

An aerial photograph of a swimmer in a pool lane. The swimmer is wearing a white cap and a dark swimsuit, swimming away from the camera. The pool has blue lane lines and a yellow lane line. The water is clear and blue.

77 PENINSULA
7 LEISURE

ANNUAL REPORT 2018

DELIVERING VALUE FOR FRANKSTON

INSPIRING THE COMMUNITY

ENSURING EXCEPTIONAL CUSTOMER
EXPERIENCES



The Chair's Report

Peninsula Leisure continues to lay important foundations to deliver, grow and sustain our value to Frankston City Council for the benefit of all our stakeholders.

Operating in a highly competitive environment means it is imperative we remain future-focused and build on our recent successes, by continuing to look at the business through our deep understanding of our customers and their future needs. One example: we have invested significantly in our digital services, designed to keep PARC, and in turn Peninsula Leisure, at the top of our game, enabling us to continue delivering innovative products and services of a quality our customers and members have come to know us for.

As a leader in the management of fitness and leisure assets that offer exceptional customer service and experiences, we understand the value of attracting, developing and retaining talented people. Key to our success is ensuring a great workplace, with a true values-based culture. As a leading independent operator, this enables us to create new and specialist job opportunities for the region as we grow.

Creating value for Frankston is at the heart of our purpose. Through the facilities we manage at PARC and Pines, and the programs and services we deliver in and for the community, we build economic and social value in all that we do.

Put simply, satisfied customers underpin our strong financial performance, which in turn allows profits to be reinvested for ongoing customer and community benefit.

By driving best practice in customer experience, Peninsula Leisure continues to lead the industry, as evidenced by receiving eight industry awards in our short history, including the prestigious Aquatics & Recreation Victoria Facility Management Award this year.

Such a focus continues to translate into more engaged customers and members as measured by our visitor numbers, which continue to grow year on year, despite the impact of a temporary and well-managed pool closure at PARC leading into the December period.

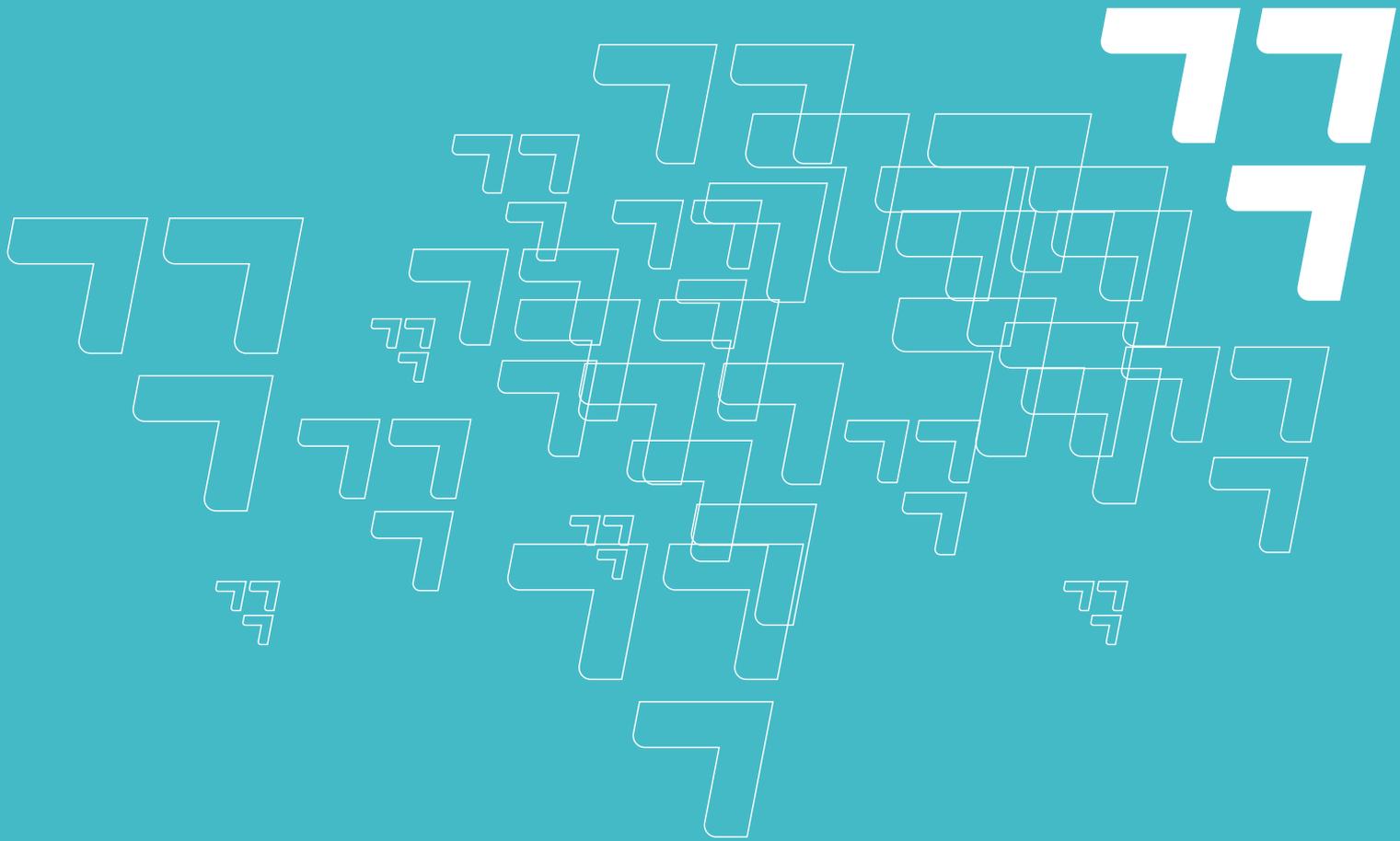
Peninsula Leisure's financial result was exceptional given the 59 days of pool closure, which saw the company deliver a modest one per cent revenue growth across the period and \$320,000 allocation to reserves for future PARC Asset Management renewal.

I take this opportunity at the end of another successful year, to thank our members and customers, our exceptional Board and Management team and the wider Frankston community for celebrating in our success and valuing the broader benefits we deliver.

Finally, I thank our shareholder, Frankston City Council, for their vision in establishing Peninsula Leisure to create value in Frankston, for Frankston.

ROSEANNE HEALY





SUMMARY

STRATEGIC VISION	4
KEY COMPANY INITIATIVES	5
THE YEAR IN REVIEW	16
MESSAGE FROM THE CEO	20
FINANCIAL REPORT	21

PENINSULA LEISURE
ANNUAL REPORT 2018
ABN 30 160 239 770

77 PENINSULA
7 LEISURE

VISION / EVERYONE HAS THE OPPORTUNITY TO BE ACTIVE

MISSION / INSPIRE COMMUNITIES TO ENGAGE IN PHYSICAL ACTIVITY

PURPOSE / TO CREATE VALUE FOR FRANKSTON

STRATEGIC VISION



COMMUNITY



INNOVATION



GROWTH

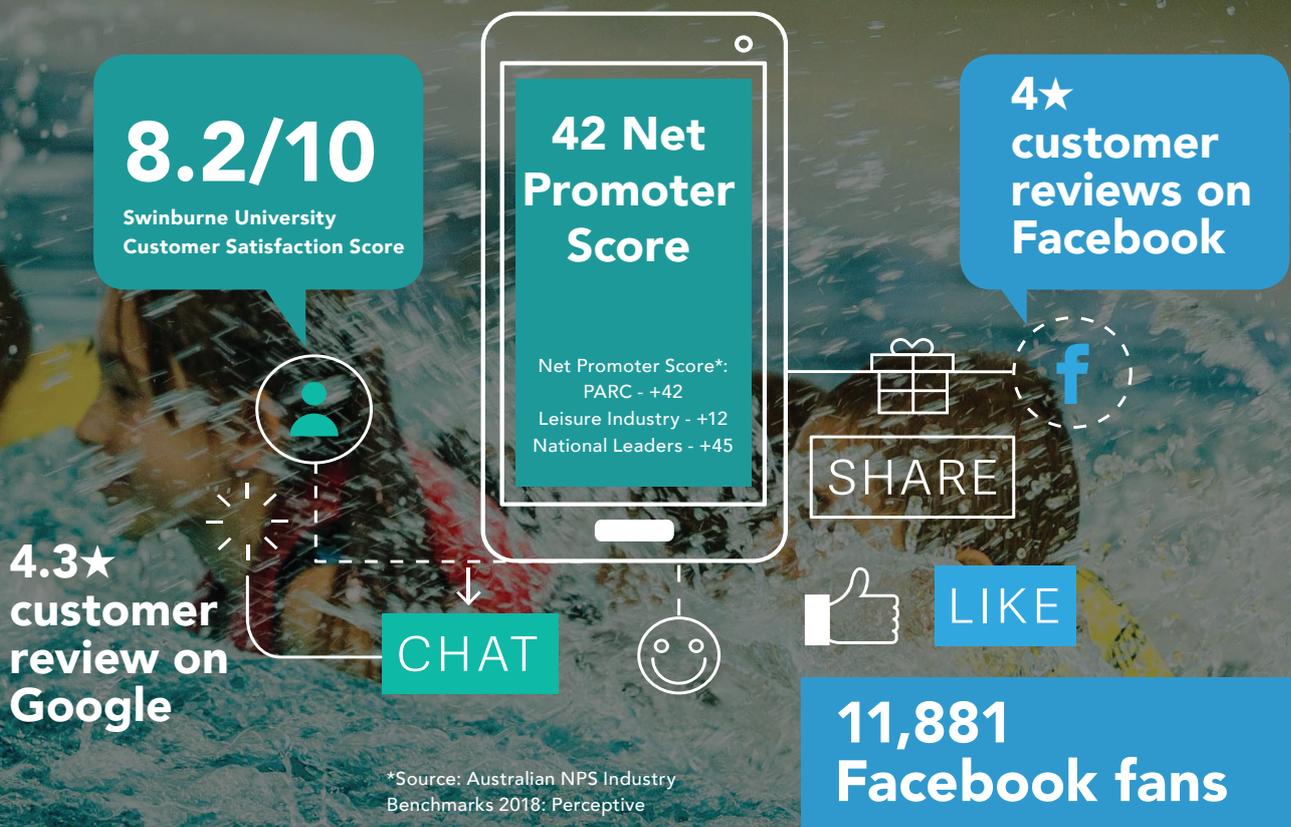


PEOPLE

Delivering exceptional customer experiences is a key part of our value proposition. We are proud of the value we have created for the local community as reflected by our strong member satisfaction results and market-leading Net Promoter Score. Insights are essential to a customer-first business, so we focus on collecting member feedback, assessing and continually improving.

When our members told us that we were lacking digital functionality, this inspired an extensive technology audit from which we designed our own market-leading digital platform to deliver distinct and personalised experiences.

We will introduce the first of the digital touchpoints to members early FY2019, including online self-service, multi-channel booking capability and a new user-friendly website with virtual tours.



INNOVATION

CREATING MEMORABLE EXPERIENCES



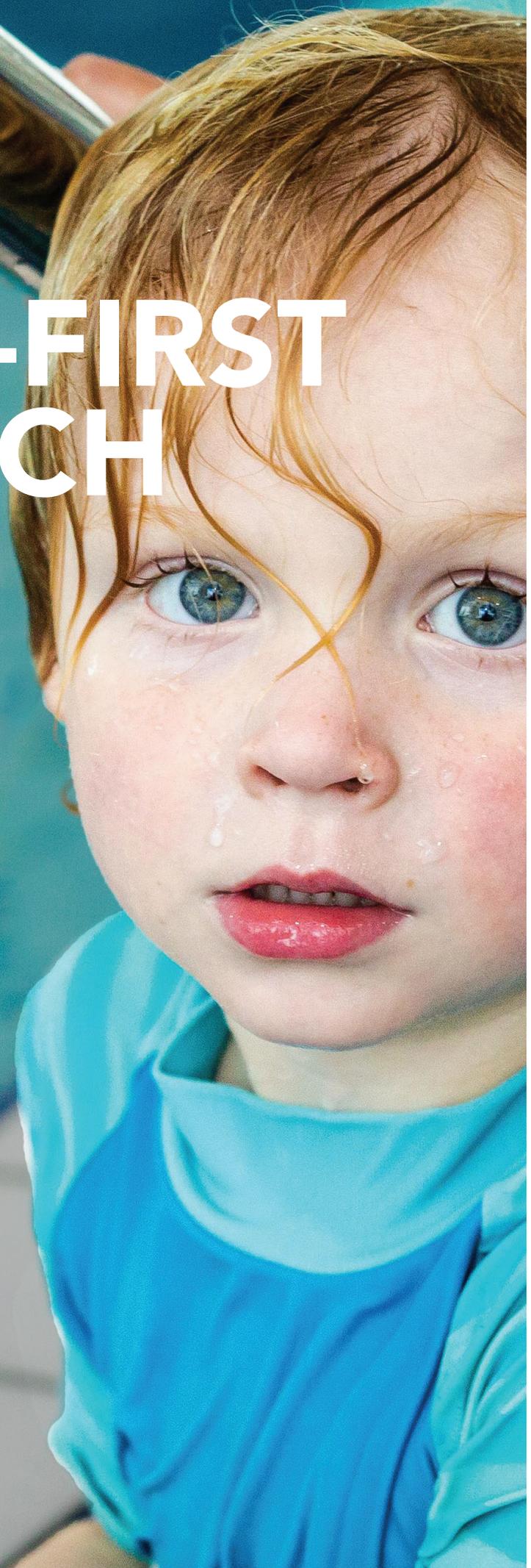
COMMUNITY

WORLD-FIRST RESEARCH

Peninsula Leisure, along with Frankston City Council has committed to ensure every child in Frankston can swim. So, in late 2016 we partnered with Deakin University to undertake a world first study that researches the best mode of teaching children to swim that enables skill retention over time, with a goal to inform our future approach on how to best teach children to swim and retain their learning. The results will contribute valuable insights to our community to ensure enjoyment in aquatic environments in and around Frankston, while helping to prevent unnecessary drownings.

Early results from nearly two years of testing with 740 children suggest there is limited retention of swimming skills from students who participate only in short term school-based programs. In some schools, up to 76 per cent of grade five and grade six students are unable to swim 50m.

Further testing is underway, due to conclude in December 2018. A full report is due to be released in April 2019 and will be available to help inform swimming programs for varied schools and organisations across Frankston and Nation-wide.



To reinvigorate the Pines Forest Aquatic Centre and further engage the local community, Peninsula Leisure applied our expertise and insight to the latest tech-driven innovations in the leisure industry to develop and introduce the first digitally-activated action sports centre to Frankston. The action sports centre would be a world first, world-class destination where people of all ages and athletic capabilities will be able to ride, scoot or skate all while connecting to a digital app that will enable visitors to view, share and learn from their performance data. Discussions with Council and the Victorian Government are ongoing and the project will remain a focus in FY2019.



TRANSFORMING FRANKSTON



LEADING THE WAY



INNOVATION

We are leading the industry by implementing the latest programs and technology across our facilities, allowing for health and fitness goal tracking, convenience of online booking and a significant investment in maintaining the greatest equipment and programs to elevate the customer experience.

We offer more than 300 group fitness classes, including instructor-led and virtual. We provide members with convenient and flexible booking options via our mobile app, website, in centre or through our social channels, all powered by our proprietary digital platform.

In our pursuit of establishing PARC as the most connected club in Australia, we've made a significant investment to replace 95 per cent of existing gym equipment with state-of-the-art connected strength and cardio equipment

to ensure members can track their goals and performance.

We recognised early that the fitness industry is increasingly moving towards functional training, i.e. building strength to support everyday activities, and more people are using wearables to track and analyse their data for performance. We have combined these insights to develop a PARC Fit app that connects our members directly to digitised gym equipment, providing a comprehensive snapshot of their activities, goals and gym programming, all of which they can track to make it easier to meet their health and fitness goals.

By offering the latest innovations in equipment and programming, we're responding to changing customer interests and exceeding their needs throughout their journey at PARC.





Peninsula Leisure's people strategy enables us to meet our objectives in attracting, retaining, engaging and developing outstanding talent, while in turn providing Frankston with appealing places to work.

Underpinning this strategy is our value-driven culture that is focused on people, innovation and delivering for the Frankston community. We are passionate about building a workplace that embraces diversity, collaboration, accountability, creativity and critical thinking.

Our annual staff engagement survey helps us understand our employee needs to ensure we have the right mechanisms in place to create a highly effective and genuinely engaged team. In our FY2018 survey, our staff described working at PARC as friendly, flexible, supportive and team orientated.



PEOPLE

EMPOWERING OUR PEOPLE



ENGAGING THE COMMUNITY

Our community engagement strategy is central to our vision that 'everyone in Frankston has the opportunity to be active', and a tangible demonstration of our valuable contribution to the community's wellbeing. While access to facilities can be prohibitive, we aim to ensure this is not a barrier.

In FY2018, we contributed to the community's health and wellbeing every day, providing:

- Free access valued at nearly \$400,000 (\$718,000 since opening)
- Heavily subsidised PARC memberships for many local residents experiencing financial hardship
- Free mental and physical health community programs, including community yoga on the Frankston Foreshore, and new programs with the Frankston South Community Centre and the local Returned Services League

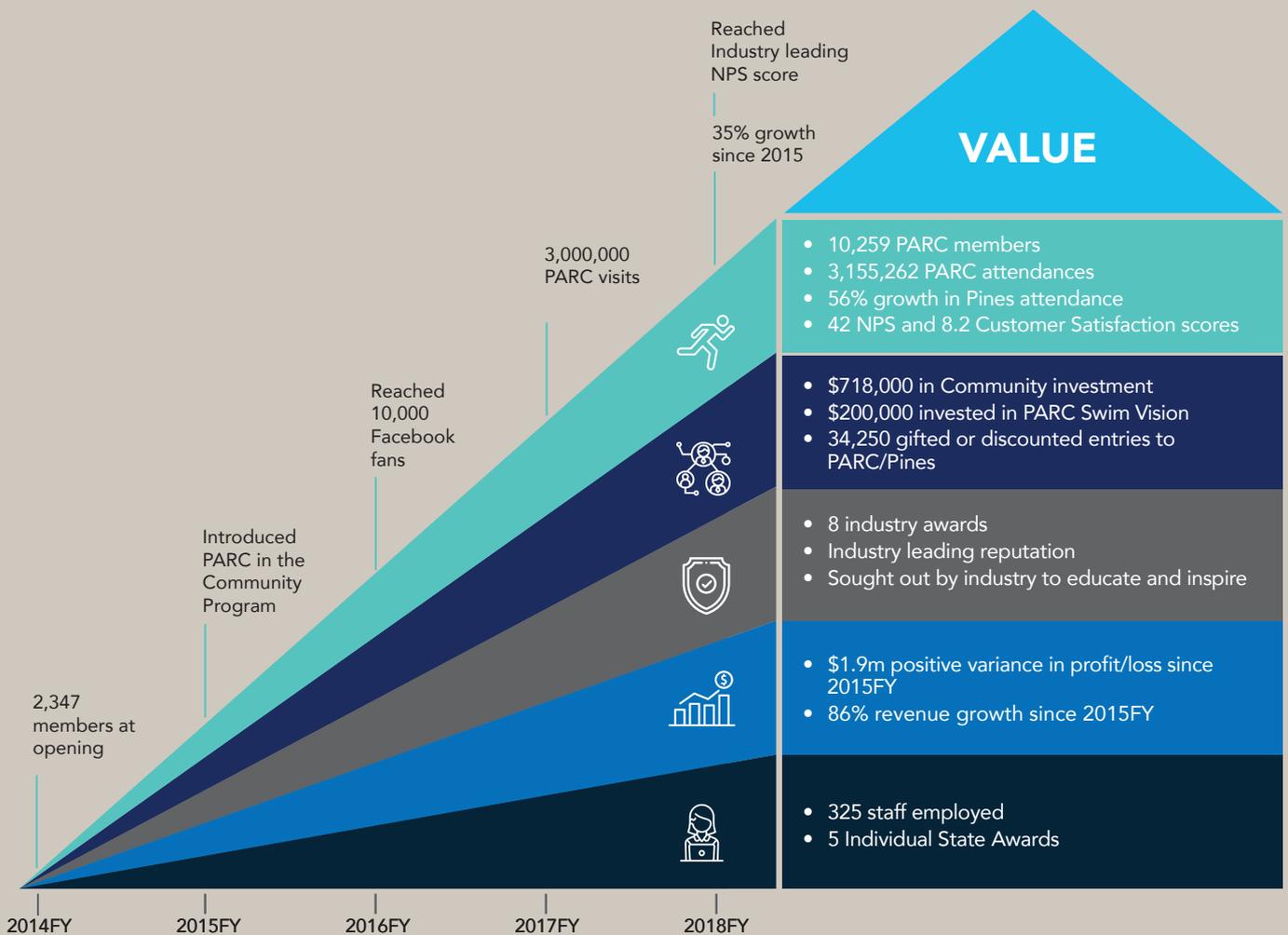
WE REMAIN FOCUSED ON ACTIVATING **FRANKSTON**





COMMUNITY

ADDING VALUE TO THE LOCAL COMMUNITY



Peninsula Leisure is intently focused on adding value back to the Frankston community. In a matter of 4 years we have managed to build a strong, highly engaged community base and been recognised as a leader in the industry.



GROWTH

WE REMAIN FOCUSED ON CREATING VALUE

Our business model was built to enable a reciprocal flow of value, so that the value we create for Frankston is reinvested in PARC, Pines and the community to facilitate a cycle of continuous community and customer benefit. This increasing value cycle has been in effect since opening PARC in 2014, with its growing impact a clear demonstration of Peninsula Leisure's competency and success.

We enact great fiscal responsibility on behalf of Frankston City Council, with profits generated

from PARC provisioned to reserves to ensure funds are available to reinvest and maintain the facility as a leading leisure destination.

Through consistent delivery of great customer experiences and success in programming and facility management, Peninsula Leisure has been recognised as an industry leader winning numerous awards.







INNOVATION

LEADING THE INDUSTRY

In the years since opening PARC and Pines, Peninsula Leisure has first met and then exceeded industry benchmarks related to both costs and customer visits. These metrics are reflective of our strong financial management and institution of best practices in customer experience.



Source: knowyourcouncil.vic.gov.au

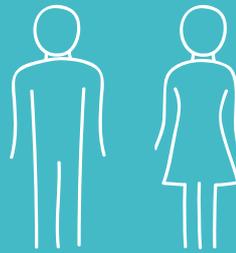
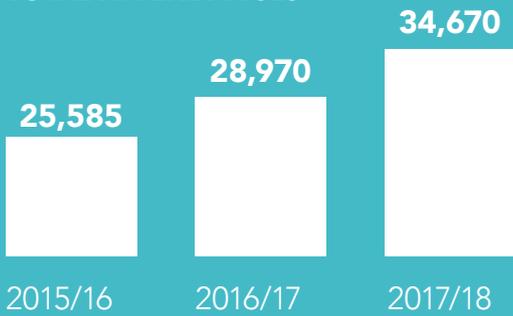
THE YEAR IN REVIEW. THE PINES FOREST AQUATIC CENTRE

+19.7%

Increase on the previous year
(total attendance)



TOTAL ATTENDANCES



+35.3%

increase since 2015



2017/18 Aquatics and Recreation
Victoria prestigious Facility
Management (Seasonal) Award



Casual attendances.
12,344

+8%

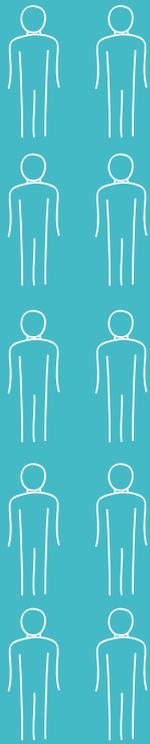
increase from 2017

+56%

increase since 2015



Nearly 10 per cent of total annual attendance



1,776

FREE!



Family Friday program provided free access to local families.



We opened Pines two weeks ahead of schedule this fiscal year to reflect the PARC pool closure. This provided both PARC members and residents an option to continue their exercise regime and allowed us to trial aqua-classes over the summer period, which was a great success.



EARLY!

2 WEEKS



PARC ATTENDANCE

Total members
10,246

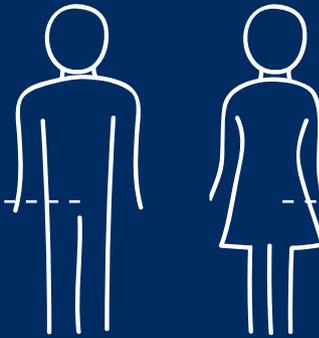
876,379

CENTRE
ATTENDANCE

MEMBER
DEMOGRAPHICS

42% Male

58% Female



\$11.4m

TURNOVER

6%
New member increase

+10%

FULL ACCESS
MEMBERSHIPS

+12%

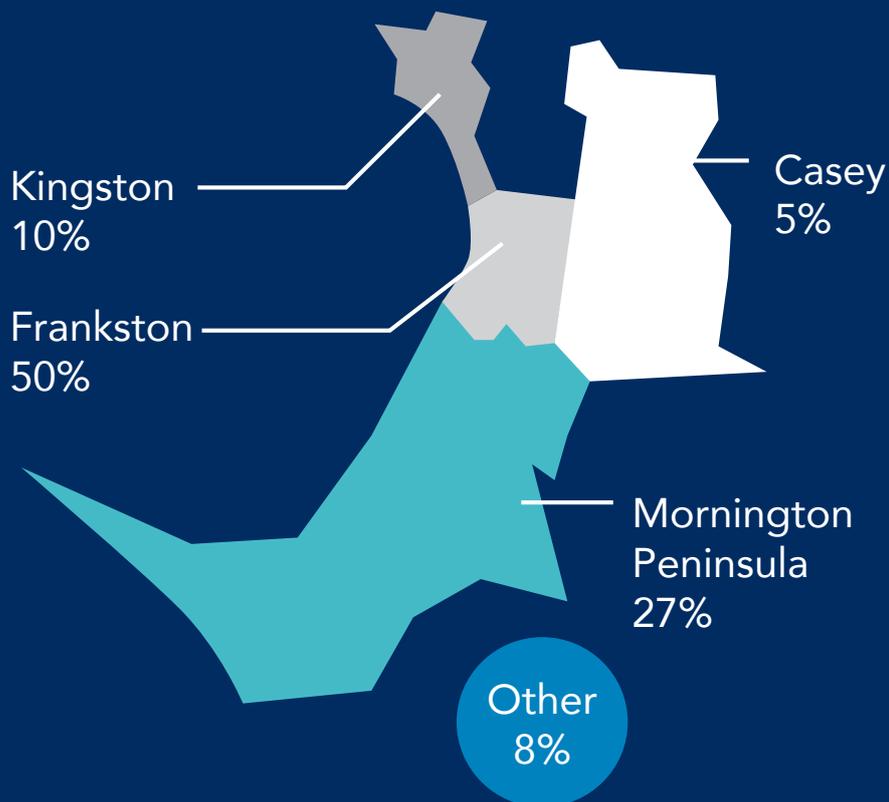
AQUATIC
MEMBERSHIPS



Aquatic & Recreation
Victoria Swim
Teacher of the
year 3 out of
4 years



EMPLOYEE RESIDENTIAL LOCATION BY MUNICIPALITY

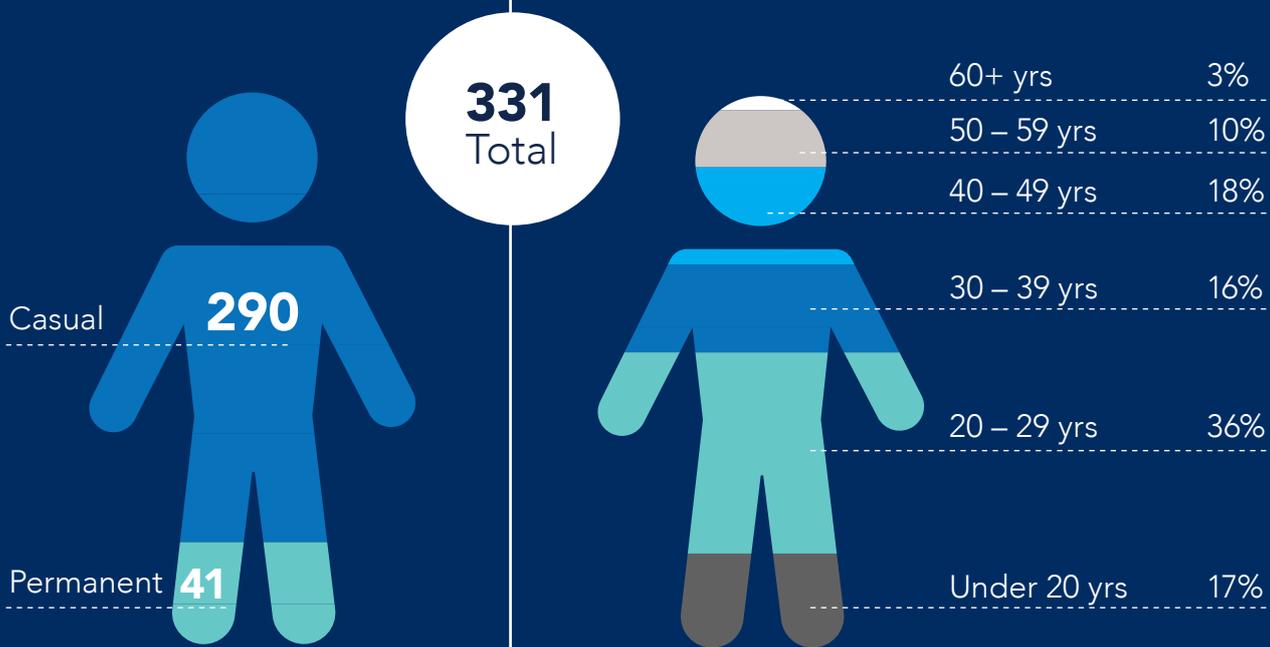


STAFF BY MALE/FEMALE



NUMBER OF STAFF

AGE OF STAFF





The CEO's Report

Management's focus at Peninsula Leisure is to continue to activate Frankston and its wider community.

We work to provide value to Frankston City Council's regional leisure strategy by being an innovative leader in programming, facility management and major project design and delivery.

We are driven to lead our industry by becoming champions for enhanced customer experience, which includes improving our digital offering to better reflect our members' increasing online connectivity.

Our capabilities to deliver against our vision were well-tested through the 2018 financial year, particularly with the challenge of an unscheduled pool closure at PARC for a significant part of the summer season.

In response to the closure, we opened Pines early, executed a concise and clear communications plan with transparency and honesty to keep customers and community informed at every step, and - despite the obvious inconvenience of the closure for so many peoples' routines and preferences - generated deeper customer satisfaction through our actions.

PARC closed the financial year with membership up six per cent at 10,246 active members, and Pines continued to develop as a favoured destination for families and groups.

It's this notion of driving great experiences for the community that motivates our people and energises the vision for community activation.

On behalf of the entire Peninsula Leisure team, thank you to our Board for their continued leadership, to our staff for their commitment and Frankston City Council for their ongoing support.

For those in the Frankston community who have yet to experience PARC and Pines, we invite you to join us.

TIM GLEDHILL



**77 PENINSULA
7 LEISURE**

T +61 3 9781 8444

PENINSULA LEISURE PTY LTD
ABN 30 160 239 770

PENINSULALEISURE.COM.AU