

EUROBODALLA SHIRE COUNCIL

PUBLIC FORUM

All members of the community who have registered have been advised that they have a **maximum of seven minutes** to put their case.

Ordinary Meeting of Council on **24 August 2021**

| Name | Subject/Comments |
|--|--|
| Public Forum – 9.30am | |
| Lei Parker | CAR21/016 Fees and Charges - Operating the Bay Pavilions |
| David Grace (Presenting) and Maureen Searson | CAR21/016 Fees and Charges - Operating the Bay Pavilions |

Presentation to Council Public Forum by Lei Parker Aug 24th 2021

CAR21/016 FEES AND CHARGES - OPERATING THE BAY PAVILIONS

Councillors,

You are being asked to approve a staff recommendation that the draft Fees and Charges for the operation of the Bay Pavilions be placed on public exhibition for a period not less than 28 days.

To adopt that recommendation it suggests that you consider the fees to be adequate to meet the projected operational cost of the facility.

In the report the staff advise:

“the proposed fees and charges will influence the potential revenue that the Bay Pavilions will generate. These fees and charges have also been used by Otium Planning Group to establish a business model for the facility and these have been further applied by the contract operator to provide Council with a forecasted revenue and expenditure for operating the facility over the next 5 years.”

*“In accordance with these forecasts, which have been based on the proposed fees and charges presented in this report, **Council has established an ongoing operational budget for the management and operation of the Bay Pavilions.**”*

You are informed that **THE fees and charges** were initially developed by Otium Planning Group in preparing an updated business model for the management and operation of the Bay Pavilions in mid 2020.

NOTE this carefully Councillors – **THE fees and charges** before you today were *initially developed by Otium.*

Otium provided you with a business case for a \$46 million complex in 2017.

MACKAY PARK, BATEMANS BAY
REGIONAL AQUATIC & ARTS/ CULTURAL
PRECINCT - BUSINESS CASE

That Business Case was used to prove to you (and grant authorities) that the projected incomes and anticipated expenditures of the Batemans Bay Regional Aquatic and Arts Centre were financially viable.

That business case described patronage numbers and projected incomes based on notional entry fees.

That business case suggested that there would be 127,276 in the first year attending the aquatic centre. This represents 348 people per day, every day of the year. They projected \$1,090,349 income from aquatic turnstiles in the first year that equates to \$8.50 per visit. They did warn however that the expenditure of the aquatic centre would be \$1,506,594 in the first year. That is a projected loss of half a million dollars in a year. You were informed of this via that business case.

It also told you that in the first year you can expect 38,720 patrons to the theatre enjoying 12 performances per year. They advised an expected annual income for Year One at \$286,414 but clearly told you that they anticipated an expenditure of \$599,176. A loss of \$300,000 per year with 12 productions.

Alarm bells starting ringing in the community when they saw these figures. The community presented their concerns to you and you chose to do nothing. The Otium Business Case was for a \$46 million dollar building. You were presented with the glaring anomalies. You did nothing.

When cornered on these figures Council staff advised that they had an UPDATED business case. It was a secret Business Case. So secret in fact that Council wouldn't even release it for scrutiny to the Office of Local Government. Council continues to refuse to release it under GIPA requests from the public.

When specifically asked for the new "Updated Business Case" Council has responded saying:

Council identified an overriding public interest against disclosure of some of the requested financial information. The overriding public interest consideration against disclosure of that information remains relevant while tender processes are yet to be concluded for the appointment of contractors relating to the BBRAALC, and while grant funding payments for the BBRAALC project remain forthcoming.

However, after all tender processes are concluded, contractors are appointed, and all grant funding agreements and payments have been finalised, the overriding public interest against disclosure of the financial information will no longer be relevant.

This means that the community has no option but to trust the staff report before you that speculates that the proposed fees will cover the required income to meet the *ongoing operational budget for the management and operation of the Bay Pavilions*.

I remind you that staff advise you:

“In accordance with these forecasts, which have been based on the proposed fees and charges presented in this report, Council has established an ongoing operational budget for the management and operation of the Bay Pavilions.”

This same report clearly advises you on page 39...

Theatre and Performing Arts

The Bay Pavilions provides a performing arts area, including a 500-seat theatre, a rehearsal studio (112m²) and green room (59m²).

The proposed pricing of hiring the theatre is comparable to other regional theatres of a similar scale. The pricing also considers a reduced rate for community performances and events. In addition, there is an option of hiring facility staff to assist in running a performance or event.

Might I remind you that there are only 350 seats. The report says:

“The proposed pricing of hiring the theatre is comparable to other regional theatres of a similar scale.”

Does this mean that your expected revenue for the theatre is based on 500 seats? With gross errors like that what can the community trust of the due diligence that needs to be applied to the affordability by the community of this project?

Councillors, Otium Planning Group are the same consultants who advised you in 2017 that we would have 348 people every day of the year through the pool turnstiles and that there would be 57,408 general memberships.

Otium did however state in their Disclaimer:

Readers should be aware that the preparation of this report may have necessitated projections of the future that are inherently uncertain and that

our opinion is based on the underlying representations, assumptions and projections detailed in this 'point in time' report.

There will be differences between projected and actual results, because events and circumstances frequently do not occur as expected and those differences may be material.

Presently the projected visitations are ONLY known to you via the "updated business case" that is not publicly available.

Presently the projected operating costs are ONLY known to you but the public can not scrutinised these.

The only assurity the public has that these projected incomes and expenditures balance, without a need for considerable annual subsidy from the ratepayers is via the statement within the report by Council that says:

"Council's independent Audit, Risk and Improvement Committee has been briefed on the financial details of the project throughout the process."

I remind Council that you were recently advised, in this chamber, that the *Audit, Risk and Improvement Committee was not fully briefed on the finances of the project as they could not be provided with all financials due to "commercial in confidence"*.

In fact, in this chamber, Council Phil Constable, a member of that committee, asked for a deferral of the vote to commit to \$19 million to pay for the shortfall in this project so that the Audit, Risk and Improvement Committee could be briefed, and their informed advice received.

Council advises us that the funding for the facility's operation and maintenance will come from within the existing Council budget with *"Other potential income streams such as the sale/lease of the Visitor Information Centre, Batemans Bay Community Centre and the former Bowling Club site are subject to review and approval through Council."*

In 2017 the estimated burden of the proposed \$46 million facility was \$2.1 million per year being a projected loss of \$900,000 per annum in turnstyle/overhead losses and an estimated depreciation of \$1.2 million per annum.

Council has before them the proposed fees that will translate into an anticipated income. That income projection can only be based on anticipated patronage. What patronage Councillors? Show us the figures.

The report says “ ***In accordance with these forecasts**, which have been based on the proposed fees and charges presented in this report, Council has established an ongoing operational budget for the management and operation of the Bay Pavilions”.*

What forecasts?

With no public scrutiny of any of your figures you are now asking the community to trust that the proposed fees, in accordance with forecasts by who, and by what assumptions, will substantially meet the running costs of the facility to lessen any financial burden to ratepayers.

The Audit and Risk committee has not scrutinised the updated business case. They have not scrutinised the forecasts. They have not been made aware of the “*ongoing operational budget for the management and operation of the Bay Pavilions*”.

I remind you of the concerns that the Office of Local Government offered on 13th July 2020. I remind you that this communication was knowingly withheld from you prior to your vote to commit to the project and award the tender.

OLG notes that, factoring in all costs, the built facility is projected to operate at a loss for the first 10 years of operation. Council must be satisfied of the community demand for the facility, as proposed, and the ability to subsidise the facility from the General Fund. Council should also consider the potential adverse effect of the current COVID-19 pandemic on the projected revenue of both the built facility and Council.

If you can not assure the community that you have scrutinised the business case, measured and accepted the methodology of the forecast and scrutinised the projected operational costs including depreciation to then commit an affordable budget then how can you put these fees out to the public for comment given they have no access to the business case that forms the base for all of the presumptions.

Presentation CAR21/016 David Grace and Maureen Searson

Good morning Councillors.

The Agenda for today's meeting for proposed fees and charges for the Bay Pavilions states 'through detailed analysis the proposed fees and charges are comparatively affordable but also allow the facility to be financially sustainable in years to come.' I am very concerned that the proposed fees and charges will not be affordable for many people in the Eurobodalla.

Before recent events the Eurobodalla had high unemployment and youth unemployment rates, unaffordable rents, housing affordability and growing rates of homelessness. The Otium Planning Group Aquatic Strategy 2017 notes -'the significantly lower incomes compared to NSW and higher levels of socioeconomic disadvantage, suggests residents' access to aquatic and leisure programs and services may be price sensitive.' Noted also in the 2017 Otium Aquatic Strategy is that the Eurobodalla is a tourist destination with a strong tourist sector. However this was before the 2019/2020 black summer bushfires and the ongoing Covid-19 pandemic that currently has no end.

Did the detailed analysis provided by Otium and council staff factor in the ongoing and significant financial and social hardships that many small businesses, the local workforce and many families are still facing after the 2019/2020 black summer bushfires and the ongoing covid-19 pandemic?

What is the cost benefit for potential users of the Bay Pavillions and how affordable are the proposed fees and charges?

For example the cost of hiring a swimming lane at \$42 per hour for use 5 days a week as regular swimmers do would be \$210. While some people swim in groups and could share this cost, bearing in mind that a larger group will now have to hire more than one lane. The cost for many people would be prohibitive.

Following are some responses -

'Ulladulla have recently put their pool entry up to \$6.30. But in addition to the year round indoor 25 metre pool, you also get access to the outdoor 50 metre pool in the warmer months, at no extra charge.'

'Well I will not be going at those prices or taking grandchildren. How many families will not be able to afford these prices? How many children will not learn to swim?'

In relation to a day pass for the waterslide - It will cost '\$140 to take my husband and our 6 children on a water slide.'

The Agenda states the 'proposed pricing of hiring the theatre is comparable to other regional theatres of a similar scale.' While all of NSW is impacted by Covid-19 did Council compare other regional theatres in other bushfire affected areas?

The Agenda states 'the proposed fees and charges will influence the potential revenue that the Bay Pavilions will generate. These fees and charges have also been used by Otium Planning Group to establish a business model for the facility.' In a letter dated July 2020 the Office of Local Government noted that the Bay Pavilions 'built facility is projected to operate at a loss for 10 years.' Are the proposed fees and charges based on compensating for the projected operational loss and running the facility for profit or based on what is affordable for the community?

The Council has the opportunity in the exhibition period to show that it is capable of real consultation and agreement with the community it serves. It needs to put into practice its Community Engagement Charter which says "Engagement is a two way street. We will be: transparent, proactive, available, genuine and consistent". Engagement begins with listening and listening ensures that those making decisions that affect our everyday lives do not exist in a bubble of their own knowledge and ideas.

Eurobodalla Labor candidates want to know how you have calculated the proposed fees and charges for the Bay Pavilions and will all community members be able to afford to use it? We do not want to see individuals and families in the Eurobodalla being excluded because they cannot afford to use a facility they have helped pay for.

David Grace and Maureen Searson