

17/05/2011

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3.1: ALBANY LEISURE AND AQUATIC CENTRE

Proponent	:	City of Albany
Owner	:	City of Albany
Business Entity Name	:	Albany Leisure and Aquatic Centre
Attachments	:	<ul style="list-style-type: none"> • Floorplan of ALAC • Minutes of OCM 16/01/07 Item 16.1 • Public Holiday Opening Hours Benchmark 2010/11 • 2009 CERM PI National Benchmarking Survey • Copy of Previous Council Resolution
Responsible Officer	:	Chief Executive Officer (F James)

IN BRIEF

- ALAC is a social enterprise operated by the City of Albany. It consists of four distinct leisure and recreation activity areas: Pool and Wet Area Recreation, Sports Playing Courts; a Gym and Fitness enterprise and a Cafe.
- In addition it operates a children's crèche as an ancillary convenience service for uses of the above leisure and recreation areas.
- ALAC has operated over budget for some time now. Council wishes to be informed and make decisions on its future operation.

ITEM 3.1: ALTERNATE MOTION 1 BY COUNCILLOR LEAVESLEY VOTING REQUIREMENT: SIMPLE MAJORITY

**MOVED: COUNCILLOR LEAVESLEY
SECONDED: COUNCILOR J BOSTOCK**

That Council directs the CEO that:

- (a) Whatever changes in operations may be deemed appropriate at ALAC in the future, the highest priority is always to be given to the safety/wellbeing of the public and members of staff; and
- (b) No matter what financial savings can be achieved this priority cannot be compromised.

LOST 3-8

Record of Vote

For the Motion: Councillors Leavesley, D Bostock and J Bostock

ITEM 3.1: ALTERNATE MOTION 2 BY COUNCILLOR LEAVESLEY VOTING REQUIREMENT: SIMPLE MAJORITY

**MOVED: COUNCILLOR LEAVESLEY
SECONDED: COUNCILLOR D BOSTOCK**

THAT Council directs the CEO to undertake an immediate efficiency audit and cost benefit analysis of all the ALAC operations and report back to Council with proposals that may impact on membership structure and fees, opening hours etc before implementing any changes.

LOST 5-6

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**ITEM 3.1: ALTERNATE MOTION 3 BY COUNCILLOR LEAVESLEY
VOTING REQUIREMENT: SIMPLE MAJORITY**

That Council directs the CEO to undertake the development of a three year business plan for the ALAC fitness centre. This business plan should be prepared with the understanding that the centre will be run to its full potential without competitive restrictions but competing fairly in the market place. This business plan is to be completed in a timeframe agreed with the CEO.

ITEM 3.1: RESOLUTION (Alternate Motion 3 by Councillor Leavesley)

**MOVED: COUNCILLOR LEAVESLEY
SECONDED: COUNCILLOR D BOSTOCK**

THAT Alternate Motion 3 by Councillor Leavesley be ADOPTED.

CARRIED 10-1**Record of Vote**

Against the Motion: Councillor Holden

Reason: It is my opinion that the fitness centre presents a real commercial opportunity to provide income to the ALAC centre and we need to be sure we operate it to its full potential. Operating without competitive restrictions will be a new undertaking for the fitness centre and we need an appropriate business plan to work to.

Responsible Officer's Comment (F James)

The CEO has recommended a full business analysis be undertaken (see page 2 of the Report, points B and D of the Responsible Officer Recommendation).

It is envisaged that the business analysis of ALAC would be holistic, considering all aspects of operations (including the fitness centre). To consider the fitness centre in isolation would not capture the potential operational efficiencies and cost synergies that could be realised across the whole of ALAC.

The City does NOT have the internal HR capacity to complete a separate business analysis of the ALAC fitness centre before at least September 2011 (as part of the ALAC business plan). To expect staff to do so would require significant reprioritisation and delay of other work (work that has been promised to the Minister for Local Government for completion within certain timeframes), or be an occupational health risk in expecting staff to work excessive hours.

If Council wishes the analysis to be completed before the July 2011 OCM, then the City will need to engage consultants. A separate analysis for the ALAC fitness centre would need to be undertaken (given the timelines that will be expected of the consultants for completion of this work, it is likely a premium will need to be paid by the City). There is no budget in 2010/11 for such consultancy.

The City has planned, within its existing resources, to undertake the analysis "in house", with a report provided to Council early in the fourth quarter of this calendar year.

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ITEM 3.1: ALTERNATE MOTION 4 BY COUNCILLOR LEAVESLEY**VOTING REQUIREMENT: SIMPLE MAJORITY****MOVED: COUNCILLOR LEAVESLEY****SECONDED: COUNCILLOR J BOSTOCK**

That Council directs the CEO in line with the RSM Bird Cameron Financial Business Plan for ALAC Café October 2010 to adopt recommendation two of the Plan and for the City to continue (for a minimum of two years) the operation of the Timeout Café.

LOST 4-7**Record of Vote**

For the Motion: Mayor Evans, Councillors Leavesley, J Bostock and D Bostock

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**ITEM 3.1: RESPONSIBLE OFFICER RECOMMENDATION
VOTING REQUIREMENT: SIMPLE MAJORITY**

THAT Council AGREES to continue to support the provision of holistic community and regional sport and recreation services.

THAT Council NOTE:

1. The total contribution by Council for operating ALAC in:
 - 2009/10 was \$1.2 million
 - 2010/11 will be approximately \$1.2 million.
2. The Council subsidy for ALAC:
 - 2009/2010 financial year was \$2.82 subsidy per head
 - 2010/2011 (till end of April) is \$2.26 subsidy per head.
3. The Timeout Cafe:
 - 3.1 in 2009/10 experienced a deficit of \$57,232
 - 3.2 is currently budgeted at a \$30,000 deficit for the 2010/2011 year
 - 3.3 the budget build for the 2011/2012 financial year indicates the cafe will have a possible \$37,000 deficit based on current operations.
4. The ALAC Fitness Area is currently operating with restrictions previously endorsed by Council at its Meeting on 16 January 2007 (item 16.1), despite no formal agreement being signed with other private providers in the market.
5. The last Business Plan for ALAC was developed in preparation for operations following the redevelopment of the aquatics and ancillary areas in 2008. That Plan is now outdated.
6. Facility asset maintenance and replacement has previously occurred on an annual needs basis aligning with the financial year budget. The budget has not allowed for proactive equipment servicing or asset replacement.
7. At its February 2011 meeting, Council's Audit Committee recommended an investigation of potential energy efficient systems that could minimise ALAC's financial and environment costs. This study is underway.

THAT Council DIRECTS the Chief Executive Officer to:

- A. To take all necessary and immediate steps to increase the efficiency of the ALAC enterprise. In the short term, these steps will include:
 - Increased membership fees
 - Reduced operating hours
 - Closure on some public holidays.
- B. Further analyse the operations of ALAC, developing a three year business plan to balance provision of a quality community service, with a cost to the City of Albany for the operations of ALAC for 2011/12 financial year not exceeding \$1.1 million.
- C. The ALAC Business Plan to include:
 - Maintenance and replacement program for capital infrastructure
 - Results of investigation into "best practice" infrastructure, technology and energy efficient systems to reduce the financial and environment impact

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- **Results of customer satisfaction survey (time has not permitted this analysis as yet)**
- **Review of operational hours, fitness programs offered, staffing structure, patronage demographics and hours, entry and membership fees, facility benchmark data and a marketing campaign.**

D. Beyond the steps taken by the CEO at Paragraph A above, the Business Plan will be brought back to Council for the approval of the recommendations.

E. Invite expressions of interest for commercial operation of the Timeout Cafe (acknowledging acceptance of the cafe's role in an emergency situation as ALAC is a designated evacuation centre).

ITEM 3.1: RESOLUTION (Responsible Officer Recommendation)

MOVED: COUNCILLOR HAMMOND

SECONDED: COUNCILLOR SUTTON

THAT the Responsible Officer Recommendation be ADOPTED.

CARRIED 6-5

BACKGROUND

1. ALAC is owned and managed by the City of Albany and incorporates an aquatics area, indoor stadium, fitness area/gym, cafe, and crèche. ALAC services the community of Albany and the broader region of Western Australia's Great Southern. Situated on Barker Road in Albany, ALAC is part of the Centennial Park Recreation Precinct infrastructure.
2. The first facility at the ALAC site was established in 1978 comprising of outdoor netball courts and an ablution block. By the end of 1985 an indoor sports hall and an indoor swimming pool had been established. In 2008 a \$14 million redevelopment of the Centre was completed. The upgraded Centre includes a new (additional) leisure pool, and spa and steam room as well as a new child minding facility, cafe, gymnasium, group fitness room and reception. The latest addition to ALAC occurred in January 2011 with the inclusion of three additional multi-purpose courts and further car parking facilities.
3. There are numerous towns within Western Australia and Australia that provide comparable community sport and recreation facilities similar to ALAC. More detailed comparative data will be required to develop the Business Plan.
4. As a result of Council concerns regarding the efficiency of the ALAC operations, the CEO and her staff provide the following specific details regarding ALAC's operations.
5. A search of the City's records showed the last ALAC (draft) business plan (for a period of five years) was developed in 2008. A review of that document shows it is very outdated, does not reflect current operations and generally lacks the rigour one would expect in a business plan of an operation the complexity of ALAC. The document contains no financial analysis on which business decision making could be based.

6. In October and December 2010, and February 2011, Council (including through its Audit Committee) sought information regarding ALAC operations. Council had expressed concerns regarding ALAC's operations, including whether the ALAC Cafe and gymnasium operations were potentially capable of outsourcing.

DISCUSSION

7. With the employment of the new CEO, the Council has asked the CEO to provide a comprehensive report to Council regarding ALAC operations. The CEO is concerned that data currently available is insufficient to provide comprehensive recommendations to Council, at this time. In particular there is a significant lack of user and stakeholder consultation/input on the future operations of ALAC.
8. Analysis of all four activity areas, and a whole of ALAC analysis (including the synergy opportunities that exist across the four activity areas) has been undertaken in the preparation of this Report using existing data.

AQUATIC AREA

9. The aquatic area consists of an eight lane 25 metre lap pool, a four lane 25 metre leisure pool, toddlers' pool, spa, steam room and water slide (Attachment 1: ALAC Floor Plan). The lap pool is the original City pool, using the original plant and equipment.
10. The leisure pool, toddlers' pool, spa, steam room, and associated plant and equipment are all part of the 2008 development.
11. The Lifeguard and Duty Manager roster extends from half an hour before pool opening hours to half an hour after closing to allow for set up and clean up. Lifeguards also perform cleaning tasks on the playing courts as well as daily set up and pack up of sports and court activities (in addition to their normal lifeguard duties).
12. It is a legal requirement to operate with a Duty Manager and at least one Lifeguard at all times. However, ALAC's specific layout, with its visual sight lines and high use areas, requires ALAC to operate with several lifeguards to provide adequate supervision of the pools during busy times.
13. It appears whole-of-life asset planning (including costings) was not appropriately considered with recent infrastructure upgrades. A substantial number of break downs and problems occur with the new plant and equipment, and there is difficulty in locating required parts and labour expertise locally to undertake maintenance. Replacement parts are expensive and specialist service agents from Perth or the Eastern States are required to fit those.
14. The lap pool plant equipment (almost 20 years old) will soon need replacing - consideration needs to be given to its replacement scheduling and costs.

15. Despite the increased availability of pool areas, user complaints regarding inadequate lane availability during peak times are common.

INDOOR COURTS

16. The indoor stadium at ALAC consists of two areas, containing a total of seven multi-purpose courts. The Jim Macaulay Sports Hall has four indoor multi-purpose courts completed in 1985. An additional three court stadium was completed in 2011.
17. A variety of sports Clubs and Associations use these courts for their season's activities, booking the courts usage through ALAC.
18. The courts cater for:
- Netball
 - Volleyball
 - Basketball;
 - Indoor Hockey
 - Tennis
 - Badminton.
19. The courts also cater for ALAC-run social sporting activities, including:
- School holiday programs
 - Social netball
 - Mixed netball
 - Ripper-ball
 - Indoor soccer
 - Adventure climbing.
20. ALAC has also utilised the Jim Macaulay Hall to host state and national basketball games, City of Albany Seniors Expo, high profile sport training workshops and high profile music concerts, such as Jimmy Barnes.
21. The new stadium is designed to cater for local, regional, state and national sporting fixtures and events.
22. Challenges
- Multiple users all seeking court space at the same peak times.
 - Considerable under utilisation of courts during non-peak times.
 - The Jim Macaulay Sports Hall (the four older courts) requires upgrade including:
 - Electrical and lighting upgrade
 - Providing insertion points for eight netball posts to address OHS issues
 - Drum sanding, reline-marking and resealing the courts
 - Implementation of energy efficient systems such as natural lighting provision.
23. In future consideration should be given to structured, legally-binding service agreements between ALAC and Associations that use the playing courts, regarding their use.

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ALAC PROGRAMS

24. ALAC coordinates a range of programs for a variety of target markets, including inactive people, people with a disability, a range of age groups as well as people from culturally and linguistically diverse backgrounds. A variety of the ALAC infrastructure is utilised to run those programs.
25. ALAC coordinated programs include:
- Swim2Survive Swim School (infant – seniors)
 - KidZone - School holiday programs (for 7 – 12 year olds)
 - Mixed Netball
 - Social Netball
 - Disability Games
 - Ripper-ball (to be introduced May 2011 through external funding from the Department of Sport and Recreation)
 - Aboriginal learn to swim program (functions through external funding provision).
26. The Swim2Survive program is the Centre's biggest program both in participation levels and revenue-raising. ALAC operates these swim classes (as well as one-on-one lessons) for all age groups from infants through to seniors. Swim2Survive operates six days a week during school terms. School holiday programs are currently on trial.
27. Challenges
- All programs have the potential for growth and expansion but would require careful management of resources to implement, including:
 - marketing programs to the wider community
 - recruitment and retention of qualified staff to instruct programs
 - available pool space during peak times for competing programs.
 - Increase programs and participation during off peak usage times of infrastructure.

FITNESS AREA

28. The ALAC Fitness Area was established as part of the 2008 redevelopment of ALAC and consists of a gymnasium and group fitness room, and aqua aerobics programs in the pool.
29. The group fitness programs are currently:
- Fab 50's aqua aerobics
 - Deep Pump (aqua class)
 - Aqua Fit (aqua class)
 - Shallow H2O (aqua class)
 - KiMax (a licensed Radical Fitness Program)
 - Oxigeno (a licensed Radical Fitness Program)
 - Power (a licensed Radical Fitness Program)
 - UBound (a licensed Radical Fitness Program)
 - X-Fit
 - Fitball
 - Senior Circuit
 - Zumba
 - Bootcamp.

Note: for safety reasons, the age of performing weight bearing exercise is restricted to 16 years plus, which restricts the market audience for the fitness area.

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30. In January 2007, Council resolved (Attachment 2: Council Item 16.1 16/01/2007):

That the operations of the gymnasium be undertaken as follows:

- i. Like manner to existing gymnasium facility
- ii. Same number and functionality of exercise stations
- iii. No specific memberships to gymnasium allowed – access only by general membership to ALAC for all facilities or casual usage fee.

That the operations of the general purpose gym area be undertaken as follows:

- i. Seniors/Wellness/rehabilitation service section programs
- ii. Workshops/meeting space for sporting and community group meetings, coaching/accreditation training sessions, general community space and allied health service delivery.

31. At around the same time, enquiries were made by the City regarding the gym and fitness area's competitive neutrality (with FPM Consulting providing a legally confidential report to the City's legal advisers in that regard). The advice was that ALAC gym operations would not offend the criteria regarding such competitive neutrality.
32. Further to the Council restrictions above, the City also considered developing a Memorandum of Understanding with local private gym owners. A review of the City's documents shows that between the period of March 2007 to August 2009, the Executive Director Corporate and Community Services entered various communications with private market gym providers regarding interpretation of the Council decision, and possible implementation of such Memorandum(s). However no Memorandum was formally executed by all parties.
33. One of the discussed proposed restrictions within that Memorandum was a prohibition on the City of Albany to adopt the Les Mills Group Fitness Program. This Program has a similar scope to the Radical Fitness Programs, being a licensed agreement in return for which the company provides training, pre choreographed music and notes as well as a network of industry support. Les Mills programs are very well recognised around Australia which boosts attendance at licensed facilities, usually by word-of-mouth promotion for facilities that hold this licence.
34. The combination of restrictions placed on the ALAC Fitness Area has adversely impacted on revenue potential.
35. Challenges:
- Lack of marketing which has impacted on participation rates.
 - Lack of Les Mills programs impacts recruiting particular group fitness participants.
 - Determine appropriate type equipment, including usage hours, and appropriate range of fitness programs.

TIMEOUT CAFE

36. The Cafe has historically been a City operation, except for the period of 2001 - 2006 when it was leased to a private operator. There is insufficient corporate knowledge now available to determine if this outsourcing was "successful" for both the City and the private operator. When ALAC reopened in 2008 after the redevelopment, the Cafe was again operated by the City.

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37. In the presentation to Council's Audit Committee, one recommendation was that the City operates the Cafe for a minimum of two years (to at least January 2013).
38. In making this recommendation, the benefits of supporting such a recommendation included:
- control of food quality
 - control of customer service standards
 - control of opening hours
 - secondary spend program (Note: in this regard no program has been introduced to provide identifiable increased revenue)
 - City of Albany catering needs met.
39. All these above issues should be capable of being addressed by an experienced private Cafe operator. Indeed, profitability should be highly dependent upon food quality and customer service standards.
40. On average the Cafe serves 300 patrons per day of operation and collects an average of \$970/day in sales – less than \$3.25 per customer served, which for a cafe in today's market is low.
41. In 2009-10 the Cafe experienced a deficit of \$57,232, is currently budgeted for a \$30,000 deficit in 2010-11 and will continue to be in deficit (of approximately \$37,000) in 2011-12 on current projections.
42. In October 2010, the City of Albany contracted Chartered Accountants RSM Bird Cameron to develop a financial business plan for the Time-out Cafe. This plan investigated three possible scenarios:
1. Operate the Cafe "business as usual" - forecasts assume that the Cafe continues to trade under management of the City with no significant changes to operations;
 2. Operate the Cafe with a commercial focus - assesses the potential performance of the Cafe under more aggressive trading assumptions,
 3. Sub-Leased – to a private operator.
43. While the plan recommended option 2, with an apparent Net Present Value (NPV) advantage under that scenario, it was based on several assumptions:
- ALAC enforcing a "no external food" policy – this will require considerably more staffing effort and could lead to consumer disputes which would also need to be managed by staff.
 - More aggressive visitor numbers patronising both ALAC generally and the Cafe in particular – there is no guarantee of this being realised.
 - Further increased gross margins – again, given the recent financial history of the Cafe, there is no guarantee that this will be realised.
44. In comparison, the NPV calculations for option 3 included amounts which perhaps should not have been costed into the calculations, such as any redundancy payment to the cafe staff – alternate employment could potentially be found for those staff members. The calculations do not appear to have fully accounted for the potential rent and other return that may be possible to the City in leasing.
45. The plan states that the Cafe's "gross margins are significantly lower than the industry average and staff costs are significantly higher. A significant reason for the under-performance is high staff costs due to the cafe primarily employing casual staff".

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46. Discussions with many experienced cafe operators in the City of Albany show that it is common practice in the industry to employ staff on a casual basis for staffing flexibility.
47. In the presentation to Council's Audit Committee, in respect of the recommendation the City operates the Cafe for a minimum of two years, the ALAC Manager acknowledged that:
 - the Cafe operates at a deficit
 - the Cafe operation takes management resources "away from core business".
48. Challenges
 - Because of staffing costs, the Cafe hours are restricted, which impacts on revenue.
 - There has been an increase in Cafe staff turnover in the past six month due to job uncertainty.
49. It will be important to focus on opportunities for the Cafe, such as maximizing its opening hours (particularly at peak times), investigating the range of food customers want and what other factors would support a "customer service" focus.
50. The City should seek expressions of interest for outsourcing of the Cafe operations for a period of at least two years. Given the considerable other challenges to be addressed across the whole of ALAC, the City should divest itself of this part of the ALAC operations at least in the short term, so that attention can be focused on the City's "core" business of ensuring a sustainable and efficient sport and recreation Centre.

ALAC INFRASTRUCTURE GENERALLY

51. An Energy Audit was conducted for the City by Andre Kriegler, Energy Consultant in October 2008. That audit identified the opportunities for a potential cost saving of more than \$193,000 per year. It is unclear which of the recommendations in the Report have been fully implemented, and what cost savings have been realised as a result. Energy costs for ALAC continue to increase.
52. In the presentation to Council's Audit Committee, one recommendation by the ALAC Manager was that the City investigate capital works and possible funding opportunities to provide infrastructure that assists with sustainable energy savings. The Manager identified possible cost efficiencies through utilisation of such items as pool blankets, sky lights, solar energy usage and variable speed pump drives. However the Manager also acknowledged the considerable initial expense required to convert to energy efficient infrastructure, including retro-fitting much of the infrastructure. For example pool blankets could cost approximately \$60,000.
53. Additionally, some of the infrastructure is at the end of its useful life, or needs considerable refurbishment. For example, drum-sanding, line-marking and resealing the four older playing courts could cost in excess of \$135,000; and replacing the hockey synthetic turf could cost approximately \$450,000.
54. To ensure the City can afford to maintain and refurbish the Centre as required, strong asset management discipline needs to be introduced.

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55. Future Considerations

- Include ALL of ALAC capital works and replacement items within the City of Albany's Asset Plans.
- Await the results of the energy audit currently underway to determine cost saving and energy sustainable models of operation.
- The City's Works and Services Department to undertake an equipment replacement audit, and develop a replacement program for equipment that is at the end of its useful life, with energy efficient technology solutions.

OPERATING HOURS

56. The ALAC opening times are:

Monday - Friday	6am – 9pm
Saturday	8am – 5pm
Sunday	9am – 5pm
Public Holiday*	9am – 5pm

*ALAC closes on Christmas Day and Easter Friday

57. A benchmarking survey with seven similar Centres compared public holiday opening hours (Attachment 3). This survey indicates that ALAC opens on more public holidays (when staffing costs are highest) and in some instances ALAC operates for a longer period of time during the week and on those public holidays.

58. For example, ALAC usage patterns on a Sunday indicate that an average of 22.4 patrons per hour use the facility between 3pm and 5pm with an average total sales figure of \$111.69 for the time period (includes entry fees and all sales, including cafe sales). This revenue does not cover staffing costs, with Sunday employee penalty rates being 50% above normal hourly rates.

“CUSTOMER” PATRONAGE AND SERVICE

59. No recent rigorous market research has been done to ascertain ALAC's "customers" needs, or preferred service provision.

60. ALAC caters for a range of users, including seniors, and concession card holders. While a social enterprise, there is no data collection that shows the extent of usage by low income earners. Nor has any market research been undertaken that considers accessibility for this group of customers, including cost accessibility. For example, the City understands that its main private market fitness/gym competitor does not offer any discount or subsidy to concession card holders. However, that does not necessarily mean that that customer group is able to better access ALAC services. There is simply inadequate data collection at present to ascertain ALAC's importance as a social enterprise, supporting socially disadvantaged groups.

61. ALAC members statistical collection is at a very immature level, with current data being of little value for use in business analysis.

62. The current membership structure consists of an aquatics membership which allows access to the aquatics area including pools, spa, steam room and slide, as well as a general membership which currently allows access to the aquatics area, courts and fitness area.

63. As stated above, presently ALAC is restricted in its ability to provide a membership solely for accessing the fitness area and its programs (the gymnasium, group fitness and aqua aerobics).
64. While statistical detail for total visitation and usage exists for most areas of ALAC, the data analysis to date has been rudimentary and provides little useful information in the context of business analysis. Considerable business/economic analysis work needs to be undertaken in respect to those statistics.
65. Future Consideration:
- Introduce feedback surveys which are distributed annually to user groups to gauge service need, and where necessary, improve customer service and facility management.
 - Reassess the number and type of memberships offered, including a membership with the sole purpose of accessing the fitness area. Also ensuring an appropriate fee structure that is both financially sustainable and affordable for community access is essential.

WORKFORCE

66. The ALAC workforce is, on the whole, multi-skilled. The workforce requires high levels of certificate-qualifications to comply with relevant legislation governing the various ALAC programs and asset usage.
67. Duty Managers require:
- Senior First Aid
 - Pool Operators Certificate
 - Pool Lifeguard Certificate
 - SCBA training
 - LIWA accreditation
 - Working with children check.
68. Lifeguards require:
- Senior First Aid
 - Bronze Medallion
 - Pool Lifeguard Certificate
 - Working with children check.
69. Swim Instructors require:
- Austswim – teacher of swimming and water safety certificate
 - Current resuscitation certificate
 - Working with children check
 - Preferable to also have Bronze Medallion.
70. Fitness Instructors require:
- Minimum of Certificate 3 in Fitness
 - Preferably Certificate 4 in Fitness
 - Senior First Aid Certificate
 - Program certification (group fitness).
71. Program officers require:
- Working with children check
 - Senior First Aid Certificate

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- Upon a licence requirement for school holiday program a minimum of 2 staff will require appropriate childcare or relevant qualifications.

STAFFING

72. The staffing structure and mix of ALAC's HR resources needs to be more proactively managed. Consideration should be given to the employment status and number of hours of worked by employees.
73. The regular requirement for (up grading and) maintenance of skills and certificates - required training creates significant financial and HR planning imposts on ALAC. Again, the careful HR management of skills mix, staffing structure and hours of work is critical to ensuring a financially sustainable workforce with high morale.

BENCHMARKING

74. ALAC has benchmarked itself with other regional and similar leisure and aquatic facilities within Western Australia.
75. ALAC is a member of the Centre for Tourism and Leisure Management (CT&LM) which was formed in 2006 and is the leading national Centre for research in tourism, hospitality, events, sport and leisure. A major research program within the CT&LM is the Centre for Environmental and Recreational Management (CERM) Performance Indicators which provides performance indicators and national benchmarks for operational performance and customer service quality for aquatic, sport and leisure facilities (Attachment 4 – CERM 2010 Report).
76. In 2008/2009 and 2009/2010 ALAC fees and charges increased by CPI. However through the benchmarking survey, it was identified that a further increase of approximately 10% to most fees for the 2010/11 financial year would make it more comparable to other Centres' fee structures.
77. The average size of CERM Centres is 7,750m². ALAC in comparison is 11,000m² which equals 42% greater floor space than the average floor space of other Centres benchmarked.
78. The average catchment population for CERM Centres is 55,000 (Attachment 4 – CERM 2010 Report). According to ABS data, Albany's regional catchment population is 40,572 being 26% less catchment population than the average catchment population of other Centres.
79. The total annual visits to CERM Centres was 604,459 compared with ALAC visitations for the 2010 Calendar year of 449,125 (35% less than the average of other Centres).
80. During the 2010 calendar year, ALAC spent \$274,217 on presentation (maintenance) costs compared with the average of other centres being \$346,805 (21% less on ALAC maintenance during this period than the average of other Centres).
81. The presentation costs per m² for ALAC equates to \$24.93 compared with its counterparts' average of \$46 per m². ALAC spends 46% less on presentation than the average of other Centres.

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82. In the 2010 Calendar year ALAC spent 16% more on energy compared with other Centres benchmarked - ALAC spent a total of \$418,076 on energy costs compared with other Centre averages of \$359,679. However, other Centres average energy costs per m2 of \$39 which closely compares with ALAC's \$38.01 per m2. Therefore the additional costs is most likely linked to the larger floor space generally, much of which is underutilised.
83. The average water costs indicated for other Centres equals \$38,606 per annum compared with ALAC's \$39,537 per annum.
84. There is a significant difference between ALAC's gross receipts being at \$1,770,484 for the 2010 Calendar year compared to other Centres averaging \$3,800,000 in income. ALAC receives 53% less in revenue compared with other benchmarked Centres.
85. In 2010 ALAC's gross expenditure was \$3,060,888 compared with \$3,970,000 averaged by other Centres.
86. Total average number of memberships sold by other benchmark Centres was 2469, compared with ALAC's 1982. A rethink of the membership type and structure is required along with a review of membership.
87. Gymnasium stations, including cardio and weight machines, averaged at 72 for other Centres compared with ALAC having 38 stations, this indicates that ALAC has 47% less stations than the average of other Centres. The average total station per m2 of gymnasium floor space for other Centres is 0.19 compared with ALAC which currently has 0.13 stations per m2. This is a difference of 32%.
88. In the presentation to Council's Audit Committee, one recommendation was that Council reduce the cost (subsidy) per visit. In making this recommendation, the ALAC Manager advised changes in operations would promote cost savings and revenue raising, and that the community perception is one of heading towards a more "user pay" model. This approach needs to be validated through detailed business analysis. Rigorous economic analysis to determine the cause of such significant revenue variances is needed.

GOVERNMENT CONSULTATION

89. No consultation with government departments has occurred in the development of this paper. All ALAC operations comply with Government regulations regarding activities conducted by ALAC.

STATUTORY IMPLICATIONS

90. The sports, leisure and recreation industry is in most respects a highly regulated industry, with regulations governing matters such as staffing ratios for poolside operations, hygiene requirements for sports equipment and facilities, child care (for the crèche), food handling and the fitness area.
91. The child care provision though the ALAC crèche is regulated through the Child Care Licensing and Standards Unit, which is responsible for administering the State Regulations for all licensed child care services.

92. The ALAC Cafe is required to comply with Western Australian Department of Health legislation including Food Act 2008 and Food Regulations 2009.
93. The Department of Consumer and Employment Protection regulates the fitness industry through the Fitness Industry Code of Practice.
94. Pool staff are required to comply with Royal Life Saving Society-WA Branch, *Pool Safety Guidelines*, which covers issues such as lifeguard to patron ratio, accreditation of lifeguards and parental supervision.
95. The Department of Health governs the operation, management and maintenance of the ALAC pool and spa under the Code of Practice for the Design, Construction, Operation, Management and Maintenance of Aquatic Facilities (May 2010).

PUBLIC AND OTHER CONSULTATION

96. It is recommended that community consultation regarding ALAC's operations occur before the finalisation of the ALAC Business Plan.
97. The outcomes of that community consultation will guide the City managers, and Council generally, on what ALAC's "customers" seek; what (if any) service gaps exist and what customers are prepared to pay for those services.

FINANCIAL IMPLICATIONS

98. The provision and support of accessible recreation and sports facilities is considered by many in the community as a service that should be funded (either in full or part) by the local Council.
99. While elements of ALAC operations could be considered 'commercial' it is unrealistic to provide a level of service that the community expects without significant subsidy by the City of Albany.
100. However, the balance between providing a community service that meets community expectations, and what is considered a reasonable subsidy in the longer term by the City, needs be further explored.

STRATEGIC IMPLICATIONS

101. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...
 1. Lifestyle and Environment
 - 1.3 *Recreation facilities provide a diverse range of sporting and exercise opportunities*
 4. Governance
 - 4.2 *Manage our municipal assets to ensure they are capable of supporting our growing community*

17/05/2011

REFER DISCLAIMER

4.3 Deliver excellent community services that meet the needs and interests of our diverse communities.

POLICY IMPLICATIONS

102. Council adopted the Recreation Planning Strategy 2008-2013 at the Ordinary Council Meeting held on 21 October 2008. The purpose of the strategy is to set the framework, goals and action plan for Council and community involvement in review and development of Sporting and Recreation Facilities on Council owned land or vested reserves.
103. 3.0 of the Strategy- *The City's Role in Recreation and Sporting Facility Development and Construction* states "there is a need to identify which type of facility developments will be led by the City and which will be led by other organisations as well as confirm the process and level of support offered for external/community group developments by City Staff".
104. 6.0 of the Strategy- *Consultation* states "It is important for stakeholders to be meaningfully involved in decisions affecting them."

RISK MANAGEMENT

105. ALAC management has insufficient appreciation of the liability (legal) risks that accrue to the City in operating a Centre of such variety and complexity. Further, that management team has not been adequately supported by the City's Executive in identifying and mitigating risk.

ALTERNATE OPTIONS & LEGAL IMPLICATIONS

106. Council can continue to subsidise ALAC at its current rates. However, this is financially unsustainable over the longer term. A detailed business analysis needs to be undertaken and submitted in the form of a Business Plan.

SUMMARY CONCLUSION

107. Council is requested to continue the support of ALAC as a community service.
108. The cost to the City of Albany of providing ALAC is significant and steps to ensure that the operations of ALAC are run as efficiently and effectively as possible should be further investigated. A detailed three year business plan should be developed to guide ALAC operations and provide more surety regarding the required budget for this and future financial years.

Consulted References	<ul style="list-style-type: none"> Recreation Planning Strategy 2008-2013
File Number (Name of Ward)	CS.PLA.9
Previous Reference	OCM 20 July 2010, Item 14.6.1