

8. LEISURE UNIT FINANCIAL REPORTING AND PROJECTION TO 30 JUNE 2000

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Corporate Plan Output: Leisure Unit	

The purpose of this report is to inform the Parks and Recreation Committee of the Leisure Unit's financial position and projections to 30 June 2000. Due to the implementation of the Council's new accounting system (FAMIS) we are unable to provide actual operating expenditures to 31 March 2000. The projections made to 30 June that were tabled at the April meeting are still valid at this point.

OVERALL POSITION

- Projected additional funding requirement to 30 June 2000 is \$674,000 or 6% of operating.
- Unit operating projections, excluding QEII are 1% above estimate.
- QEII Pools and Hydroslide revenue is projected to be down by \$194,000 (25%). (This is similar to leased pools and outdoor pools over Summer.)
- Swim Academy/Learn to Swim will not meet projected incomes.
- Stadium maintenance and preparation for high profile events was committed early in the financial year. While the use of the facility is relatively high, recoveries for the remainder of the year are from local activities. (Revenue projections too high by \$60,000.)
- New Gyms opened during year. Revenue targets will be met. However, operating costs/service levels require review.
- Increased grounds development and increased usage has resulted in additional grounds expenditure.
- Revenue Targets for 2000/2001 Annual Plan reduced to better reflect actual revenues being achieved.

CHANGES IMPLEMENTED IN UNIT TO REDUCE IMPACT OF ADDITIONAL FUNDING REQUIREMENT

- Outdoor pools were closed earlier than normal to reduce impact of poor Summer.
- Four staff vacancies have not been filled.
- QEII building maintenance staffing levels have been reduced to a minimum.
- Team Leaders of remainder of Leisure Unit have been requested to provide additional savings.
- Additional accounting support for QEII has been engaged from within the Council's Financial Services Unit.
- Learn to Swim/Swim Coaching operation is being reviewed.

SUMMARY

As Councillors are aware, QEII has undergone some dramatic change in recent years which has been necessary due to years of lack of maintenance and due to the vision of its manager. Ongoing maintenance has been a nightmare with basic work often proving more difficult due to the construction of the building. Unrealistic revenue targets have been reduced for the 2000/01 year as patronage is expected to be hindered by the redevelopment. It should also be noted that requests by the Unit for increased entry fees have been declined by Committee.

A series of programmes have been put in place to re-address the budget issues at QEII – this includes a 15 point financial review being undertaken in partnership with Financial Services. This includes a review of most financial and accounting systems. While the rest of the unit is within Council guidelines, team leaders have been asked to where possible reduce expenditure to assist the overall outcome.

The financial report and projections to 30 June are attached.

Chairman's

Recommendation: That the information be received.