Coopers Stadium from 1 July 2013, and the Corporation has significantly improved the Stadium's financial performance in its first year saving taxpayers \$5-800K per annum under the direction and guidance of the Board. This recent decision

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by Government to provide the Corporation with the added responsibility for management of Coopers Stadium indicates that there is a strong need for this activity to continue.

Each month the Board receives and discusses detailed financial reports, as well as reports from each member of the senior management team. This enables the Board to tightly monitor efficiency indicators and provide clear direction to management with regard to where further efficiencies or business development opportunities may be possible.

In particular, the Adelaide Entertainments Corporation advances the following Government strategic priorities:

- Creating a vibrant city that energises and excites – The attraction of headline international artists and sporting fixtures assists to achieve this outcome. The general public are very emotional and passionate when it comes to international acts visiting Adelaide. If a performer bypasses the city it is viewed as “failure”. The Adelaide Entertainment Centre has an extremely high capture rate of international acts that tour Australia. A city with the same population as Adelaide in the United States couldn’t hope to attract the number of international acts that Adelaide secures, which is a significant achievement given Adelaide’s relative isolation in terms of its location.
- Keeping our high quality of life affordable for everyone – People living in contemporary cities expect to be able to see the world’s biggest stars and sporting events in their home city. The ability to achieve this is important to retaining people in South Australia, particularly young people.

The Corporation trades profitably from an operating perspective without any Government appropriations or other assistance, and has also self-funded numerous major capital projects such as the \$11.7M multi-deck car park on its site to create Adelaide’s largest Park ‘n’ Ride facility. Furthermore, the Corporation is in the process of self-funding a range of projects to improve Coopers Stadium for the benefit of all Stadium users.

The total Board fees paid in 2013/14 were \$101,463. The specialised skills, knowledge and experience that the appointed Board directors bring to the Corporation provides a net return to the Corporation which far exceeds fees expended. The loss of the Board’s expertise and corporate knowledge would likely result in a significant reduction in the Corporation’s annual trading surplus, whilst also significantly increasing the risk profile for Government given the nature of the commercial activities undertaken by the Corporation.

There are no function overlaps with other Government boards/committees or entities. The commercial and highly confidential nature of the Adelaide Entertainments Corporation’s operations does not lend to a community engagement model or open government strategies.

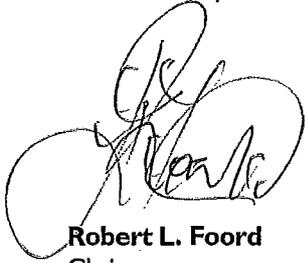
There would be no budget implications from abolishing or restructuring the Adelaide Entertainments Corporation Board. However, changing the structure of the Corporation’s operation may have severe repercussions as it is likely to impact negatively on the Corporation’s financial performance. Venue management and entertainment are volatile commercial environments and they require a high level of commercial and entrepreneurial management. In this regard it should be noted that Government is not well equipped to operate in this environment and this is where a commercially driven Board provides great value.

3/

I am of the firm view that there is need for a level of separation from government for an entity such as the Adelaide Entertainments Corporation to be successful and that the current Board has proven to be highly cost effective in carrying out its functions.

The Adelaide Entertainments Corporation welcomes your review and the benefits it brings.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. L. Foord', written in a cursive style.

Robert L. Foord
Chairman
Adelaide Entertainments Corporation Board

CC: Hon. Leon Bignell, Minister for Tourism

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Hon Jay Weatherill MP
Premier of South Australia

Mr Robert Foord
Chairman
Adelaide Entertainments Corporation Board
Adelaide Entertainments Corporation
PO Box 113, Port Road
HINDMARSH SA 5007

Dear Mr Foord

Thank you for your letter of 14 July 2014 to the Premier of South Australia, the Hon Jay Weatherill MP, about Adelaide Entertainments Corporation Board.

Your letter is currently receiving attention.

Yours sincerely

A handwritten signature in black ink, appearing to be "Jay Weatherill".

**Premier's Correspondence Unit
Office of the Premier**

17 July 2014