

# Request to Newcastle City Council for Information on Pools and Public Facilities

8th November 2011

## Background

The Save Mayfield Swimming Pool (SMSP) Campaign is a community group formed in late 2007 in response to Newcastle City Council's proposed plans to close Mayfield Pool as outlined in the Draft Pool Service Delivery Model of that year.

When the depth of public feeling on this proposal became clear, the Council, to their credit, abandoned these plans, and instead resolved in Item 13 (CD 11/12/07) that:

*The submission by the Save Mayfield Swimming Pool (SMSP) Community Group be received as a basis for further consultation to take place between Council and SMSP Community Group over a five year period to investigate the business case for the retention of, and future improvement program for, Mayfield Pool.*

SMSP Campaign welcomed this announcement, and since then has been committed to working constructively in partnership with the Council, to find ways of improving Mayfield Pool, and increasing its patronage, with the goal of maximising the value delivered to the community through this outstanding public asset.

Over this period, SMSP Campaign has spent considerable time and energy in planning, promoting and executing many initiatives aimed at these outcomes. Some have met with Council support, including:

- The community tile mosaic for the far-side strip wall, currently underway
- The series of *Sound Waves At Mayfield Pool* musical performances in the 2010-11 season
- Various community picnics and pool birthday celebrations organised since 2008

Other initiatives however, have not received such constructive responses, including many that may be key to the successful marketing and long-term development of the pool as a vibrant community centre:

- The conversion of the kiosk to incorporate a public-facing counter and exterior cafe setting, in order to create greater street presence and attract morning and afternoon commuters
- Large and prominent signage for the pool pointing into Ingall St from Maitland Rd and Industrial Drive
- A large changeable-letter sign in front of the pool to attract attention and promote special events

Here Council has cited as barriers their cost, or the absence of a business case to support their implementation. We struggle to understand these objections, as we believe that these initiatives, while requiring investment, will drive higher patronage, and significantly reduce ongoing operating costs.

While we are happy to make business cases for our initiatives, it will obviously require reference to the financial and management data of Mayfield Pool and other public Council facilities.

It is clear that in order to achieve Council's resolution (above) both SMSP Campaign and Council officers will need a shared understanding of the environment and constraints within which Council operates, so that our joint initiatives may be backed by a business case, and therefore actionable.

In this spirit of mutual co-operation, we seek the following information.



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**Save Mayfield Swimming Pool Campaign**

A Community Group Supporting Community Resources

[www.mayfieldpool.com](http://www.mayfieldpool.com)

## **1. Mayfield Pool Accounts**

Detailed operating reports for Mayfield Pool for the last three seasons, including:

- a) Total Revenue and breakdown of sources (casual entries; season passes; group bookings; etc)
- b) Total Expenses and breakdown of costs (permanent lifeguards; casual lifeguards; power; maintenance; etc). In particular, details of any share of centralised corporate or administration costs that are being charged to the pool as a cost centre.
- c) The resulting figure that Council considers to be the operating deficit for the facility.
- d) Total attendances, and the resulting figure that Council considers to be the subsidy-per-entry. Does the attendance figure also include entries made via season passes or group bookings?

## **2. Other Pool Accounts**

As per (1) above for Lambton, Beresfield, Stockton and Wallsend pools.

## **3. Daily Attendances at Mayfield Pool**

Daily attendances at the pools vary wildly depending on the prevailing weather conditions, making it very difficult to assess the impact of marketing efforts such as advertising and special events at the pools.

We believe that daily attendance tallies should be cross-correlated with historical daily temperature records, in order to compensate for the weather-based fluctuations and provide normalised baseline data, allowing marketing campaigns to be conducted and evaluated with confidence.

- a) Has Council ever considered or undertaken this systematic analysis of attendance data to support marketing efforts?
- b) If so, please provide details and results of this analysis.
- c) If not, please provide daily attendance tallies for Mayfield Pool for the last three seasons, so that we can undertake this task on Council's behalf and provide a firm foundation to demonstrate the business case for new marketing efforts. Do these tallies also include entries made via season passes or group bookings?

## **4. Estimate of Cross Subsidies**

Many people who primarily use Mayfield Pool buy their season passes at Lambton Pool instead because it offers access to all pools, rather than just Mayfield, Beresfield, Stockton and Wallsend. This creates a cross-subsidy that benefits Lambton Pool's accounts at the expense of the other pools.

- a) Why does Council use this two-tier pricing scheme that gives Lambton Pool a disproportionate share of lucrative season pass revenue? Why not a single season pass for sale at all pools, giving access to all pools?
- b) How does Council attempt to reconcile this distortion when assessing the operating costs of the five pools?
- c) What is the estimate of the total subsidy enjoyed by Lambton Pool at the expense of Mayfield Pool? On what basis is this estimate made?

## **5. Business Case for Price Rises**

Entry fees for all Council pools have risen steeply in both of the last two seasons. This seems a dubious strategy, given the fixed-cost nature of these facilities. Raising barriers to entry will inevitably lower attendance, possibly to the extent where overall season revenue is reduced rather than increased. The result would be needless under-utilisation of these public assets, while achieving no reduction in operating cost.

- a) What is the business case that Council has used to determine that the 2011-2012 price rises will achieve a greater overall revenue yield than the prices of the previous season?
- b) Given the significant negative impact of higher entry prices as an imposed barrier to attendance, does Council still believe that subsidy-per-entry is a meaningful metric for assessing the financial performance of the pools?
- c) If so, what modelling and trials have been done to explore the reduction of the subsidy-per-entry figure through increased attendance by lowering or abolishing pool entry fees?

## **6. Basis for Cost Recovery vs Free Services**

It seems that Council believes that some public facilities, such as the inland pools, should be run on a cost-recovery basis, while other facilities, such as the art gallery and the ocean baths, should be fully subsidised as a free service to community.

- a) On what basis is this distinction made between facilities that are provided free and those that are expected to recover their own costs? What social policy objectives are served by the current arrangement of public facilities into these two classes of financial expectation?
- b) What is the current annual cost to the Council of providing the art gallery, the ocean baths, and other similar freely-provided facilities? Please include all cost factors which are being applied to the accounting of the pools, to allow a meaningful comparison.
- c) Does Council use a subsidy-per-entry metric to assess the financial performance of these free facilities relative to those that have paid entry? If so, please provide these figures. If not, why not?

## **7. Projected Costs of Proposed Aquatic and Leisure Centre**

Council is planning a major upgrade to Lambton Pool with the construction of a proposed Aquatic and Leisure Centre. This will involve very significant capital cost, and the centre will presumably have much higher annual operating costs than the current Lambton Pool.

- a) Please provide full details of the business case for the proposed aquatic centre, including projected attendance, revenue, expenses, and the overall operating profit or loss that is anticipated. Are the capital construction costs and maintenance costs of the new centre being factored into the business case, and what is their impact on the profitability?
- b) Council has budgeted for a total cost of \$25.7M to complete these capital works. What level of confidence does Council have that this cost will not blow out, and on what basis is this confidence held? Has Council modelled the impacts of a cost blowout on the overall business case for the proposed Lambton Aquatic and Leisure Centre?
- c) Is the budgeted cost for the new facility based on the assumption that any of Council's existing pools will be closed to free up funds or improve the business case for its construction?
- d) The new centre will bring extra pedestrian and vehicular traffic into the vicinity, particularly if this is a strategy of centralisation with other pools being closed. Does Council believe that the people of Lambton are aware of this proposed development and support the construction of the new facility in their neighbourhood together with the impacts it will bring? If so, on what basis is this belief held and what efforts have been made to consult with and gain the approval of the proposed centre's host community?