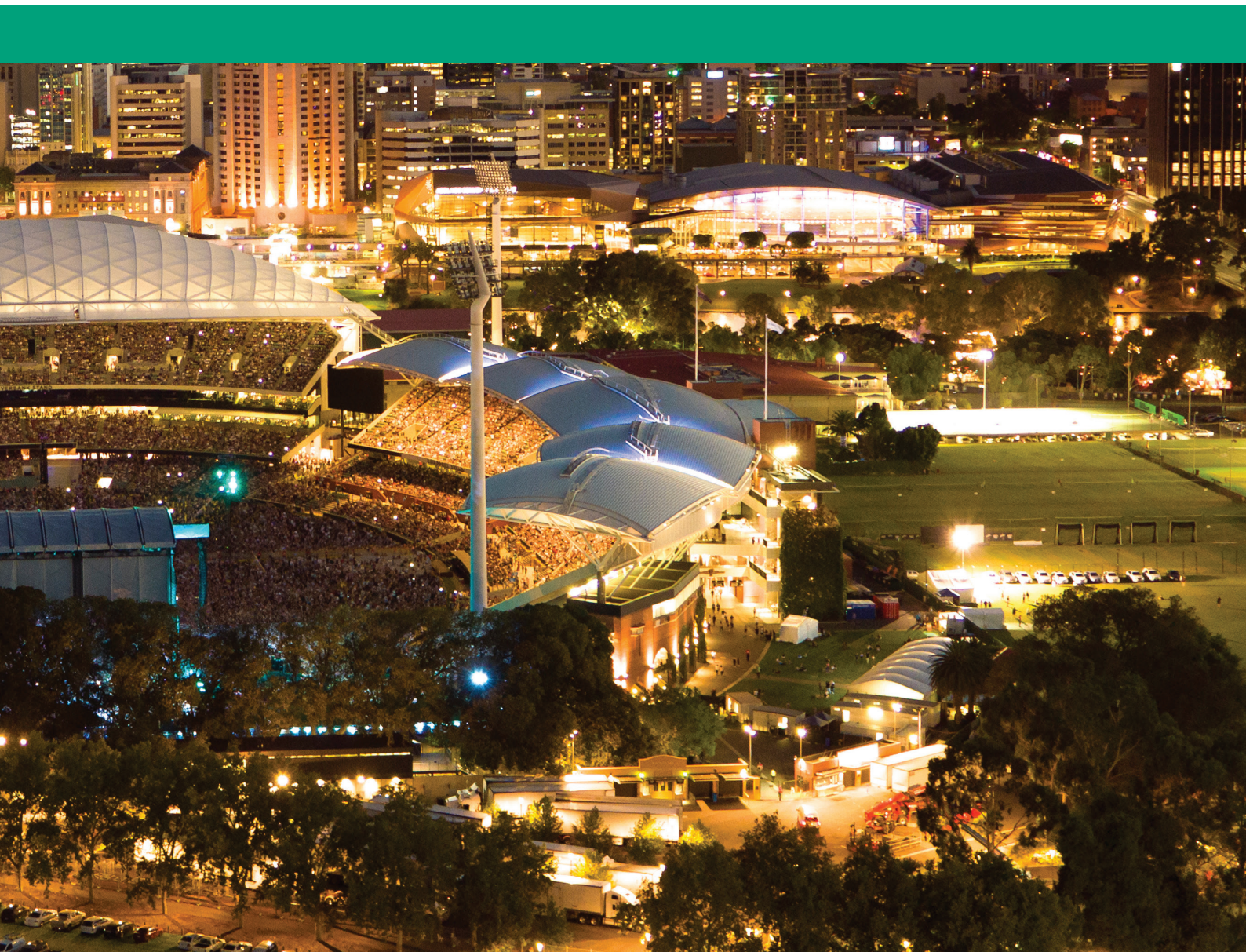


**Report 1 of 2020**

Adelaide Oval redevelopment  
for the designated period  
1 July 2019 to 31 December 2019





# Report of the Auditor-General

Report 1 of 2020

Adelaide Oval redevelopment  
for the designated period  
1 July 2019 to 31 December 2019

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Tabled in the House of Assembly and ordered to be published, 3 March 2020

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Second Session, Fifty-Fourth Parliament

By authority: S. Smith, Government Printer, South Australia

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# **Auditor-General's Department**

[www.audit.sa.gov.au](http://www.audit.sa.gov.au)

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President  
Legislative Council  
Parliament House  
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The Hon V A Tarzia MP  
Speaker  
House of Assembly  
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Dear President and Speaker

**Report of the Auditor-General: Report 1 of 2020 *Adelaide Oval*  
*redevelopment for the designated period 1 July 2019 to 31 December 2019***

Under section 9 of the *Adelaide Oval Redevelopment and Management Act 2011*,  
I present to each of you Report 1 of 2020 *Adelaide Oval redevelopment for the designated  
period 1 July 2019 to 31 December 2019*.

**Acknowledgements**

The audit team for this report was Salv Bianco, Philip Rossi and Simon Altus.

I express my appreciation for the cooperation and assistance provided by staff of the  
Department of Planning, Transport and Infrastructure and the Department of Treasury and  
Finance during the audit.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson  
**Auditor-General**



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# 1 Executive summary

## 1.1 Introduction

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This is the seventeenth Report to the Parliament on the Adelaide Oval Redevelopment project. The report is required by the *Adelaide Oval Redevelopment and Management Act 2011* (the Act) for each six-month period beginning on 1 January and 1 July each year. We address the Act's requirements as three terms of reference, as detailed in sections 3, 4 and 5.

The Act limits the appropriation of money made available and expended on the project to \$535 million during the period 1 December 2009 to 1 December 2019. The principal construction contractor achieved full practical completion for the project in March 2014. The stadium was fully handed over to the Adelaide Oval SMA Limited (AOSMA) to operate on 24 March 2014.

This is the final report required under the Act concerning the \$535 million statutory limit.

We did not identify any material matters from our review of the current designated reporting period. However, we did note opportunities for the Department of Planning, Transport and Infrastructure (DPTI) to improve the documentation supporting the approach and rationale for certain payments. They are explained in section 5.2.1.

There have also been some changes in the outstanding defects arrangements that will require ongoing management. Section 5.2.2 provides further detail.

In November 2018 AOSMA and the SA Government announced a project to construct a hotel within the Adelaide Oval complex. In finalising this Report, I enquired about developments for the project to assess any implications for discharging my responsibilities under the Act. I found that as at 1 December 2019 no appropriation funding was made available or expended for the Adelaide Oval hotel project and no funds were provided outside of the \$535 million statutory limit. Section 3.3 provides further detail.

Given that the \$535 million expenditure limit on the redevelopment ceased on 1 December 2019 I sought advice on my ongoing obligations under the Act. From this advice I consider that I have an ongoing obligation to:

- monitor any future redevelopment activity on the Adelaide Oval that falls within the development definition (in section 10(3) of the Act)
- report on this redevelopment activity if public money is made available to any entity for this activity.

I am now considering the financing, constructing and operating arrangements put in place for the Adelaide Oval hotel project to decide my ongoing reporting obligations and audit scope for the hotel. Section 6.3 explains my obligations in more detail. If the provisions of the Act apply, I will outline my approach to meeting these obligations in a Report to Parliament for the designated period 1 January 2020 to 30 June 2020, which must be completed by the end of August 2020.

The audit conclusions on each of the terms of reference for the six-month period to 31 December 2019 are as follows.

## 1.2 Term of reference one

---

The extent to which money has been made available or expended within the authorised limit of \$535 million during the period 1 July 2019 to 1 December 2019 was:

	01.12.09 to 30.06.19 \$'000	01.07.19 to 01.12.19 \$'000	Total to 01.12.19 \$'000
Money made available	535 000	-	535 000
Money expended	534 119	832	534 951

The \$832 000 expended during this period was mostly for payments to AOSMA to reimburse project works.

At 1 December 2019, \$49 000 of project funds remained.

## 1.3 Term of reference two

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We found that the state of the public accounts that are relevant to the Adelaide Oval redevelopment was satisfactory.

## 1.4 Term of reference three

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On the basis of information obtained and reviewed to date we have not identified anything for the designated period that indicates the public money made available and expended for the purpose of and in connection with the Adelaide Oval redevelopment envisaged by the Act was not managed and used properly and efficiently.

## 2 Background

### 2.1 Introduction

---

This is the seventeenth Report to the Parliament on the Adelaide Oval Redevelopment project. For the purpose of this and previous designated periods the Adelaide Oval redevelopment involves the design and construction of a multi-sport stadium to be predominately used as a sporting facility. DPTI fully handed over the redeveloped stadium to AOSMA to operate in March 2014, shortly after the principal construction contractor achieved full practical completion.

On 29 September 2011 the Act came into operation. Section 9 of the Act incorporates requirements for the financial management of the Adelaide Oval Redevelopment project and the financial supervision and reporting by the Auditor-General. This seventeenth Report, consistent with previous Reports, discharges the requirements of the Act.

In addition to the specific reporting obligations of the Auditor-General under section 9 of the Act, the Auditor-General has other responsibilities. These include:

- under section 9(3), to audit the accounts of AOSMA and include a report on that audit in the Auditor-General's Annual Report to Parliament
- under section 6, to audit the accounts of the sinking fund established by AOSMA and, if necessary, report to the Parliament on its operations.

The Auditor-General's obligations and responsibilities under the Act are additional to those responsibilities in the *Public Finance and Audit Act 1987* (PFAA) to audit the financial operations of the public authorities that have or had involvement in the Adelaide Oval Redevelopment project. These include DPTI, the Department of Treasury and Finance (DTF) and the South Australian Government Financing Authority (SAFA).

### 2.2 Structure of this Report

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Section 1 provides an executive summary of the matters arising from the audit for the three reporting terms of reference provided in the Act.

My substantive Report is in sections 3 to 5, which cover the three terms of reference. In addressing each term of reference I have provided an overview of my understanding of, and the approach taken to address, each term of reference and the outcome of my audit. Section 6 includes comments on other matters that I consider should be brought to the attention of the Parliament.

## 2.3 Requirements of the Act relevant to this Report

---

The Act limits the amount of State Government money that may be made available or expended by the responsible Minister, or other entity acting on behalf of the State, on the Adelaide Oval Redevelopment project. The Act limits the appropriation of money to be made available and expended on the project to \$535 million during the period 1 December 2009 to 1 December 2019. The Commonwealth Government and the Australian Football League (AFL) also contributed funds to the project as discussed in section 6.1.

Section 9 of the Act provides for financial supervision of the Adelaide Oval Redevelopment project by the Auditor-General. It requires the Auditor-General to report to the Parliament on what we consider are three terms of reference, for each six-month period beginning on 1 January and 1 July each year.

The audit approach I have taken in addressing and reporting on the terms of reference is explained below.

## 2.4 Comment on the terms of reference

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The terms of reference for the Auditor-General's supervision and reporting on the financial management of the Adelaide Oval redevelopment incorporate certain unique provisions.

The Auditor-General is required by the Act to report on the extent to which money appropriated has been made available or expended on the Adelaide Oval Redevelopment project within the \$535 million limit specified by the Act.

Within the South Australian jurisdiction, public money may only be made available through an appropriation process, which provides Parliamentary authorisation for the application of money from the Consolidated Account. While it is a necessary first step, the appropriation process in itself does not make funds available to agencies. Money will only be available for expenditure by agencies when they draw down appropriation funding from the Consolidated Account. Both agencies and officers of DTF exercise some discretion in determining if, and when, appropriation funding is drawn down.

For this reason, money has been recognised as made available when it has been paid from the Consolidated Account to relevant agencies' special deposit accounts. Money has been considered to be expended when the entity holding the money has disbursed the money and not on an accrual basis. This basis of recognising money expended reflects a common definition of expended as paid out, disbursed or spent.

To determine the funds that have been made available and expended within the approved limit, as at 1 December 2019, we considered both the financial activity for the redevelopment project in the period 1 July 2019 to 1 December 2019 and before the start of the period.

While not required by the Act, for completeness of accountability I also report on the money received from the Commonwealth Government and the AFL and made available or expended on the project.

The terms of reference are also unusual because they require me to both prepare and review financial information, for relevant reporting, from financial and accounting records maintained by agencies and other entities. This contrasts with the established audit process, reflected in the PFAA, which requires agencies to prepare financial reports that conform with the Treasurer's Instructions, Accounting Policy Statements and Australian Accounting Standards, and requires me to perform audits and provide Independent Auditor's Reports on those financial reports.

My capacity to respond to the requirements of the Act is supported by the provisions of the PFAA that empower me to require parties to provide information and explanations and obliges the parties to respond to my requests. Despite these powers, in preparing the financial information for this Report we rely on financial systems and records that are designed and managed by agencies for their own purposes and which may not, in all respects, align with my requirements in responding to the Act. Also, agencies have a necessary role in preparing this information and providing it to me.

## **2.5 Approach to the review and preparing this Report**

---

In preparing this Report, as required by section 9 of the Act, we sought to identify and review relevant documentation and other information.

Consistent with established audit practice, our review considered a sample of transactions and associated documentation and information. The matters addressed in this Report reflect our understanding of the documentation and other information we considered at the time of preparing it. Subsequent reviews build on the knowledge and understanding gained in preparing these Reports and following up the matters raised.

### 3 Term of reference one

Section 9(1)(a) of the Act requires the Auditor-General to report on:

*the extent to which money has been made available or expended within the \$535 million limit specified by this Part during the designated period.*

For the current designated period I am only reporting on the extent to which money has been made available and expended within the \$535 million limit to 1 December 2019 rather than 31 December 2019. This is because the Act limits the appropriation of money made available or expended on the project to \$535 million during the period 1 December 2009 to 1 December 2019.

This term of reference requires the Auditor-General to obtain information about the Adelaide Oval redevelopment from the financial records and accounts of both public authorities and other entities. When read in the context of section 8 of the Act, this requires consideration of whether public money (ie money appropriated from the Consolidated Account) has been made available and has been expended on redeveloping Adelaide Oval.

As discussed in section 2.4, money is considered to be made available when it has been appropriated and has been drawn down from the Consolidated Account. Money is considered to be expended when the entity holding the money has disbursed the money and not on an accrual basis.

#### 3.1 Approach to preparing information for this term of reference

---

When preparing the financial information for this term of reference we considered authoritative documentation including the Treasurer's Budget Papers, SA Government approvals and relevant agencies' financial records and accounts.

Information we prepared was confirmed through discussion with relevant agency staff and by seeking written confirmation from relevant agency chief executives.

#### 3.2 Summary of money made available and expended within the \$535 million limit to 1 December 2019

---

For the first term of reference, on the basis of information obtained and reviewed to date, the money made available and expended against the authorised limit of \$535 million was:

	01.12.09 to 30.06.19 \$'000	01.07.19 to 01.12.19 \$'000	Total to 01.12.19 \$'000
Money made available	535 000	-	535 000
Money expended	534 119	832	534 951

The Appendix to this Report provides a more detailed analysis of money made available and expended within the \$535 million limit to 1 December 2019.

### 3.2.1 Main items of expenditure

Details of the principal items of expenditure incurred on the Adelaide Oval redevelopment for the period 1 December 2009 to 30 June 2012 and the six-monthly periods thereafter to 30 June 2019 are provided in my previous Reports to the Parliament.

The main items of expenditure for the period 1 July 2019 to 1 December 2019 were:

- payments to AOSMA to reimburse project works – \$593 000
- payments for the Adelaide Oval precinct security initiative – \$219 000
- payments for other expenses – \$20 000.

### 3.2.2 Remaining project funds

Funds of \$49 000 remained in the Adelaide Oval Redevelopment special deposit account as at 1 December 2019. DPTI advised us that the State does not plan to undertake any further works and that the project has reached financial close.

### 3.2.3 Project Control Group

Previous Reports have commented on the reporting and monitoring of project development costs. The contracted cost consultant has a principal responsibility to prepare relevant financial information on the project development for the Project Control Group (PCG). The PCG was established to oversee the project and comprises representatives of DPTI, AOSMA, the South Australian Cricket Association and the South Australian National Football League.

A final report prepared by the cost consultant on the financial position for the project as at 22 January 2020 was presented to the PCG at a meeting held on 5 February 2020. DPTI advised us that at this meeting the PCG determined that, as it considers the project closed, there is no further need for the PCG and that the February 2020 meeting would be its last.

## 3.3 Adelaide Oval hotel development

---

In November 2018 AOSMA and the SA Government announced a project to construct a hotel at Adelaide Oval. It is to be integrated into the eastern façade of Adelaide Oval and is to be constructed through an arrangement between AOSMA and a separate trust entity, the Commercial Operations Hotel Trust (COHT). Through this arrangement the COHT will ultimately fund the construction of the hotel using funds loaned from AOSMA to COHT and COHT will contract AOSMA to run the hotel operations.

The Treasurer has provided a loan facility to AOSMA of up to \$42 million at an interest rate of 4.5% p.a. to fund the project. Money was appropriated from the Consolidated Account as part of the 2019-20 State Budget process to meet the loan facility drawdowns by AOSMA.

We sought information to address the Auditor-General's responsibility to report on the extent to which money appropriated has been made available or expended on the Adelaide Oval Redevelopment project within the \$535 million limit specified by the Act as at 1 December 2019.

My last Report noted that most loan agreement documents were executed in August 2019, with one still to be finalised. The final document was executed on 20 August 2019.

Under the facility agreement between the Treasurer and AOSMA the loan facility was made available on 2 December 2019 and has a repayment period of 10 years from the date that practical completion of the Adelaide Oval hotel project is achieved.

Based on our enquiries we found that as at 1 December 2019, no appropriation funding was made available or expended for the purpose of the Adelaide Oval hotel project.

SAFA advised that the first drawdown by AOSMA from the loan facility for \$7.4 million occurred on 24 January 2020. At the time of this Report there have been no further drawdowns.

On the basis of evidence available, we concluded that as at 1 December 2019 no funds were provided outside the \$535 million statutory limit.

Section 6.3 explains that I consider I may have ongoing reporting obligations for the Adelaide Oval hotel development.



## 4 Term of reference two

Section 9(1)(b) of the Act requires the Auditor-General to report on:

*the state of the public accounts that are relevant to the redevelopment of Adelaide Oval envisaged by this Act.*

This term of reference requires the Auditor-General to evaluate the state of the public accounts that are relevant to the Adelaide Oval redevelopment. The Act defines public accounts in the same terms as the PFAA:

**public accounts** means the Consolidated Account, special deposit accounts, deposit accounts, accounts of money deposited by the Treasurer with SAFA, imprest accounts and all other accounts shown in the general ledger.

In this context the general ledger is the Treasurer's ledger.

I have understood the term 'state' to mean both the financial position and condition, circumstances or attributes of the public accounts. Specific matters considered in evaluating the state of the public accounts include whether the public accounts have been operated lawfully in line with the requirements of the PFAA and associated Treasurer's Instructions. I also considered whether the public accounts have been operated in a way that supports my reporting on the extent that:

- money was made available or expended within the \$535 million limit
- public authorities have properly and efficiently managed and used money made available within the \$535 million limit.

### 4.1 Approach to evaluating the state of public accounts relevant to the Adelaide Oval redevelopment

---

We enquired with relevant agency staff to identify the accounts through which public money has been made available or expended within the \$535 million limit authorised by the Act.

Having identified the public accounts relevant to redeveloping Adelaide Oval, we identified the financial systems, records and controls used by the agencies to process and control the expenditure of money in connection with the redevelopment. In evaluating the state of the public accounts we have considered whether the:

- purpose of the agency accounts, which are special deposit accounts established under section 8 of the PFAA, was consistent with their use to record and control expenditure on redeveloping Adelaide Oval
- detailed records used by the agencies supported both my reporting under the Act and the agencies' effective management and control of the activity.

We also considered matters that were identified by ongoing audit of the agencies' financial systems and records and the impact of these matters on the assessment of the state of the public accounts required by the Act.

## 4.2 Findings for term of reference two

---

The financial activity associated with the Adelaide Oval redevelopment from 1 December 2009 to 31 December 2011 involved the public authorities of DTF, SAFA and DPTI. During the period 1 January 2012 to 30 June 2012 SAFA's substantive involvement ceased.

We confirmed that the public account relevant to the designated review period 1 July 2019 to 31 December 2019 was the Adelaide Oval Redevelopment special deposit account. It was established in June 2012, with DPTI responsible for operating it.

For term of reference two, on the basis of information obtained and reviewed to date, we have not identified anything to indicate the state of the public account was not satisfactory.

### 4.2.1 Maintaining the Department of Planning, Transport and Infrastructure's detailed project ledger

DPTI (the public authority responsible to the Minister for Transport, Infrastructure and Local Government) has project governance authority and responsibility for the Adelaide Oval redevelopment. As such it is responsible for maintaining adequate records of project expenditure including a detailed project ledger.

Our enquiry and testing for the current designated reporting period confirmed that DPTI procedures ensured expenditure on the Adelaide Oval redevelopment was correctly recognised in the nominated project ledger account.

## 5 Term of reference three

Section 9(1)(c) of the Act requires the Auditor-General to report on:

*the extent to which it appears that public money made available to any entity, including an entity that is not a public authority, for the purposes of, or in connection with, the redevelopment of Adelaide Oval envisaged by this Act has been properly and efficiently managed and used during the designated period.*

This term of reference requires the Auditor-General to express an opinion on whether the management and use of public money by an entity for the purposes of, or in connection with, the Adelaide Oval redevelopment was proper and efficient.

In responding to this term of reference, the entities identified and considered by us for review in preparing these Reports are DTF, DPTI and AOSMA.

The Appendix to this Report shows that DPTI was the only entity that incurred material expenditure from public money in the period 1 July 2019 to 1 December 2019. Consequently, this Report focuses on the management and use of money by DPTI for the purposes of, or in connection with, redeveloping Adelaide Oval.

In responding to this term of reference the term ‘managed’ is understood to mean the way money is handled, directed, governed or controlled and the term ‘used’ is understood to mean the way money is consumed or expended.

Whether money has been ‘properly’ managed and used requires an assessment of whether that management and use conforms to established standards of financial management practice and behaviour.

In the context of the Act the established standards of practice and behaviour reflect:

- relevant authoritative documentation that is specific to this project, including SA Government approvals and contractual documentation
- authoritative regulations and guidelines such as the Treasurer’s Instructions and Premier and Cabinet Circulars
- the context of the specific arrangements implemented by relevant entities
- generally accepted standards of financial management practice and behaviour.

Assessing whether money has been ‘efficiently’ managed and used requires an assessment of whether money was used to progress the Adelaide Oval redevelopment and, more particularly, whether the use of money was:

- necessary in completing the project
- managed to minimise the amount of money committed to achieving the project outcome.

We must also assess whether procurement processes, particularly for procuring contracted service providers, were consistent with established public sector standards.

## 5.1 Approach to evaluating whether the management and use of money for the Adelaide Oval redevelopment was proper and efficient

---

We sought to identify expenditure by DPTI and DTF in the designated period and to understand the nature of that expenditure, including its purpose and the parties to whom money was paid.

Consistent with established audit practice, our review considered a sample of transactions and associated documentation and other information. Consequently, the matters addressed reflect our understanding at a point in time based on the documentation and other information we considered to that point. Subsequent reviews build on the knowledge and understanding gained in preparing these Reports and following up the matters raised.

## 5.2 Findings for term of reference three

---

For term of reference three, on the basis of information obtained and reviewed to date, we have not identified anything for the designated period that indicates the public money made available and expended for the purpose of and in connection with redeveloping Adelaide Oval envisaged by the Act was not managed and used properly and efficiently. Notwithstanding this, we noted areas for improvement and other observations.

### 5.2.1 Payments to Adelaide Oval SMA Limited to reimburse project works

Our sample of payments in the current designated period included four payments made by DPTI to AOSMA for \$679 000.<sup>1</sup> The payments were to reimburse AOSMA for certain project works related to the Adelaide Oval redevelopment.

We found that DPTI did not adequately document and agree the arrangements that it established with AOSMA explaining the process, conditions and requirements for these works and payments. In response, DPTI advised us that it considers the process, conditions and requirements for these works were documented and agreed by AOSMA in email correspondence, which was considered appropriate by DPTI.

We also found that DPTI did not document its rationale to support how it determined that the expenditure could be funded from the \$535 million statutory limit. In response DPTI advised us that:

- it considers the rationale for the works was adequately documented in the approval minute for each works package which references the 2011 SA Government approval
- the works are considered consistent with previous legal advice on the use of available contingency.

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<sup>1</sup> Includes an \$86 000 payment that is described as payments for the Adelaide Oval precinct security initiative in section 3.2.1.

## 5.2.2 Defect rectification management

Our review for prior designated periods identified that DPTI needed to implement effective defect management reporting and establish a mechanism, including obtaining and collating appropriate evidence, to independently verify that all identified defects have been rectified.

The next section summarises the status of outstanding defects and how they are being managed.

### 5.2.2.1 Status of outstanding defects

In my last Report I noted that there were two outstanding defects that had not been rectified. They related to the light towers and slab cracking at the north-east exit gate.

DPTI advised us that the light towers defect was rectified and closed out in January 2020.

DPTI advised us that the principal construction contractor confirmed that they will rectify the slab cracking after construction of the Adelaide Oval hotel is complete and that these works will be completed under the general warranty provisions of the principal construction contract.

DPTI advised us that AOSMA (as user of the Adelaide Oval) and the PCG have accepted that all defects have now been rectified and closed out and that works to rectify the slab cracking will be done once the Adelaide Oval hotel is completed.

### 5.2.2.2 Defect liability period

My previous Reports noted that DPTI agreed a commercial settlement with the principal construction contractor to rectify outstanding defects. The commercial settlement included agreeing a defect liability period ending on 22 December 2017 for the outstanding defects and replacing the bank guarantee held by the Minister as security with a \$600 000 insurance bond.

In October 2017 the external project manager advised the principal construction contractor that ending the defect liability period on this date was no longer appropriate as a number of the defects remained outstanding and that a revised defect liability period would be agreed once all outstanding defects are rectified.

In February 2020 the external project manager advised DPTI that there is no requirement to extend the defect liability period as the principal construction contractor is still required to rectify any items that fall under the warranty periods in the principal construction contract.

DPTI advised us that no further defect liability period will be implemented and that the PCG agreed that there is no need to extend the defect liability period.

DPTI did not conduct a risk assessment for its decision not to revise the defect liability period and instead is relying on general warranty provisions under the principal construction contract. DPTI advised us that a formal risk assessment was not considered necessary as the outstanding defects were rectified and no further issues were identified.

### 5.2.2.3 Final completion certificate

DPTI advised us that it intends to issue a final completion certificate to the principal construction contractor as soon as practicable and that the \$600 000 insurance bond will be released within 14 days of this certificate.

### 5.2.2.4 Project close out

In my last Report I recommended that DPTI develop a project close out plan detailing the tasks, time frames and responsibilities for closing out the project.

DPTI advised us that it has prepared a draft Project Close Out Report and expects to finalise it by March 2020.

## 5.2.3 Concluding audit comment

DPTI advised us that the project has now reached financial close and there will be no further works on the project funded by the State. However it is my view that, while AOSMA is responsible for managing, operating and maintaining it, the Adelaide Oval remains a State asset and DPTI is responsible for ensuring AOSMA meets its obligations. This will require DPTI to maintain sound ongoing monitoring arrangements, including defect management.

## 6 Other matters

### 6.1 Other funding sources and commitments

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From inception of the Adelaide Oval Redevelopment project there was recognition of the potential to attract funding for the project from sources external to the State Government. External funding received included the following:

- The Commonwealth Government contributed \$30 million towards costs associated with constructing car parking and developing planned wetlands.
- The AFL Commission contributed \$5 million towards the capital costs of the Adelaide Oval redevelopment.

### 6.2 Consideration of expenditure by Adelaide Oval SMA Limited in determining expenditure against the \$535 million limit

---

DPTI obtained confirmation from the Crown Solicitor's Office that funding from the Commonwealth Government was not public money for the purposes of determining the application of the limit and that expenditure of Commonwealth or AFL funds should not be included in assessing expenditure against the limit.

Consistent with this advice the Commonwealth and AFL funds have been excluded from the amount of public money made available and expended with respect to the \$535 million limit as required by term of reference one.

### 6.3 Future reporting arrangements

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As discussed in section 2 of this Report, section 9 of the Act provides for financial supervision of the Adelaide Oval Redevelopment project by the Auditor-General. It requires the Auditor-General to report to the Parliament on three terms of reference, for each six-month designated period beginning on 1 January and 1 July each year:

- Section 9(1)(a) – the extent to which money has been made available or expended within the \$535 million limit specified by the Act during the designated period.
- Section 9(1)(b) – the state of the public accounts that are relevant to the redevelopment of Adelaide Oval envisaged by the Act.
- Section 9(1)(c) – the extent to which it appears that public money made available to any entity, including an entity that is not a public authority, for the purposes of, or in connection with, the redevelopment of Adelaide Oval envisaged by the Act has been properly and efficiently managed and used during the designated period.

I sought advice to clarify my ongoing reporting obligations after 1 December 2019, being the end date specified in the Act that the expenditure limit of \$535 million applies. After receiving this advice I formed the following view.

### 6.3.1 Reporting on the \$535 million limit is complete

For the first term of reference, the effect of section 8(2) of the Act is that the \$535 million dollar limit prescribed under section 8(1) ceased on 1 December 2019. Consequently, any obligation to report on the matters under section 9(1)(a) also ceased at the end of the designated period in which that date falls.

### 6.3.2 Ongoing monitoring and reporting on Adelaide Oval developments

The obligations under sections 9(1)(b) and (c) extend to any future redevelopment that would fall under section 10(3) of the Act whether it occurred before or after 1 December 2019. This is because of the apparent purpose of section 9 (to supervise expenditure relating to redeveloping the Adelaide Oval) and the ongoing supervision of AOSMA under section 6 of the Act beyond the expiry of the \$535 million limit.

This means that I have an ongoing obligation to:

- monitor any future redevelopment activity on the Adelaide Oval that falls under section 10(3) of the Act
- report on this redevelopment activity under sections 9(1)(b) and (c) of the Act if public money is made available to any entity for this activity.

The Treasurer has provided a loan facility to AOSMA of up to \$42 million at an interest rate of 4.5% p.a. to fund the Adelaide Oval hotel project. Public money in the form of loan funds was drawn down by AOSMA in January 2020. Money was appropriated from the Consolidated Account as part of the 2019-20 State Budget process to meet the loan facility drawdowns by AOSMA. I understand that the Adelaide Oval hotel is a development for the purposes of the Act.

I may therefore have ongoing reporting obligations for the Adelaide Oval hotel. I will assess the financing, constructing and operating arrangements of the hotel development as they are finalised to decide my audit scope and obligations to report to Parliament. If the provisions of the Act apply, I will explain my approach in a Report for the designated period 1 January 2020 to 30 June 2020, which must be completed by the end of August 2020.



# Appendix

## Summary of money made available and expended within the \$535 million limit to 1 December 2019<sup>2</sup>

Extent to which the \$535 million has been made available	
	\$'000
<b>Total State Government funding available for the project</b>	535 000
<b>Monies appropriated to DTF:</b>	
Monies appropriated to DTF less amounts transferred to DPTI to 30 June 2019	5 970
Monies appropriated to DTF during the period 1 July 2019 to 1 December 2019:	
Appropriation to DTF	-
Less: Monies transferred to DPTI from Contingency	-
<b>Total monies appropriated to DTF less amounts transferred to DPTI to 1 December 2019</b>	5 970
<b>Monies appropriated to DPTI:</b>	
Monies appropriated to DPTI/received from DTF to 30 June 2019	529 030
Monies appropriated to DPTI/received from DTF during the period 1 July 2019 to 1 December 2019:	
Appropriation to DPTI	-
Monies received from DTF from Contingency	-
<b>Total monies appropriated to DPTI/received from DTF to 1 December 2019</b>	529 030
<b>Total amount which has been made available for the project to 1 December 2019</b>	535 000
<b>Total amount of State Government funding still to be made available for the project</b>	-
Extent to which the \$535 million has been expended	
	\$'000
<b>Total State Government funding available for the project</b>	535 000
<b>Monies expended on the project by DTF:</b>	
Expenditure by DTF to 30 June 2019	5 970
Expenditure by DTF during the period 1 July 2019 to 1 December 2019:	
Expenditure by DTF	-
<b>Total expenditure by DTF to 1 December 2019</b>	5 970
<b>Monies expended on the project by DPTI:</b>	
Expenditure by DPTI to 30 June 2019	528 149
Expenditure by DPTI during the period 1 July 2019 to 1 December 2019:	
Expenditure by DPTI	832
<b>Total expenditure by DPTI to 1 December 2019</b>	528 981
<b>Total expenditure on the project to 1 December 2019</b>	534 951
<b>Balance of State Government funding unexpended as at 1 December 2019</b>	49

<sup>2</sup> The period ends at 1 December 2019 rather than 31 December 2019 as I am only required to report under section 9(1)(a) of the Act the extent to which money has been made available and expended within the \$535 million limit to 1 December 2019.

