

**Southern Midlands Council**

**Midlands Aquatic and  
Recreation Centre**

**Business Plan 2009 - 2011**



*Design impression*

This report contains 35 pages  
SMC09-2009 Business Plan-V3.doc

## **Contents**

<b>1</b>	<b>Executive Summary</b>	<b>1</b>
<b>2</b>	<b>Business details</b>	<b>3</b>
2.1	Business name	3
2.2	Business outline	3
2.3	Centre structure	3
2.4	Contact details	3
2.5	Service providers	4
<b>3</b>	<b>Opportunity statement</b>	<b>5</b>
3.1	The need	5
3.2	Overview of the Centre	6
3.2.1	Layout/ configuration	6
3.2.2	Operational model	6
<b>4</b>	<b>Industry and business analysis</b>	<b>7</b>
4.1	Industry structure	7
4.1.1	Current size	7
4.1.2	Growth potential/ industry trends	8
4.1.3	Profit characteristics	9
4.1.4	Customer segments	10
4.2	PESTE analysis	12
4.3	SWOT analysis	14
<b>5</b>	<b>Marketing plan</b>	<b>15</b>
5.1	Promotional plan	15
5.1.1	Launch	15
5.1.2	Signage, logo and naming rights	15
5.1.3	Targeted promotion to specific user groups	16
5.1.4	Promotional budget	17
5.2	Attendance projections	17
5.3	Pricing plan	17
<b>6</b>	<b>Management and organisation</b>	<b>19</b>
6.1	Management team	19
6.2	Alliance and partnership agreements	19
6.3	Other stakeholders	20
<b>7</b>	<b>Operating plan</b>	<b>22</b>
7.1	Operating hours	22

7.2	Administrative policies, procedures and controls	22
<b>8</b>	<b>Financial Plan</b>	<b>24</b>
8.1	Funding requirements	24
8.2	Key assumptions	24
8.2.1	General assumptions	24
8.2.2	Attendance assumptions	24
8.2.3	Pricing assumptions	25
8.2.4	Cost assumptions	25
8.3	Financial projections	26
8.3.1	Key outcomes	26
<b>9</b>	<b>Implementation plan</b>	<b>29</b>
9.1	Indicative key phases and major tasks	29
<b>A</b>	<b>Southern Midlands Council organisation structure</b>	<b>30</b>
<b>B</b>	<b>Oatlands Pool current arrangements</b>	<b>31</b>
B.1	Price schedule	31
B.2	Opening hours	31
<b>C</b>	<b>Centre conceptual design</b>	<b>32</b>

## 1 Executive Summary

### *Proposal*

The Southern Midlands Council proposes to develop a purpose built Midlands Aquatic and Recreation Centre (the centre) The Centre will be located on Council's works depot site, which will be moved to a more appropriate location. The Centre will replace an ageing swimming pool built in the 1950's located in the Oatlands Gaol. That pool will be removed, with the aid of \$500,000 of committed Tasmanian State Government funding.

The Council is seeking \$5.38M of Commonwealth funding to fund the construction of the Centre and will contribute \$995,000 of cash reserves and new borrowings to undertake related works that must precede the construction – relocate depot and the remove existing pool from the Oatlands Gaol. Planning for the project and well advanced and could allow the Centre to be opening by January 2011.

### *The Centre*

The Centre's gross floor area of 1,835 sqm will provide a 25m x 25m pool, a 10m x 10m hydrotherapy pool, an exercise room, a cafeteria and all the necessary supporting space for office/ reception, change rooms, and plant.

### *The demand*

The Centre will cater for the needs of the 6,000 residents, 40,000 visitors, 100 early aged children, the 300 students in the local District High School, local swim clubs and those aged and infirmed in the southern midland region who would benefit from hydrotherapy treatment.

The population and levels of visitation to the Southern Midlands Municipal areas has grown over the last 20 years as a result of a range of local community and economic development initiatives that leverage the unique and historically significant Georgian architecture of Oatlands and its surrounds.

### *The operating model*

Council will own and manage the Centre, within its existing organisation structure. Council will appoint a Supervisor, with support from up to 1.5 FTE of additional casual staff to oversee the main 25m pool, the exercise area and the reception area. Council will outsource the operation of the 10m hydrotherapy pool and the cafeteria to other service providers and draw a lease or margin on the revenue generated by those providers.

The Centre will be open all-year round, with opening hours as early as 6:00 am and as late as 8:00 pm. Subtle changes in hours of operation will be influenced by seasons, public holidays and proven patterns of attendance.

A detailed operating plan to cover day-to-day operations will be developed to supersede that which is now in place for the existing pool.

*The financial impacts*

The existing pool, which is open for just three months each year, requires a subsidy from Council in the order of up to \$60,000 per annum due to its inherent inefficiencies and lack of attraction. The Centre is projected to require an operating subsidy of up to \$70,000 per annum, though this may decline as attendances increase and operational efficiencies are embedded. Council's has a 10-year financial strategy that is able to absorb this cost.

## 2 Business details

### 2.1 Business name

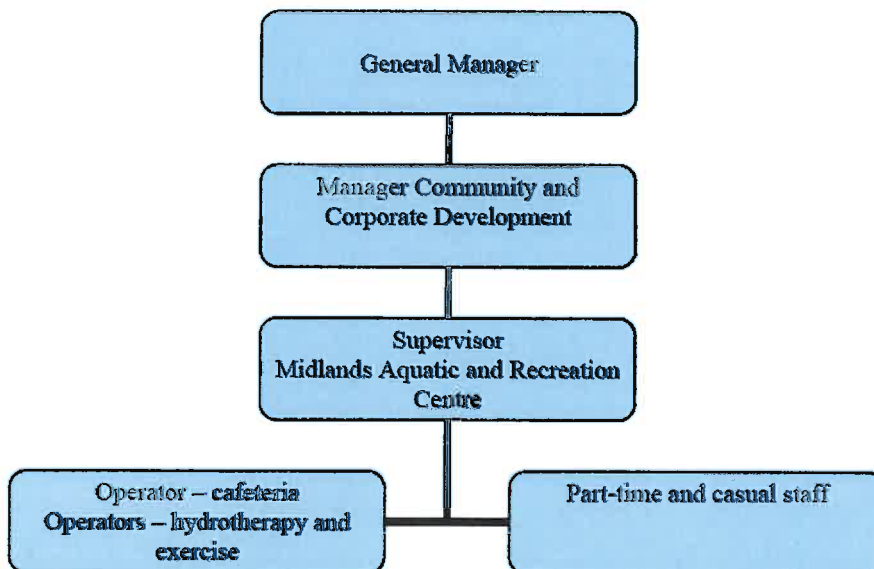
The Midlands Aquatic and Recreation Centre (The Centre).

### 2.2 Business outline

The Centre provides a contemporary aquatic and recreation facility, unique to the midlands of Tasmania that offers the opportunity for users to enjoy swimming and other aquatic activities and other personal health and welfare related exercise programs.

### 2.3 Centre structure

The Centre will be structured as a “ring fenced” business unit wholly owned and operated by Council, with some services outsourced to specialist providers. This means it will be established, operated and accounted for as a separate profit centre of council, albeit Council recognises that the Centre will require an annual operating subsidy from Council’s general rate revenue as outlined in the financial section of this Plan. Its position within the overall council structure is depicted in the Chart below.



### 2.4 Contact details

Until The Centre is created and alternate contact details are in place, all enquiries in relation to the project should be address to the following:



Mr Tim Kirkwood  
General Manager  
Southern Midlands Council  
Councils Chambers  
Oatlands TAS 7120

Phone: 6254 5000  
Website: <http://www.southernmidlands.tas.gov.au>  
Email: [tkirkwood@southernmidlands.tas.gov.au](mailto:tkirkwood@southernmidlands.tas.gov.au)

## **2.5 Service providers**

### *Banking partner*

- ANZ Bank, Oatland (day to day)
- Commonwealth Bank, 81 Elizabeth Street (investments)

### *Legal advisor*

Dobson Mitchell and Allport  
59 Harrington Street  
Hobart TAS 7000

### *Financial advisor*

KPMG  
Level 3, 100 Melville Street  
Hobart TAS 7000  
phone 6230 4000

### *Oatlands Regional Development Master Plan advisor*

Farley Consulting Group  
L2/171 Macquarie St  
Hobart TAS 7000  
phone 6224 1422



### **3 Opportunity statement**

#### **3.1 The need**

Oatlands is present served with a municipal pool that was constructed in the 1950's, located within the Oatlands Gaol, built in 1836. The Oatlands Gaol site is a significant heritage asset that needs long term conservation, promotion and interpretation as a historic attraction. A critical element of the conservation process is the removal of the current swimming pool from the gaol.

Oatlands now needs a purpose built, and contemporary aquatic recreation facility to supersede the current pool for the following reasons:

- The age and condition of the current pool demands high maintenance costs
- The current pool does not cater for the needs of different user groups
- There is no suitable access for people with disabilities
- The current pool is restricted to operations over the four month summer period

A new purpose built indoor, aquatic and recreation **facility** in the region will:

- allow utilisation all year round
- provide a more diverse range of aquatic **and** health, recreation experiences for users in the expansive Southern Midlands region
- provide a facility that can links more effectively with the local Oatlands Primary School and District high School for swimming training and general recreation
- provide a hydrotherapy facility that will support the Oatlands Multi-Purpose Health Centre and other people in the region that will benefit fro this form of treatment
- **provide a fitness and recreation** facility that will be attractive to local residents and visitors to the region

There is strong local support for the development of the centre, evidenced by the establishment of the Oatlands Pool Committee, established in 2004, with the active support of the **Southern Midlands Council**.



## 3.2 Overview of the Centre

### 3.2.1 Layout/ configuration

The Centre is an integrated swimming, health and recreation facility that comprises the following four main elements. A preliminary design of the Centre has been reproduced in Appendix C. The designer's impression of the Centre, looking from High Street, is shown on this cover of this plan.

Key element
Eight lane, 25 x 25-meter swimming pool
Hydrotherapy pool 10m x 10m
Reception, kiosk and change rooms
Exercise room

### 3.2.2 Operational model

The Centre is unique to the midlands region of Tasmania. It is purpose built to suit the region and its target users. The following table summarises the operational model that will be established to conduct the business of Centre. The proposed operational model shares Council's risk and resources, allowing Council to focus on overall facility management and other providers to operate some elements of the Centre that demand specialist skills.

Feature	Operational model
Eight lane, 25 x 25-meter swimming pool, reception and change rooms and overall facility	Managed and operated by Council
Exercise room	Outsourced operation to specialist health providers in return for a margin on fees charged to users
Hydrotherapy pool 10m x 10m	Outsourced operation to specialist health providers in return for a margin on fees charged to users
Kiosk, cafeteria	Outsourced operation to retailer in return for say 15% lease on gross turnover

## 4 Industry and business analysis

### 4.1 Industry structure

#### 4.1.1 Current size

Smaller scale public and privately owned and operated pools/ aquatic centres are a relatively common feature of the Tasmanian landscape.

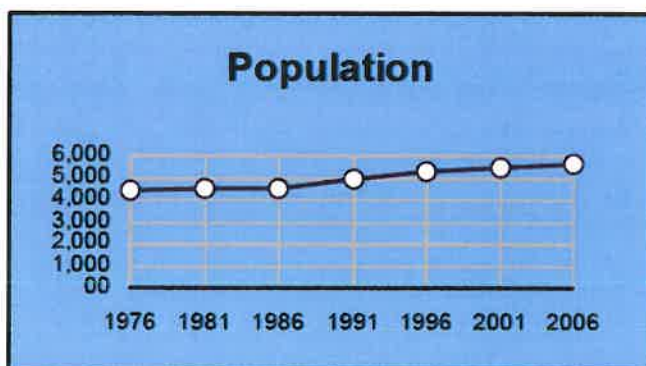
The Northern Region Aquatic Strategy (2002) found there were 59 facilities in the northern/north eastern region of Tasmania, which, at that time represented 1 facility per 2,200 persons. This compared with the “industry average” of 1 facility per 8,500 to 23,000 people, suggesting that at the time, the northern regional arguably had more facilities than required.<sup>1</sup>

A similar inventory for the southern region and the northwestern region is not currently available, though it is likely that given the dispersed Tasmanian population and the relatively large number of local government areas, there may be a similar pattern of facilities throughout Tasmania.

The township of Oatlands is the largest population centre in the Southern Midlands Municipal Area, which had a resident population of 5,700 in 2006. The main population centres, the change in resident population from 2001 to 2006 is set out below.

	Number	% Change	% LGA
Bagdad	738	+ 8.2%	13%
Kempton	360	+ 13.9%	6.4%
Oatlands	541	- 7.5%	9.5%

The following chart shows how the resident population of the Southern Midlands Municipal Area has been slowly growing over the last 20 years.



<sup>1</sup> Page 7

The Southern Midlands “catchment” of some 6,000 persons, though marginally smaller than the national average range for such facilities, is sufficiently large to justify a Centre of the type being proposed. In addition, the Centre will attract people from neighbouring municipal areas – Central Highlands, Brighton and Northern Midlands – which do not presently offer comparable facilities.

The Centre will replace an existing facility that already has an established base of users. The new facility will allow that base to expand by offering additional facilities and expanded operating hours all year round.

#### 4.1.2 Growth potential/ industry trends

At a whole of state level for Tasmania, aquatic and fitness related activities are a significant component of total participation in recreation. The *Participation in Exercise, Recreation and Sport Survey 2007 Annual Report* found the following<sup>2</sup>. Only Walking (36.8%) reported a higher participation rate.

Activity	Total participation rate ('000)	Total participation rate (%)
Aerobics/ fitness	60.3	15.8%
Aquarobics	3.8	1.0%
Swimming	42.8	11.2%

The same study found that in terms of the top 10 activities, aerobics/ fitness enjoyed the largest increase in total participation between 2001 – 2007,<sup>3</sup> with a 68% increase over 2001. Interesting, swimming reported an 18.6% decline over the same period, underlying the importance for the Centre to offer a diversified range of aquatic and general fitness related options.

The Northern Tasmanian Regional Aquatic Strategy found that current pool usage rates in the region were 42%, which represented some 54,200 people. The study found that this level of patronage could increase by up to 11%, or 14,200 people, if the following improvements were made to the pools<sup>4</sup>:

- Develop the range of indoor pool with heated water at one site 30%
- Indoor recreation/ leisure play pools 16%
- Upgrade local pools 8%
- Cleaner more hygienic facilities 8%

<sup>2</sup> Page 139

<sup>3</sup> Page 19

<sup>4</sup> Page 15

The proposed Centre will effectively respond to all of these observations and so should attract higher levels of patronage than is currently the case.

Ken Marriott of HM Leisure Planning, when commenting on the proposed Centre observed that modern aquatic leisure trends show a strong and growing co-location of the aquatic facilities with a widening range of health, leisure, social, educational, wellbeing and even commercial facilities, programs and services (eg: masseurs, saunas, ladies hairdressers, Education Department remedial activity offices, neighbourhood houses). In addition, he notes that

- The enclosed nature of the hydro pool is good as this allows it to be used by special needs groups, albeit he would favour a larger, more cost-effective *regional* facility attracting eg: aged, disabled, sports, arthritis, accident rehab clients from a very large catchment
- A café/social seating area is appropriate to support a wide range of users of the multi-purpose room and pool users would use such facilities. Such a facility becomes an attraction in its own right and strengthens the social role of the venue
- A gym area of at least 200 sq. m. should be planned for with room for expansion. It may be appropriate to consider installation of an operable wall between the gym and multi-purpose room (depending on the identified uses of the latter) so that a much larger use area can be created. It should also have a work station area (but *not* an office) for staff as users will need to be supervised

The proposed Centre caters for these observations in the most cost effective manner possible, and within the constraints governed by the overall dimensions of the site.

#### 4.1.3 Profit characteristics

The Northern Tasmanian Regional Aquatic Centre Strategy found that the 59 pools in that regional recorded combined operating losses of \$600,000 per annum<sup>5</sup>. This equates to approximately \$10,000 per facility for 59 facilities.

The table below presents the current income and expenditure profile for the existing pool in Oatlands, based on four months of operation over the summer period. This shows relatively high levels of operating cost due to the inherent inefficiencies of the existing facility. It also shows Council's preparedness to provide a subsidy to provide this facility to its residents.

---

<sup>5</sup> Page 12



	2007/08 Budget	2007/08 Actual	2008/09 Budget
<i>Income</i>			
Pool – Admission Fees	\$7,100	10,631	10,000
<i>Expenditure</i>			
Operating Costs	\$50,973	\$63,378	68,425
Net Cost	(\$43,873)	(\$52,747)	(\$58,425)

#### 4.1.4 Customer segments

The Farley Consulting Group Feasibility Analysis (2006) into the Centre identified the following customer segments.

##### *The local community*

The Oatlands Pool Community undertook a comprehensive survey with 84 respondents. Significant levels of support were identified, with some 80% of respondents indicating they would visit the centre on a bi-weekly basis. Applying this to the catchment population of approximately 500 (80% biweekly) in close proximity and 1500 (40% biweekly) outlying would translate into approximately 1,000 visits per fortnight.

##### *School Children, Learn to Swim*

The learn to swim program is an important program for pool operators. The program is contracted for a fixed period through the Department of Education. Pool operators are obligated to provide a safe facility and 2 AUST swim teachers per 30 students, lessons are of 45 minutes duration and the visit lasts an hour. Most centres provide 3-4 lessons per day.

The contract rates are between \$4.10 and \$4.90 per student per lesson, with the program conducted over a 10 week period. Catchment primary schools are identified as Kempton (23), Bagdad (63) and Oatlands (138).

There is the potential to attract the Brighton School and other schools if the program is combined with activities at the Oatlands School and within the township, e.g. the mill upon restoration. The potential to provide the service during winter and shoulder seasons could expand the market to include Campbell Town (to the north) and Bothwell (to the west) school children.

There is a significant level of interschool visitation for sporting and other activities. This can include interschool competition and as a result of this training for local students competing in

these competitions elsewhere. If the facility was available, it would be possible to build a pool based recreational activity in the program.

#### *Sporting users*

The opportunity for local and state-wide sports and sporting activities is significant but will require innovation in design and marketing. The advantage is that the pool costs can be bundled into registrations and other fees. At times this requires a reduction in per use income associated with each individual.

However if the centre can act as a hub, it provides a base from which a number of sporting activities can be conducted. This promotes further use of the pool. The approach could be most valuable for youth teams to foster increased participation, the centre then taking on a youth sport & recreation role.

The usage of the facility by statewide organisations is potentially significant. The central location would support training activities for teams and organisations that operate on a state-wide basis. Organisations such as the Royal Life saving Society (RLSS) have expressed some interest, while there are examples of other such organisations that have abandoned Oatlands because of lack of facilities.

#### *Health and wellbeing*

This is a potentially significant market. The southern region is undersupplied with hydrotherapy facilities. While there are many pools, hydrotherapy pools require specific characteristics, they must be very warm (around 33 degrees and equipped with hoist and rail facilities. The waiting lists are long.

Clients of the Midlands Multi Purpose Centre do not currently use hydro therapy due to lack of access, with the closest facilities in Hobart or Launceston. With a client base of around 500 people and 18 beds, they are supportive of a pool and hydro therapy facility in the Oatlands district. The centre has a physiotherapist working 2-3 days per week and 2 GPs, who would be likely to refer clients to the pool facility. It is considered that there would be a strong, ongoing local demand of use.

#### *Visitors*

Other strategic initiatives at Oatlands are designed to increase the scale of visitation to Oatlands and the Southern Midlands. The goal is to both increase numbers and to increase length of stay. While not central to this goal, the Centre will add to the critical mass of facilities that support this objective.

Data obtained from Tourism Tasmania for the 2004/05 year is presented in the Table below. It shows total visitors (both scheduled air and sea visitors) and the length of their stay in Oatlands. The table shows that over half of the 80,000 or so visitors stop for some period time in Oatlands.

It would be not unreasonable to propose that a high quality regional facility, prominently positioned with effective signage and an attractive facade could attract say 5% of those persons, which would amount to around 2,000 visitors to the Centre per annum based on current visitor numbers.

<i>Visitor experience</i>	<i>Inbound and interstate in visitors</i>
Pass Through	38,957
Stop and Look	39,458
Overnight	3,168
<b>Total</b>	<b>81,583</b>

## 4.2 PESTE analysis

The following Table summarise the range of external forces that have been considered in developing the proposal for the Centre.

Factors	Implications for project
<i>Political factors</i>	
<ul style="list-style-type: none"> <li>• Current political preferences in Tasmania to support a wide range of smaller local infrastructure development projects</li> <li>• National political support for local infrastructure projects that will stimulate local employment and economic development</li> <li>• Support within Council for the range of economic development initiatives that include the development of the Centre</li> </ul>	<p>The current political environment is favourable for the development of the Centre</p>
<i>Economic factors</i>	
<ul style="list-style-type: none"> <li>• Current macro-economic environment is turbulent, posing threats to local employment and growth</li> <li>• Commonwealth and State Government have responded with fiscal economic</li> </ul>	<p>Grant funding is available to local communities as part of the economic stimulus packages. These funds limit the need for council to use retained earnings or borrowings to fund the Centre and hence improve its</p>



Factors	Implications for project
<p>stimulus packages and less restrictive monetary policy to respond to economic risks</p> <ul style="list-style-type: none"> <li>• Global conditions and lower Australian dollar are making domestic tourism (inter and intra State) relatively more attractive</li> </ul>	<p>relative <b>financial</b> viability.</p>
<i>Social factors</i>	
<ul style="list-style-type: none"> <li>• Increasing risk and concerns about childhood obesity and poor health</li> <li>• Ageing population needing more sophisticated support services to improve quality of prolonged lives</li> </ul>	<p><b>Centre will be able to provide part of a solution to these social issues for people in the southern midlands region</b></p>
<i>Technological factors</i>	
<ul style="list-style-type: none"> <li>• Ever improving <b>communication</b> technologies</li> <li>• Contemporary design, construction and project management techniques</li> </ul>	<p>The Centre can showcase the latest and best <b>available designs, finishes and technologies</b> to create a unique experience for users in the <b>heart</b> of the southern midlands</p>
<i>Environmental factors</i>	
<ul style="list-style-type: none"> <li>• Need to construct environmentally sustainable buildings with minimum impact on the natural environment</li> </ul>	<p>The Centre will showcase the latest <b>available passive environmental features including, but not limited to solar heating, rainwater harvesting, low maintenance landscapes, efficient water use</b></p>

### 4.3 SWOT analysis

The following Table summarises the main strengths, weaknesses, opportunities and threats to the Centre.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Custom designed and built</li> <li>• Existing market demand</li> <li>• Unique configuration</li> <li>• Limited competition in the region</li> <li>• Council ownership</li> <li>• Community support and partners</li> </ul>	<ul style="list-style-type: none"> <li>• Not projected to break even</li> <li>• Some inherent site limitations</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Build linkages with expanded visitation into Orilands</li> <li>• Partnerships with other local councils to ensure the centre is truly regional</li> <li>• Improve the health and well-being of people in the region</li> </ul>	<ul style="list-style-type: none"> <li>• Lower demand than forecast due to broader economic issues</li> <li>• Council capacity to fund ongoing maintenance</li> <li>• Establishment of competing facilities</li> </ul>

Overall, this SWOT analysis suggests that the strengths and opportunities of the proposed Centre would be more highly weighted than the weakness and threats, all of which are known and understood.

## **5 Marketing plan**

### **5.1 Promotional plan**

#### **5.1.1 Launch**

The Centre will be supported with an official launch to commemorate its opening. Subject to the final timing of the construction, this may tie in with the Oatlands Spring Festival, which brings up to 5,000 people into Oatlands for the day. If not, Council is well accustomed to organising 'gala days' for various events and this launch would be undertaken with the full support of Council, community and key stakeholders

The launch will include, but not be limited to:

- An official opening ceremony attended by the Federal, State and Local Government political leaders
- Structured tours of the facility in manageable group sizes
- Structured 'come and try' sessions in the various components of the facility
- An opening day swimming carnival and other aquatic related activities
- Food and wine related stalls
- Entertainment
- Attendance by prominent celebrities including Australian swim team members, and
- An outside broadcast provided by the ABC, which already has strong ties with Oatlands through the Country Hour program.

#### **5.1.2 Signage, logo and naming rights**

The Centre will seek to secure a long-term sponsor in return for the right to have the sponsor's name incorporated into signage, both on the Centre and in other prominent locations.

It is expected that the naming rights sponsor will have a connection with rural life in Tasmania.

The logo and signage will be sympathetic to the historic nature of Oatlands, while also ensuring the Centre receives maximum exposure, especially to attract passing visitors.

### 5.1.3 Targeted promotion to specific user groups

The following Table sets out the major promotional initiatives for the various key user groups outlined in this Plan. This promotional plan maximises the use of existing community stakeholder relationships and minimises the outlays associated with a 'glossy' campaign to a relatively small number of new users.

User group	Promotional initiatives	Timing
Residents	<ul style="list-style-type: none"> <li>• Periodic updates to residents</li> <li>• Information in the Council rates mail-out</li> <li>• Small A5 brochure in the Oatlands Visitor Centre and Council Offices in Oatlands and Kempton</li> <li>• Presence on Council's website</li> </ul>	<ul style="list-style-type: none"> <li>• Through the construction phase</li> <li>• Quarterly for the first two years of operations</li> <li>• Ongoing</li> <li>• Ongoing</li> </ul>
School children/ learn to swim	<ul style="list-style-type: none"> <li>• Information flyers to local and neighbouring schools</li> <li>• Direct presentation of information to local schools</li> </ul>	<ul style="list-style-type: none"> <li>• Through the construction phase</li> <li>• Through the construction phase</li> </ul>
Sports users	<ul style="list-style-type: none"> <li>• Direct representation to targeted swim clubs in the regions</li> <li>• Small A5 brochures supplied to Clubs to distribute to members</li> </ul>	<ul style="list-style-type: none"> <li>• Through the construction phase</li> <li>• Annual distribution</li> </ul>
Heath and wellbeing (Hydrotherapy)	<ul style="list-style-type: none"> <li>• Direct approach to Multi-purpose Heath Centre</li> </ul>	<ul style="list-style-type: none"> <li>• Through the construction phase</li> </ul>
Visitors	<ul style="list-style-type: none"> <li>• Placement of prominent signage to guide visitors to the facility</li> <li>• Small A5 brochure in the Oatlands Visitor Centre and Council Offices in Oatlands and Kempton</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Ongoing</li> </ul>

### 5.1.4 Promotional budget

The financial projections include an allowance for an annual promotional budget of \$5,500. This would cover specific outgoings such as Yellow Pages advertising, brochure design and printing, business cards, web design and updates.

## 5.2 Attendance projections

The following attendance projections have been based on the estimates set out in the Farley Consulting Group Feasibility Study. These appear to be not unreasonable in view of the market size of the various target segments.

Forecast levels of Attendance	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Recreational Pool</b>					
Community (number of persons)	-	-	10,000	12,000	13,000
Visitors (number of persons)	-	-	2,000	2,000	2,000
School users (number of persons)	-	-	1,460	1,600	1,777
Learn to swim (number of persons)	-	-	300	320	350
Swim Train (individual weekly pass)	-	-	1,100	1,250	1,560
Swim Events (number of events)	-	-	2	2	2
Clubs (number of sessions)	-	-	12	15	20
Events/Parties (number of events)	-	-	10	12	15
Classes (number of classes)	-	-	160	180	206
<b>Hydrotherapy Pool</b>					
Physio session (1-on-1) (number of sessions)	-	-	900	920	1,040
Group physio session (number of sessions)	-	-	3,600	3,900	4,160

## 5.3 Pricing plan

The pricing for the Centre, as shown in the Table below has been determined having regard to:

- Pricing in comparable facilities, as undertaken by the Farley Consulting Group for the purposes of the Feasibility Study
- Community price point expectations, based on the current pricing for the Oatlands Pool (shown in Appendix B)
- The overall financial viability of the Centre and the passage of time since the prices were initially determined 2 years ago

Recreational Pool - Pricing	Unit of measurement	2008-09
Community	per person	\$4.00
Learn to swim	10 week pass per person	\$40.00
Swim Train	weekly fee per person	\$12.00
Swim Event	per event	\$1,500.00
Clubs	per session	\$100.00
Events/Parties	per event	\$250.00
Classes	per group	\$40.00

Outsourced Services - Pricing	Unit of measurement	2008-09
<b>Hydrotherapy Pool</b>		
Physio session (1-on-1)	per session	\$10.00
Group physio session	per session	\$6.00
<b>Exercise Room</b>	per session	\$25.00

The rates will be subject to further review as the Centre comes on line. It will be further refined by the inclusion of:

- additional membership categories for 1, 3, 6 and 12 month memberships
- differential pricing for individuals and families
- differential pricing for adults, children and concession

For the purposes of this Plan, a 'simplified' pricing model has been applied as shown in the Tables above.



## **6 Management and organisation**

### **6.1 Management team**

The Centre, once constructed will be a core responsibility of Council. Within the Council structure, the following people will have a key role, both through the construction phase, and later once operational. The current position of Pool Supervisor will be retained and re-classified, and the incumbent will have an opportunity to be considered for that role. The following existing core members of the council staff together oversee the development and management of the new Centre.

#### *General Manager-Southern Midlands Council*

Tim Kirkwood was appointed to the position of General Manager in December 1999. He has extensive experience in general management, finance and audit, project facilitation and community consultation.

**His formal qualifications include an Associate Diploma of Business (Accounting) and a Certificate in Business Studies (Municipal Administration).**

**The General Manager has a legislative responsibility for the day-to-day operations and affairs of the Council. One of his primary functions is to manage the resources and assets of the council.**

#### *Manager Community and Corporate Development*

**Mr Andrew Benson has management responsibility for the Development & Environmental Services business unit, as well as the Community & Corporate Development business unit. The Centre will form part of the Community & Corporate Development Business unit.**

**Andrew has extensive experience in development, design, construction and project management of commercial, as well as civil engineering projects. He also has extensive experience in working with community groups in through various consultation processes.**

**His formal qualifications include a Graduate Diploma in Urban and Regional Planning. Andrew is a former member of the Australian Institute of Company Directors, Project Management Institute and President of the Manufacturing Society of Australia (Tas Chapter).**

### **6.2 Alliance and partnership agreements**

#### *Tasmanian State Government*

**The Tasmanian State Government has recently committed \$500,000 to the renewal of the Oatlands Gaol. This is a significant contribution to the estimated \$850,000 expenditure required to remove the existing pool and rehabilitate the historic site.**



#### *Midlands Multi-Purpose Health Centre*

The Midlands Multi-Purpose Health Centre (MMPHC), including the adjacent Community Health Centre (CHC), provides a wide range of services to residents of the Southern Midlands area and visitors. The MMPHC and CHC provide the following health services:

- Acute Care (4 Beds)
- Medical Services
- 24 Hour Accident & Emergency
- Ambulance Service
- Residential Care (10 Beds)
- Respite Care (8 Beds) & Respite Day Care Room
- Community Health Nursing
- Community Care Service
- Regional Health Services
- Rural Training Centre (in conjunction with UTAS)

#### *Oatlands 'New' Swimming Pool Committee*

A community based Committee that was established in 2004 to provide advice and recommendations to the Southern Midlands Council in relation to facility location, pool design and associated specifications. This committee will continue to play an important role in representing the interests of the broader community.

#### *Oatlands District High School*

The Oatlands School is a District High School which caters for students from kindergarten to Grade 10. The school population is approximately 320. The strong interaction with the community is resulting in additional resources from other areas being brought to the school to compliment the basic curriculum.

### **6.3 Other stakeholders**

The following Table summarises the key stakeholders who **have an interest in the Centre and their interest in the new facility.**

Stakeholder group	Interest in Centre
Midlands Swimming Pool Club Inc.	This will be the primary club through which competitive and structured recreation and fitness focussed swimming will be run
Local Sporting Organisations (e.g. Central Hawks Football Club, Mt Pleasant Football & Cricket Clubs, Woodsdale Football Club, Campania Football & Cricket Clubs, Netball Association etc.)	The local sporting clubs will be regular users of the Centre throughout their pre-season and playing season campaigns
Service Clubs (e.g. Rotary, RSL)	These local service clubs will provide support for the Centre in various ways including hiring of the facility for events, providing volunteer support etc
Local Health & Fitness Groups (e.g. Aerobics, Tai Chi, Walking Club)	These local general health and fitness clubs will be able to use the facility all-year-round as a venue for aquatic activities that compliment their specific interests
Regional Sporting Groups and Organisations (e.g. Little Athletics)	Other small scale sporting organisations will have the opportunity to use these facilities
Education Department (inter-school carnivals for schools within Southern Midlands Council area and adjoining municipalities)	The Centre will provide a focal point for the running of the local swimming carnivals for school children in the region

## 7 Operating plan

### 7.1 Operating hours

The operating hours for the current Oatlands Pool are shown in Appendix B. The proposed opening hours for the Centre has regard to the multi-use nature of the facility and the operational model that provides for some components of the facility to be operated by external providers with no Council officer supervision. These operating hours will be subject to review and refinement once the facility is operational and patterns of demand become established.

	Opening	Ending	Most likely users during time session				
			Community	Learn to swim	Sports	Wellbeing	Visitors
<i>Weekdays</i>							
Early session	5:00 am	9:00 am	✓		✓		
Day session	9:00 am	5:00 pm		✓		✓	✓
Evening	5:00pm	8:00 pm	✓		✓		✓
<i>Weekends and public holidays</i>							
Early session	7:00 am	9:00 am	✓		✓		
Day session	9:00 am	6:00 pm	✓	✓			✓

### 7.2 Administrative policies, procedures and controls

Council has an Operating Manual for the existing Oatlands Pool. This is an extensive 100+-page document that sets out detailed procedures covering a range of operational elements of the existing Oatlands Pool, along with various forms and checklists to guide the Supervisor and operational assistants.

That Operating Plan will provide the basis for the development of a new Operating Plan for the Centre, albeit that significant refinement will be required. The proposed Centre is a much more significant entity that will possess additional features that will require revised or new procedures associated with:

- A monitored security alarm system

- Capacity for point-of-sale cashiering facilities for the cafeteria
- Expanded plant and equipment
- Chemical storage and handling
- Emergency exits
- Fire and evacuation
- Occupational health and safety
- Facility bookings
- Cash handling
- Information systems including linkages to Council's current systems
- Inventory control
- Revised duty statements including working hours
- Induction and training
- Water quality
- Swimming programs, services provided
- Activity and financial reporting to Council

Notwithstanding these refinements, the centre will continue to use wherever possible, Council's existing systems and processes in a number of areas, such as:

- Raising purchase orders, authorising payment of accounts, managing creditor payments
- Raising accounts for selected longer term customers, such as the Oatlands District high School and managing debtor terms
- Incident management and recording
- Equal Employment Opportunity and other human resource management related systems and procedures.

## 8 Financial Plan

### 8.1 Funding requirements

This Business Plan for the Centre is based on the majority of the total cost being provided by the Commonwealth. Council's Quantity Surveyor has determined the following capital costs. Council is seeking grant funding of \$5,380,000 for the project.

Element	Cost
Total project cost	5,582,500
Council contribution (cash and in-kind)	202,500
Commonwealth Grant	5,380,000

The table above only presents a summary of the funding model for the Centre. It does not include other costs associated with the other aspects of the overall development program being pursued in the short term - depot relocation and Oatlands Gaol refurbishment. In respect to the broader development program, the Tasmanian State Government has committed \$500,000 and the Southern Midlands Council will contribute \$1,005,000 made up of \$995,000 cash, and \$10,000 of in-kind services.

### 8.2 Key assumptions

#### 8.2.1 General assumptions

The model is based on a number of assumptions, each of which can be varied, in order to assess the impact of changes to key variables on the overall feasibility of the development. All variables (assumptions) in the model are shaded. Other general assumptions are:

- All amounts are expressed in real terms and have not been inflated to take account of inflation
- All amounts are GST exclusive, and
- The facility will be reconstructed in 2009 and 2010 and commence operation in early 2011.

The projections show all income and expenditure 'ramping up' over the first two years of operation to achieve a 'steady-state' in year three.

#### 8.2.2 Attendance assumptions

The following table outlines our key assumptions in regard to expected attendance to the Centre. As shown, the majority of attendance relates to the recreational pool in the form of community



members and visitors to the area. Other major attendance groups are expected to be swim classes, training groups and learn-to-swim groups. Swim events, clubs and events are expected to comprise the remaining attendance groups.

<i>Forecast levels of Attendance</i>	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Recreational Pool</b>					
Community (number of persons)	-	-	10,000	12,000	13,000
Visitors (number of persons)	-	-	2,000	2,000	2,000
School users (number of persons)	-	-	1,460	1,600	1,777
Learn to swim (number of persons)	-	-	300	320	350
Swim Train (individual weekly pass)	-	-	1,100	1,250	1,560
Swim Events (number of events)	-	-	2	2	2
Clubs (number of sessions)	-	-	12	15	20
Events/Parties (number of events)	-	-	10	12	15
Classes (number of classes)	-	-	160	190	208
<b>Hydrotherapy Pool</b>					
Physio session (1-on-1) (number of sessions)	-	-	800	920	1,040
Group physio session (number of sessions)	-	-	3,600	3,900	4,160
<b>Exercise Room</b>					
	-	-	300	322	364

### 8.2.3 Pricing assumptions

The Tables presented in Section 5 displays the 'simplified' pricing structure for the various attendance groups used in the financial modelling. As shown, a range of pricing options exist for the recreational pool based on the various groups expected to attend the centre, with prices ranging from \$4.00 for the general public for a single session swim through to \$1,500 to hire the facility for a swim event.

### 8.2.4 Cost assumptions

Costs assumed in the model consist of a series of annual fixed costs that will not vary with the Centre's usage. These costs are based on the costs of a comparable entity, the Huonville Swimming Pool. The table below summarises the main fixed cost categories assumed for modelling purposes.

<i>Fixed Costs</i>	2008	2010	2011	2012	2013
Energy	\$0	\$0	\$65,000	\$65,000	\$65,000
Disinfectant	\$0	\$0	\$4,000	\$4,000	\$4,000
Insurance	\$0	\$0	\$5,000	\$5,000	\$5,000
Communication	\$0	\$0	\$1,200	\$1,200	\$1,200
Maintenance	\$0	\$0	\$20,000	\$20,000	\$20,000
Promotion	\$0	\$0	\$5,500	\$5,500	\$5,500
Materials and Admin	\$0	\$0	\$15,000	\$15,000	\$15,000
<b>Total Fixed Costs</b>	\$0	\$0	\$116,700	\$116,700	\$116,700

In addition to the fixed costs shown above, the model also recognises the fixed staff costs for the Supervisor position and variable costs for casual staff that will scale up as usage grows.

<i>General staff</i>	<i>Salary</i>	<i>FTEs</i>				
		2008-09	2009-10	2010-11	2011-12	2012-13
Supervisor	\$50,000	0.0	0.0	1.0	1.0	1.0
Casual Staff	\$40,000	0.0	0.0	1.0	1.5	1.5

## 8.3 Financial projections

### 8.3.1 Key outcomes

#### *Statement of Financial Performance*

As shown below, the majority of the Centre's revenue (65.7%) is expected to be from admission to the recreational pool with the remaining 34.3% of revenue coming from the outsourced services. Total revenue in the first year of operations in 2010-11 is estimated to be approximately \$141,690 before steadily increasing to a steady state of \$177,178 in 2012-13. Fixed overhead costs are estimated at \$116,700 in the Centre's opening year and to remain at this level until 2012-13. Based on an average depreciation rate of 2.5% p.a., depreciation is estimated to be \$134,500 a year.

Overall, the Centre is projected to make net operating losses before depreciation of up to around \$50,000 to 60,000 per annum. These losses (and hence, level of Council subsidy) are projected to gradually fall as the levels of attendance to the facility increase while most costs remain fixed.

Statement of Financial Performance	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Revenue from admissions</b>					
Community	\$0	\$0	\$40,000	\$48,000	\$52,000
Visitors	\$0	\$0	\$8,000	\$8,000	\$8,000
School users	\$0	\$0	\$5,940	\$6,400	\$7,108
Learn to swim	\$0	\$0	\$12,000	\$12,800	\$14,000
Swim Train	\$0	\$0	\$13,200	\$15,000	\$16,720
Swim Events	\$0	\$0	\$3,000	\$3,000	\$3,000
Clubs	\$0	\$0	\$1,200	\$1,500	\$2,000
Events/Parties	\$0	\$0	\$2,500	\$3,000	\$3,750
Classes	\$0	\$0	\$6,400	\$7,600	\$8,320
<b>Total Revenues from admissions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$92,140</b>	<b>\$106,300</b>	<b>\$116,898</b>
<b>Outsourced Services</b>					
Cafeteria/Retail lease	\$0	\$0	\$5,250	\$6,000	\$7,500
<b>Total Revenues - Cafeteria</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,250</b>	<b>\$6,000</b>	<b>\$7,500</b>
Physio session (1-on-1)	\$0	\$0	\$8,000	\$9,200	\$10,400
Group physio session	\$0	\$0	\$28,800	\$31,200	\$33,260
Exercise Room	\$0	\$0	\$7,500	\$8,050	\$9,100
<b>Total Revenues - Other Services</b>	<b>\$0</b>	<b>\$0</b>	<b>\$44,300</b>	<b>\$48,450</b>	<b>\$52,760</b>
<b>Total Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$141,690</b>	<b>\$158,750</b>	<b>\$177,178</b>
<b>Overhead Costs</b>					
Fixed Operating Costs	\$0	\$0	(\$116,700)	(\$116,700)	(\$116,700)
Fixed Salary Costs	\$0	\$0	(\$50,000)	(\$50,000)	(\$50,000)
Variable Costs	\$0	\$0	(\$40,000)	(\$50,000)	(\$50,000)
<b>Total Overhead Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$206,700)</b>	<b>(\$226,700)</b>	<b>(\$226,700)</b>
<b>EBITDA</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,010)</b>	<b>(\$66,950)</b>	<b>(\$49,522)</b>
Depreciation - Property, Plant & Equipment	\$0	(\$134,500)	(\$134,500)	(\$134,500)	(\$134,500)
<b>EBIT</b>	<b>\$0</b>	<b>(\$134,500)</b>	<b>(\$199,510)</b>	<b>(\$201,450)</b>	<b>(\$184,022)</b>
Loan Interest	\$0	\$0	\$0	\$0	\$0
<b>Net Profit or Loss before tax</b>	<b>\$0</b>	<b>(\$134,500)</b>	<b>(\$199,510)</b>	<b>(\$201,450)</b>	<b>(\$184,022)</b>
Income Tax Revenue/(Expense)	\$0	\$0	\$0	\$0	\$0
<b>Net Profit or Loss after tax</b>	<b>\$0</b>	<b>(\$134,500)</b>	<b>(\$199,510)</b>	<b>(\$201,450)</b>	<b>(\$184,022)</b>



*Statement of Cash Flows*

The cash flow statement for the Centre shows an operating cash outflow of \$65,010 in 2010-11 due to a high level of overhead costs before improving marginally in 2011-12 and 2012-13. Investing activity shows the inflow of grant funds in alignment with the outflow of construction costs. In practice, the Quantity Surveyor estimates around 8% of costs will be incurred in the second half of calendar year 2009 and the balance of costs will be incurred in calendar year 2010.

Statement of Cash Flows	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Cash Flow from Operating Activities</b>					
Revenue - Admissions	\$0	\$0	\$32,140	\$105,300	\$116,898
Revenue - Cafeteria	\$0	\$0	\$5,250	\$6,000	\$7,500
Revenue - Other services	\$0	\$0	\$44,300	\$48,450	\$52,750
less Overheads	\$0	\$0	(\$206,700)	(\$226,700)	(\$226,700)
less Tax paid	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Flow (OCF)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,010)</b>	<b>(\$66,950)</b>	<b>(\$49,522)</b>
<b>Cash Flow from Investing Activities</b>					
New loans	\$0	\$0	\$0	\$0	\$0
Grants received	\$0	\$5,360,000	\$0	\$0	\$0
less Loan repayments	\$0	\$0	\$0	\$0	\$0
less Capital spending	\$0	(\$5,360,000)	\$0	\$0	\$0
less Interest Paid	\$0	\$0	\$0	\$0	\$0
<b>Investment Cash Flow (ICF)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Cash Flow from Financing Activities</b>					
New Private Injections	\$0	\$0	\$0	\$0	\$0
less Dividends Paid	\$0	\$0	\$0	\$0	\$0
<b>Financing Cash Flow (FCF)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Change in Cash Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,010)</b>	<b>(\$66,950)</b>	<b>(\$49,522)</b>
Opening Cash Balance	\$0	\$0	\$0	(\$65,010)	(\$131,960)
<b>Closing Cash Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,010)</b>	<b>(\$131,960)</b>	<b>(\$181,482)</b>

*Statement of Financial Position*

As shown below, assets in relation to the Centre are solely attributable to the plant and equipment. As the Centre is estimated to record a cash outflow, the Council subsidy (otherwise characterised as a loan) represents the sole liability for the Centre, though in practice this liability will be absorbed in Councils overall operations. Net assets are estimated at \$5.25M in 2009-10 and will decrease gradually in line with the net loss made by the Centre in the remaining years modelled.



*Southern Midlands Council  
Midlands Aquatic and Recreation Centre*

Statement of Financial Position	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Assets</b>					
Cash	\$0	\$0	\$0	\$0	\$0
Deferred Tax Asset	\$0	\$0	\$0	\$0	\$0
Plant & Buildings	\$0	\$5,380,000	\$5,380,000	\$5,380,000	\$5,380,000
(Less Accumulated Depreciation)	\$0	(\$134,500)	(\$269,000)	(\$403,500)	(\$538,000)
<b>Total Assets</b>	<b>\$0</b>	<b>\$5,245,500</b>	<b>\$5,111,000</b>	<b>\$4,976,500</b>	<b>\$4,842,000</b>
<b>Liabilities</b>					
Current tax liabilities	\$0	\$0	\$0	\$0	\$0
Council operating subsidy	\$0	\$0	(\$65,010)	(\$131,960)	(\$181,482)
Provision for Distributions	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$65,010)</b>	<b>(\$131,960)</b>	<b>(\$181,482)</b>
<b>Net Assets</b>	<b>\$0</b>	<b>\$5,245,500</b>	<b>\$5,045,990</b>	<b>\$4,844,540</b>	<b>\$4,660,518</b>
<b>Council Interest</b>					
Equity	\$0	\$5,380,000	\$5,380,000	\$5,380,000	\$5,380,000
Retained Profits	\$0	(\$134,500)	(\$334,010)	(\$535,460)	(\$719,482)
<b>Total Council Interest</b>	<b>\$0</b>	<b>\$5,245,500</b>	<b>\$5,045,990</b>	<b>\$4,844,540</b>	<b>\$4,660,518</b>

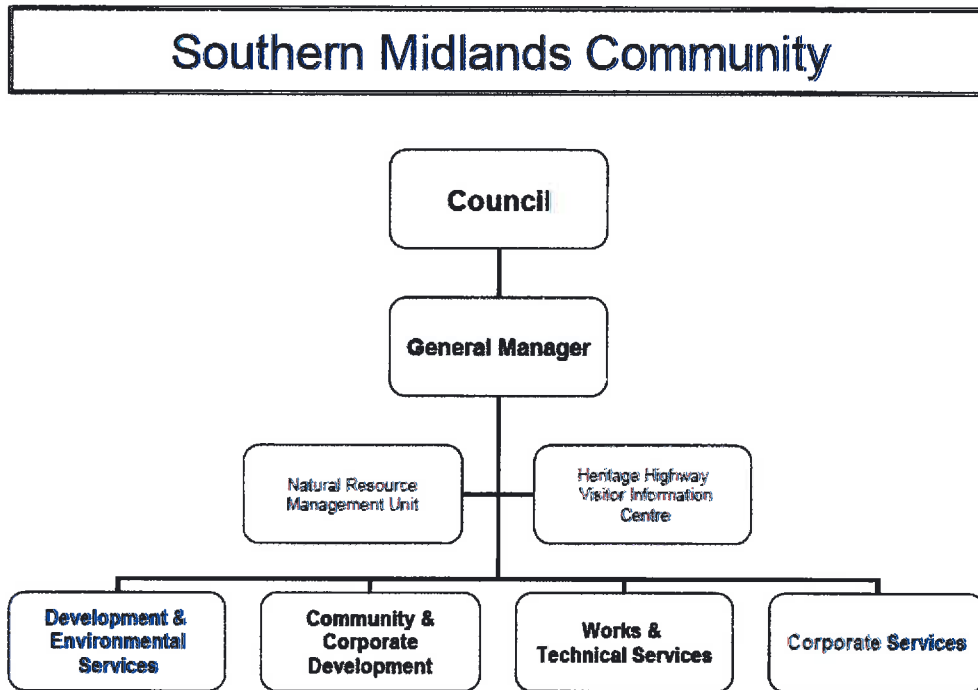
## 9 Implementation plan

### 9.1 Indicative key phases and major tasks

The Table below presents an indicative series of phases and key tasks to be undertaken to advance the Centre redevelopment and associated improvements from concept to reality. These are presented in more detail in the Project Plan (Work Breakdown Structure).

<b>Phase</b>	<b>Key tasks</b>	<b>From - to</b>
1. Approval phase	<ul style="list-style-type: none"> <li>• Secure necessary approvals for funding – grant, debt</li> <li>• Firm up design and layout</li> <li>• Source construction contractors and firm up contracts</li> </ul>	March 2009 to November 2009
2. Construction phase	<ul style="list-style-type: none"> <li>• Undertake construction (timeframe based on Quantity Surveyor advice)</li> </ul>	November 2009 – November 2010
3. Pre-opening phase	<ul style="list-style-type: none"> <li>• Test all business and operating systems</li> <li>• Test all infrastructure</li> <li>• Undertake promotional activities</li> <li>• Develop detailed operational plan</li> <li>• Confirm pricing structure</li> <li>• Negotiate agreements with outsourced service providers</li> <li>• Negotiate agreements with various stakeholder and target user groups</li> </ul>	December 2009- January 2010
4. Opening milestone	<ul style="list-style-type: none"> <li>• Launch and opening day</li> </ul>	January 2011
5. Ongoing operations	<ul style="list-style-type: none"> <li>• Implement Operational Plan</li> <li>• Undertake periodic reporting to Council</li> </ul>	January 2011 onwards

**A Southern Midlands Council organisation structure**



## **B Oatlands Pool current arrangements**

### **B.1 Price schedule**

		2007-08	2008-09 (Recommended)
<b>Season Ticket</b>	Family	\$75.00	\$80.00
	Adult	\$45.00	\$50.00
	Child	\$35.00	<b>\$40.00</b>
<b>Daily Tickets</b>	Family	<b>\$10.00</b>	\$10.00
	Adult	\$4.00	\$4.00
	Children	\$3.00	\$3.00
<b>Complex Hire Fee:</b>	All supervised \$35 per hour (out of hours)	\$40.00	

### **B.2 Opening hours**

The opening hours for the existing Oatlands Pool during its operating season from 15<sup>th</sup> December to 15<sup>th</sup> March.

- **Opening hours during School Terms (Monday to Friday):** 3.00 p.m. – 6.00 p.m.
- **Opening hours during School Holidays** 11.00 a.m. – 7.00 p.m
- **Opening hours on Weekends** 11.00 a.m. – 7.00 p.m.
- **Opening hours on Public Holidays** 11.00 a.m. – 7.00 p.m.
- **Closed Christmas Day and New Years Day**

## C Centre conceptual design

- 1 45 car spaces
- 2 Secure walkway at
- 3 Courtyard
- 4 External pool area 1
- 5 Public toilet
- 5A Public Toilet - boat
- 6 Tree-ed walkway fr
- 7 Air lock
- 8 Seating
- 9 Foyer
- 10 Multi Purpose floor
- 11 Reception
- 12 Office
- 13 Cafe
- 14 Sitting
- 15 Wading pool - 9m
- 16 Pool 25m x 8 lanes
- 17 Tiered seating

