

12.10**Discounts for Brimbank Residents at Brimbank Leisure Centres****Directorate**

Community Wellbeing

Director

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Manager

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Attachment(s)

Nil

Purpose

For Council to consider a report providing advice on fee discounts for Brimbank residents to attend Brimbank Aquatic and Wellness Centre and Sunshine Leisure Centre.

Officer Recommendation**That Council:**

- a. **Notes this Report responds to a Notice of Motion from the Council Meeting on 20 February 2024 in which Council resolved to receive a report providing advice on fee discounts for Brimbank residents to attend Brimbank Aquatic and Wellness Centre and Sunshine Leisure Centre.**
- b. **Notes that significant benchmarking has been undertaken in the setting of fees for Brimbank Aquatic and Wellness Centre and Sunshine Leisure Centre on two previous occasions to ensure highly affordable fees are in place to benefit Brimbank residents and they are highly affordable when compared to other similar leisure centres in Melbourne's north west region and greater Melbourne.**
- c. **Notes that discounting fees for local residents at leisure centres is not common practice due to the high operating costs of these facilities and need to ensure sufficient income to offset costs.**
- d. **Notes that with rate capping, a growing asset base, increasing operational costs, various competing priorities for funding and broader ongoing financial challenges facing Council, the current fees remain to ensure the financial sustainability of Brimbank Aquatic and Wellness Centre and Sunshine Leisure Centre.**

Background

Council owns and manages the Sunshine Leisure Centre (SLC) and Brimbank Aquatic and Wellness Centre (BAWC) which was formerly the St Albans Leisure Centre (SALC). Council opened BAWC on 12 September 2022 following an extensive design process, demolition of SALC and construction over two years. As part of planning for the opening of the facility, the membership categories and fees for both BAWC and SLC were considered by Council at the 14 December 2021 Council Meeting, with Council adopting the proposed membership structure and associated foundation and standard prices for BAWC and Sunshine Leisure Centre.

These fees were recommended following extensive benchmarking of membership structures and associated fees across many like facilities to inform the proposal. Many factors needed to be considered in determining types of memberships and setting appropriate fees that found a balance for pricing that was competitive, socially equitable,

financially sustainable, customer friendly and maximises physical activity and access. Brimbank's unique demographics and health and wellbeing challenges were also important considerations.

It was adopted that the SLC and BAWC membership prices were set at the existing 2021/22 SLC adopted fees until January 2023, as this was seen as fair as members only using SLC would not be penalised financially by the new facility opening. The following discounts were also adopted for all memberships:

- A Concession discount of 20% for all Concession memberships (including concession and seniors card holders).
- A discount of 50% for all Youth memberships.

As part of the opening of the new BAWC, a one-off Foundation membership was adopted to be made available until the end of December 2022. A further strategy to maintain affordability was employed with the price increase being delayed from January 2023 to July 2023, providing a further 6 months at the lower rate. In July 2023, an increase in fees at BAWC was implemented to reflect the regional nature of the facility, with annual fee increases to take place thereafter.

At the Council Meeting #609 20 September 2022, a Notice of Motion was raised and carried requesting '*That Council receive a report outlining the fees charged at the Brimbank Aquatic and Wellness Centre as compared to other local government aquatic and leisure facilities in Melbourne's North West and analysis of affordability for families, seniors and people receiving government support payments.*'

A report was presented to Council Meeting #613 13 December 2022 responding to the Notice of Motion that presented extensive benchmarking and confirmed the membership fees were highly affordable when compared with other leisure centres in the North West of Melbourne and similar Regional Level Leisure Centres across Metropolitan Melbourne. As a result of the NOM, during the 2023/24 Council Annual Budget process there was an increase to the casual entry fee discount from 15% to 20% for concession and from 20% to 25% for children and families.

At the Council Meeting #629 20 February 2024, a Notice of Motion was raised and carried requesting '*That Council receives a report providing advice on fee discounts for Brimbank residents to attend Brimbank Aquatic and Wellness Centre and Sunshine Leisure Centre.*'

Matters for Consideration

Options

A. Officer Recommendation

Following consideration of the benchmarking and significant negative financial impact of providing discounts to Brimbank residents, Council does not provide discounts to Brimbank residents for Brimbank Aquatic and Wellness Centre and Sunshine Leisure Centre. This is on the basis that previous benchmarking has confirmed the fees charged are highly affordable when compared to other leisure centres in the North West of Melbourne and similar leisure centres across Metropolitan Melbourne. In addition, the high operational costs of leisure centres for which income from patrons assist in offsetting.

B. Not Recommended

That Council provides discounts to Brimbank residents to attend the Brimbank Aquatic and Wellness Centre and Sunshine Leisure Centre.

Analysis

Benchmarking

Across the leisure centre industry, it is not practice for discounts to be provided to residents, which was confirmed with benchmarking with similar regional facilities across Metro Melbourne and leisure centres in Melbourne's North and West. This includes Aqua Pulse (Werribee), Splash (Craigieburn), Keilor East Leisure Centre, Leisure Link (Geelong), all South East Leisure facilities (Dandenong), Melton Waves and GSAC (Glen Eira).

Analysis of memberships and financial impact of potential discounts

As of 12 April 2024, Council has a total of 11,086 members across BAWC and SLC with 82% or 9090 of these members living in Brimbank. At BAWC, the average membership rate is \$35.29 per fortnight across all members and at SLC it is \$31.42. The following modelling shows the financial impact of various resident discount rates on the expected income:

Resident discount rate	Reduction in income
5%	\$412,836
10%	\$827,873
15%	\$1,240,709
20%	\$1,679,343

Analysis of casual visits and financial impact of potential discounts

Over the past 12 months, BAWC and SLC have recorded 229,815 casual visits across dry and aquatic areas. Assuming that a similar percentage of casual visits are local as per facility members, 183,852 visits would be allocated to local people. The below table demonstrates the reduced income expected across a range of products with varied discount options:

Resident discount rate	Reduction in income
5%	\$67,892
10%	\$135,784
15%	\$203,676
20%	\$271,568

Analysis of learn to swim membership and financial impact of potential discounts

BAWC and SLC currently provide lessons to 6,050 students. 76% of students or 4,598 are Brimbank residents. LTS students pay on average \$15 per lesson and attend 40 classes annually. The following modelling shows the annual financial impact of various resident discount rates on the expected income:

Resident discount rate	Reduction in income
5%	\$137,940

10%	\$275,880
15%	\$413,820
20%	\$551,760

Financial impact summary

Resident discount rate	Memberships	Casual	Swim School	TOTAL
5%	\$412,836	\$67,892	\$137,940	\$618,668
10%	\$827,873	\$135,784	\$275,880	\$1,239,537
15%	\$1,240,709	\$203,676	\$413,820	\$1,858,205
20%	\$1,679,343	\$271,568	\$551,760	\$2,502,671

Councils financial position

Council has invested significant funds into the development of the recently opened Regional Level BAWC and planned and completed upgrades at Sunshine Leisure Centre. In addition, leisure centres have large operational expenses for utilities, staff and services that need to be considered when setting fees and discounts. Additionally, as BAWC come out of the 2-year Defect and Liability period and expensive equipment has expiring warranties there will be increasing repairs and maintenance costs as BAWC.

Income from patrons visiting leisure centres is the main way Council can offset some of these costs and reduces the need for Council to subsidise these facilities from other sources such as rates. Income from visitors from outside of Brimbank, which make up close to 20% of visits, is important as it helps offset costs to Council and Brimbank residents in funding the ongoing operational costs of the facility. Any financial penalty for non Brimbank residents attending the site is highly likely to reduce the attractiveness of visiting the facility and result in a reduced income. Due to BAWC being a Regional level facility, it attracts many visitors from outside of Brimbank, with these people contributing to Brimbank's broader economy through spending at other Brimbank businesses. Council's adopted 'Council Plan - Together We are Brimbank' Plan provides a road map for making Brimbank an even better place to 'live, work and play' which recognises the important role that those who live outside of contribute to Brimbank. There is risk that other neighbouring facilities apply the same approach which may prevent or limit access and ultimately increase costs for facilities.

Recent developments including rate capping has reduced Councils ability to generate income, making it more important to ensure that current income streams are maintained.

Implementation

Subject to Council decision, steps will be taken to implement any agreed changes to fees and charges structure.

Community Engagement

Consultation was undertaken on the budget which included fees and charges.

Resource And Risk Implications

Resource requirements can be met within the Annual Budget 2023/2024.

Community: potential impact on community, including public trust and customer service impact

- Yes – The main impact will be implementing fee differences for Brimbank residents and the delay to be people being processed for entry and payment to the facilities. The impact on residents paying casually would also need to produce address proof each visit. Reduced fees for residents would be welcomed by many Brimbank community members however the resulting decreased income and stable expenditure would result in Council having to fund the deficit from elsewhere. In addition, non Brimbank residents will find the facility less attractive if they are penalised financially for visiting the facilities due to them not residing in Brimbank.

Financial: significant financial impacts

- Yes – Due to the majority of patrons at BAWC and SLC being Brimbank residents any discounts provided for residents will have a significant impact on the income generated by the facilities. Non Brimbank residents may also decide to not attend the facilities resulting in a further decrease in income.

Regulatory: legal, legislative or regulatory implications including the rights/obligations of stakeholders

- Yes – The National Competition Policy must and has been considered in the setting of fees for BAWC and SLC, any changes to the current compliant fees to reduce them further needs to remain compliant with this policy to ensure competitive neutrality.

There are no Safety or Environmental risks.

Legislation/Council Plan/Policy Context

This report supports the Council Plan 2021-2025 strategic direction and objective of:

1. People and Community - A welcoming, safe and supported community - An inclusive place for all

- Wellbeing and Belonging - Responsive services that support mental and physical wellbeing

2. Places and Spaces - Liveable and connected neighbourhoods that support healthy and sustainable futures - A green place for all

- Liveable and Connected - Inviting and liveable spaces and facilities, connected so people can get around.

This report complies with *Local Government Act 2020*, Council Plan 2021-2025 and Social Justice Charter 2018.

Council officers contributing to the preparation and approval of this report, have no conflicts of interests to declare.