

ANNUAL REPORT



PENINSULA LEISURE
ANNUAL REPORT 2017
ABN 30 160 239 770

**77 PENINSULA
7 LEISURE**

WE ARE

Peninsula Leisure. A company focused on activating and engaging the community of Frankston by creating experiences that enhance health and wellbeing, encouraging social engagement. With a specific focus on sports, recreation and leisure, our commitment to quality, innovation and customer service underpins our reputation for excellence.



CHAIR'S REPORT

“Peninsula Leisure is increasingly recognised as a leader and innovator in the leisure, aquatics and recreation industry”

I am pleased to present Peninsula Leisure’s 2017 Annual Report, which demonstrates once again the Company has exceeded its targets, and done so while providing exceptional customer experience to the people of Frankston and surrounding communities.

We know superior customer experience is ever more important for business success, and over the past year have given significant attention to innovation in technology and digital engagement to enhance the customer experience, provide immediate community benefit and deliver long-term commercial success.

Sustaining the performance of the Company requires a focus on continuous improvement, quality of assets, innovation, our people and technology. This focus is amply demonstrated throughout this Annual Report.

Peninsula Leisure’s vision is that everybody has the opportunity to be active, and this can be seen in action at Peninsula Aquatic Recreation Centre (PARC), a state-of-the-art facility with talented, passionate staff and loyal, satisfied members.

At our second major facility, the Pines Forest Aquatic Centre, our work to boost community engagement, attendance and participation included reducing prices by up to 25%, and opening the centre for free with a BBQ dinner every Friday night. We will continue to collaborate with government and sporting bodies to develop the Pines precinct to ensure it delivers great value to the local community.

Total Company Net Profit for the year to 30 June 2017 was \$387,856, with gross income increasing by nearly 15% and profit against budget showing 195% positive variance. Underpinning this outstanding result was a combination of strong membership growth and overall expenditure control.

At PARC, Peninsula Leisure has achieved the financial sustainability target set by our shareholder, Frankston City Council, two years ahead of schedule with an increase of 17.7% in PARC’s Net Profit year-on-year. All profits are reinvested back into the facility to ensure its long-term maintenance and high-performing culture continues. This long-term financial sustainability for PARC is essential to ensure there is no draw on local ratepayer funds to support this community asset.

I thank our forward-thinking Board, our exceptional management and staff, our contractors and volunteers, and most importantly our visitors and members who have so warmly embraced PARC since opening three years ago.

Lastly, I acknowledge the support of our shareholder, Frankston City Council, with whom we work to deliver outstanding results for the benefit of the Frankston community.

ROSEANNE HEALY
CHAIR, PENINSULA LEISURE

CEO'S REPORT

"It was certainly the year of Innovation at PARC as we were again honoured – for the third year running - by Aquatics and Recreation Victoria, winning the state's Innovative Program Award for Splashy McSplash Town"

Peninsula Leisure strives to deliver exceptional experiences to members and visitors at PARC and the Pines Forest Aquatic Centre, utilising our expertise in aquatics, recreation and leisure to inspire communities to engage in physical activity.

At the heart of the Company's business strategy are four "strategic enablers" that guide our direction.

We've presented this Annual Report recognising progress against the four enablers of Talent and Culture; Community Activation and Engagement; Innovation; and Customer Experience.

Our intense focus on our values and vision means we offer the people of Frankston a premier aquatic, fitness and fun PARC in a safe, welcoming, innovative and memorable environment.

PARC finished the financial year with 9,692 active members, a 9.4% growth year-on-year and 901,329 visitations, a 12% growth year-on-year.

At the Pines Forest Aquatic Centre our determination to engage all sectors of our community means meeting the needs of a diverse membership and user base. Reduced pricing and free community events are just a few examples of how we ensure our facility is accessible to every community member, regardless of circumstance or need.

Our workforce is more than 300-strong, a diverse, dedicated team who want to deliver their best for our members and visitors.

It was certainly the year of innovation winning the state's Innovative Program Award for Splashy McSplash Town. This was a Victorian first activity and has developed quickly into a high demand and much loved school holiday program.

We also launched Australia's first light and sound waterslide, the Python, during the April 2017 school holidays, which saw more than 11,000 people attend the centre during this period.

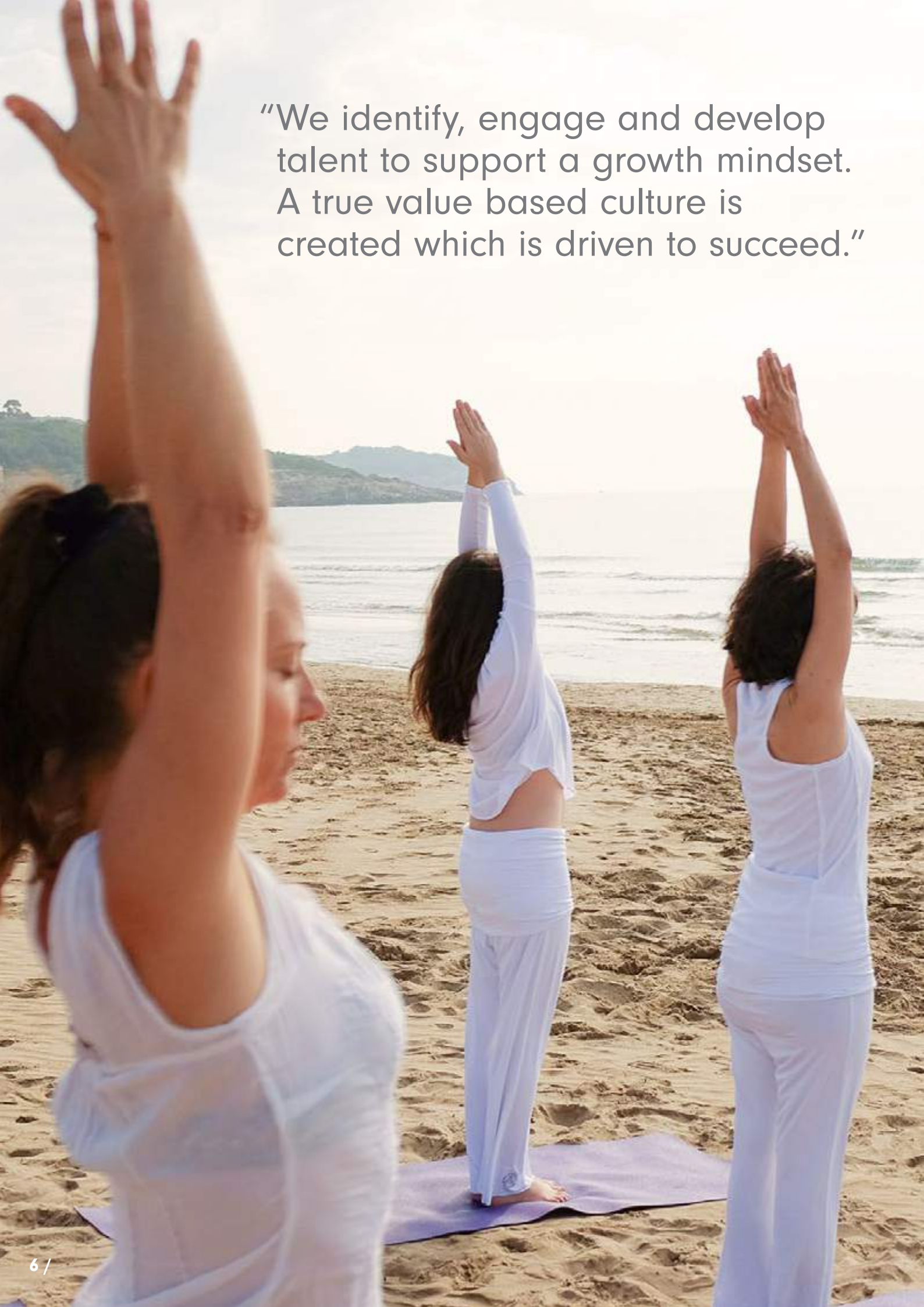
The year also laid the foundations for heightened member engagement to ensure members are active contributors to the evolution of our centre programming and our digital offering with an end goal to be able to customise experiences to member and visitor needs.

On behalf of all Peninsula Leisure staff, I thank our Board for their vision, support and guidance; and to our staff, volunteers, members and wider community, I say thank you for your commitment to our shared success.

TIM GLEDHILL
CEO, PENINSULA LEISURE PTY LTD



TALENT AND CULTURE

A photograph of three women practicing yoga on a sandy beach. They are all wearing white long-sleeved tops and white pants. Their arms are raised high, with their hands clasped together or held straight up. The background shows the ocean, waves, and a hazy sky. The overall mood is serene and focused.

“We identify, engage and develop talent to support a growth mindset. A true value based culture is created which is driven to succeed.”

With more than 300 staff, Peninsula Leisure is a major regional employer, and in the 2017 financial year, the Company further established its credentials as a destination employer and an industry leader in our region and beyond.

Peninsula Leisure staff are supported with access to Flexible Work Programs, Paid Parental Leave, an Employee Assistance and Counselling Program and an assurance of Equal Employment Opportunity, not least reflected in the equal gender balance of our senior leadership team.

We work in a business that supports community wellbeing, and place strong emphasis on the physical and mental wellbeing of our people. Amongst our staff are qualified Mental Health First Aiders, and all staff are Cardiopulmonary Resuscitation (CPR) trained.

We celebrate success, recognise performance and encourage results. We do this through a number of initiatives including annual staff award events, the PARC 100 awards - a peer-to-peer recognition program - and earning accolades in our industry.

In these pages, we recognise and celebrate outstanding achievements by Peninsula Leisure staff in the 2017 financial year.

VICTORIA'S NUMBER ONE

PARC Swim Instructor Alyssa Danger was named Swim Teacher of the Year at the 2017 Aquatics and Recreation Victoria Awards, noted for her extensive preparation, positive attitude and dedication to her work.

Alyssa is a former primary school teacher who found her new career as a swim teacher and a senior Deck Supervisor at PARC.



A FIRST FOR LIFESAVING VICTORIA AND PARC

Nyajema Jang is 24 and her brother, Andrew, is 17 - and both are lifeguards qualified through an innovative partnership with PARC, Lifesaving Victoria and the Lord Mayor's Charitable Foundation.

The pair completed their first swimming lessons at PARC after arriving in Australia as refugees from South Sudan, and are now on the pool deck keeping PARC patrons safe.



REWARD AND RECOGNITION

Peninsula Leisure's Reward and Recognition Program calls out outstanding team members, whose passion is noted by peers, members and visitors.



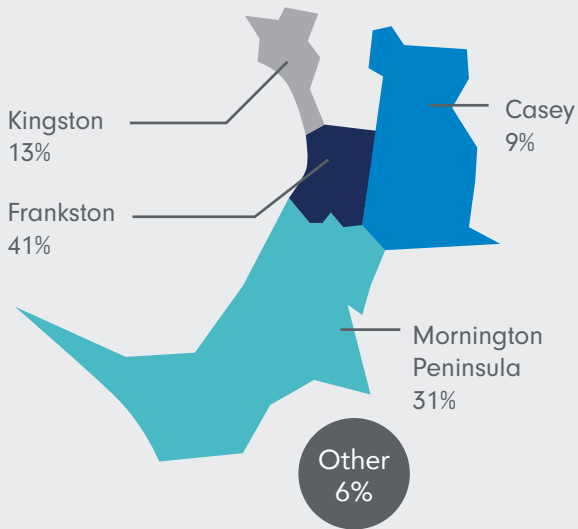
2017 PARC STAFF AWARD WINNERS

- | | |
|---------------------------|-----------------|
| Most Valuable Employee | Nicole Ross |
| Swim Teacher | Alyssa Danger |
| Lifeguard | Scott Clark |
| Duty Manager | Peter Burnley |
| Group Exercise Instructor | Bethany Jackson |
| Personal Trainer | Christine Rich |
| Membership Sales | Nicole Ross |
| Customer Service | Bree Martin |

OUR STAFF /

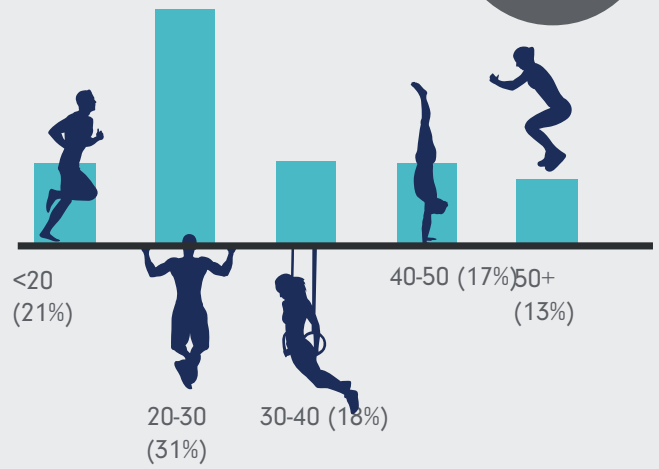


WHERE DO THEY COME FROM?



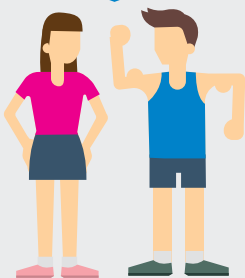
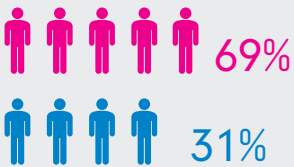
AGES OF STAFF

STAFF
311



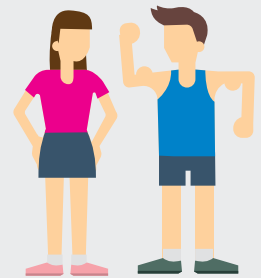
CASUAL STAFF
TOTAL 273

GENDER BREAKDOWN?



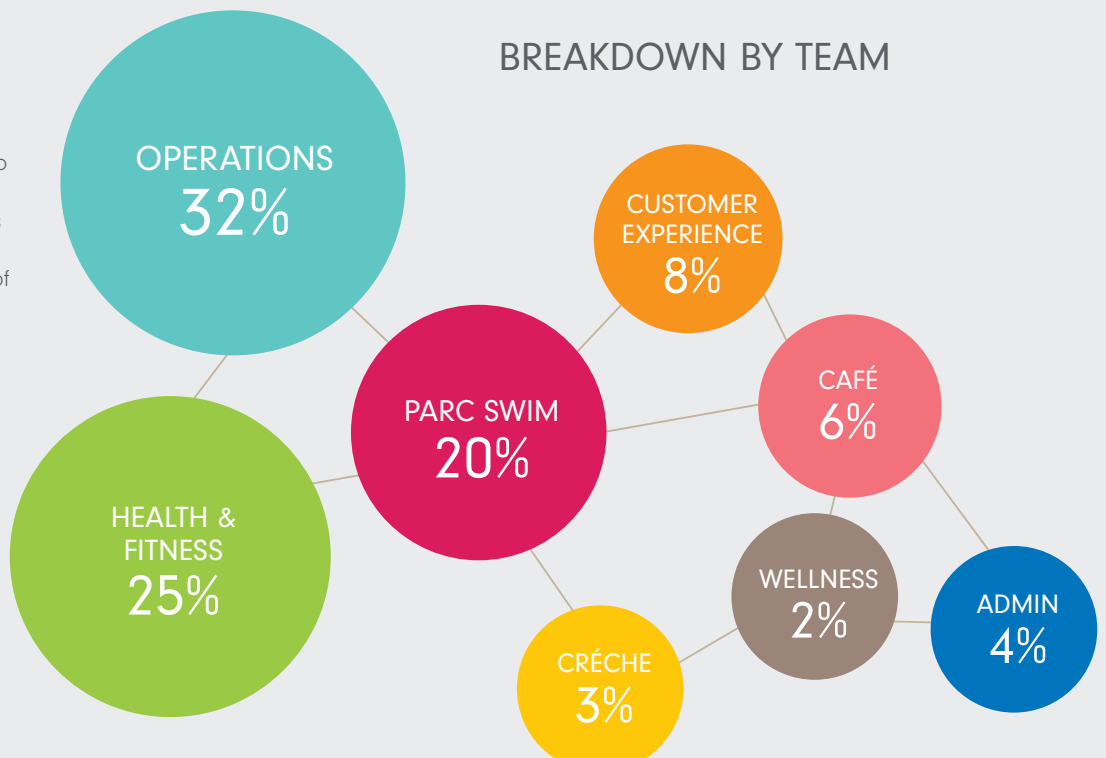
PERMANENT STAFF
TOTAL 38

GENDER BREAKDOWN?



41% of people who work for Peninsula Leisure live in the Frankston City Council local government area, and for this reason - among others - we work hard to hire local people who are great ambassadors for our business and understand the needs of our local community.

BREAKDOWN BY TEAM



It's our responsibility to provide a safe and healthy environment for everybody who uses PARC and the Pines Forest Aquatic Centre, including our staff, contractors, members, guests and volunteers.

Our expectation of safety performance excellence means staff, contractors, members, guests and volunteers are empowered to identify hazards so Peninsula Leisure can take action to reduce risk and prevent injury or illness.

The Company's Occupational Health and Safety Management System (OHSMS) is aligned with the Australian and International Standard that enables a continuous improvement cycle.

A photograph of two women in a swimming pool, smiling and leaning on the edge. The woman on the left is wearing a blue swimsuit and a blue swim cap. The woman on the right is wearing a black swimsuit and a black swim cap. The background is a blurred indoor pool setting with lights and structural elements.

COMMUNITY ENGAGEMENT AND ACTIVATION

WE AIM

To give back to the Frankston community by educating and transforming the way people think about health and wellbeing.



Peninsula Leisure works to connect individuals and communities through aquatic and physical activity in a safe, welcoming, innovative and memorable environment.

We design highly-specialised programs backed by evidence-based research, among these the PARC Swim Vision - a world-first collaboration with Deakin University with a goal to ensure everyone 'can swim', and our Child Safety initiatives.

Further community foundations laid over the 2017 financial year will yield future dividends with the design and implementation of programs to support an ageing population and people at risk, to enhance social inclusion and assist with creating healthier, more active living.

Peninsula Leisure programs are designed to meet the needs of our community, developed in consultation with community groups to ensure all ages and abilities have access to these facilities.

Through the 2017 financial year, the value of Peninsula Leisure's collective re-investment in community totalled more than \$250,000.

Activities included supporting more than 100 local clubs and community groups through fundraising and donations, free community access to PARC for those in need, the backing of the PARC Swim Vision Program and community activation of local sponsorships.

PARC SWIM VISION, A WORLD-FIRST

Peninsula Leisure's simple but very challenging goal is to ensure every member of the Frankston community can swim.

PARC Swim Vision is an ambitious partnership between PARC and Deakin University, a world-first research project examining how best to influence a child's swimming ability.

Existing research shows 40% of Australian children cannot confidently swim 50 metres by the time they leave primary school. PARC is working with Deakin University to identify the best method of teaching swimming to children to ensure long-term skill retention.

The research is centred on four study groups:

1. Children who do not participate in any form of swimming lessons
2. Children who participate only in a school swimming lesson program
3. Children who participate in private ongoing weekly lessons
4. Children who do both two and three above

The study commenced in February 2017 with children in each group having their swimming abilities tested at PARC and all groups returning to PARC for further testing, with results expected to be peer-reviewed and published globally in 2018.

Along the way, Deakin University will continue to collect and collate data for a program that's drawing significant interest from government and non-government organisations - but will in the first instance, inform how we ingrain water safety and skills in the community of Frankston.

CHILD SAFETY, A COMPREHENSIVE PROGRAM

Peninsula Leisure is a child safe organisation and is deliberate in acting to protect children from physical, sexual, emotional, psychological and cultural abuse, as well as neglect.

Child protection is embedded in the Company's culture, values, policies and procedures, and compliance with Child Safety Standards is mandatory for employees, contractors, volunteers, members and guests.

A Child Safe Policy, a Statement of Commitment to Child Safety, has been developed as well as a Code of Conduct that delivers clear expectations for appropriate behaviour with children.

“We are currently well in to in the data collection phase of this highly anticipated world first research.

There is significant interest in this study from a range of government and non - government organisations”

Kate Moncrieff, Course Director, Bachelor of Health & Physical Education, Deakin University





INNOVATION

“We define best practice as challenging the norms not to agitate but rather to innovate.”

At Peninsula Leisure we set out to think differently from others like us, to explore ways we can continually improve customer experiences and re-imagine traditional practices of the leisure, aquatics and recreational industry.

In the 2017 financial year, innovation by Peninsula Leisure included an industry first approach to Watch Around Water, a Life Saving Victoria program. While many aquatic facilities only implement the basic requirements of this program, Peninsula Leisure has taken the bold step to go beyond the requirements to also include children between the ages of 10-13 years. This was well received by the local community and has challenged the industry to ensure a safer environment for children around water.

Further innovation over the year can be seen in program and facility design, where the Company is consistently changing what's available to members and visitors to keep them enthusiastic and motivated, encourage casual or first-time visitors, and provide a new reason to experience PARC or the Pines Forest Aquatic Centre.

A stand-out example is Splashy McSplash Town, recognised by Aquatics and Recreation Victoria as the most Innovative Program for 2017, a Victorian first and now a much-loved school holiday program at PARC. Splashy McSplash Town is a 19m x 19m giant inflatable obstacle course specially designed for PARC's 50-metre pool, and was named after a popular vote by the PARC community on Facebook. Since its introduction in September 2016, more than 20,000 people have enjoyed Splashy.

Through the financial year, Peninsula Leisure continued to develop a more complete customer experience, including establishing PARC Nutrition, a new health service now available free to new and existing health and fitness members providing nutritional advice, meal plan support and body composition measurements.

In addition to this, In-body scans allow members to monitor their health and fitness progression at a more scientific level, including muscle mass and body fat percentages.

A group of women in a gym performing a step aerobics class. The women are wearing athletic wear and are captured in motion, stepping up and down on a wooden floor. The background shows a large room with windows and a projector mounted on the ceiling.

CUSTOMER EXPERIENCE

“We aspire to the highest level of customer service delivering exceptional experiences to our customers.”

Much of our innovation at Peninsula Leisure is designed to be at and ahead of industry best practice by continually improving our customer experience.

Even over the course of a year, the Frankston community and our customer base will change and evolve. So must we, by implementing the ‘discover, plan, act and optimise’ strategic approach.

We analyse and understand customers’ journeys by using regular feedback mechanisms, including customer satisfaction surveys, consumer research and social media monitoring.

To ensure deep understanding of customer satisfaction levels, Peninsula Leisure continued a partnership with Deakin University to complete four member surveys over 12 months. The surveys engaged with more than 40% of PARC members and casual visitors. Members recorded a satisfaction score of 8.1 out of 10, while the casual visitors’ experience score was 7.7 out of 10.

For the year, more than 90% of PARC members reported they were ‘satisfied’, and described PARC using words including ‘fun’, ‘friendly’, ‘clean’ and ‘great’.

The customer feedback has informed initiatives including more group exercise classes, new equipment, additional change room allocations and improved member communications, as well as new programs such as POWERZONE30 and a free group personal training session, PARC FIT.

We design centre programs with a goal to create new experiences for our visitors, so that each time they visit there is something different and exciting, last year these activities included the launch of Splashy Mc Splash Town, PARC Beach, and the now famous PARC Jungle with the launch of Australia’s first light and sound waterslide, The Python.





PENINSULA AQUATIC RECREATION CENTRE (PARC)

The 2017 Financial year has been a successful year for PARC and the Pines Forest Aquatic Centre.

PARC attracted more than 900,000 residents and visitors through the 2017 financial year and now has nearly 10,000 members.

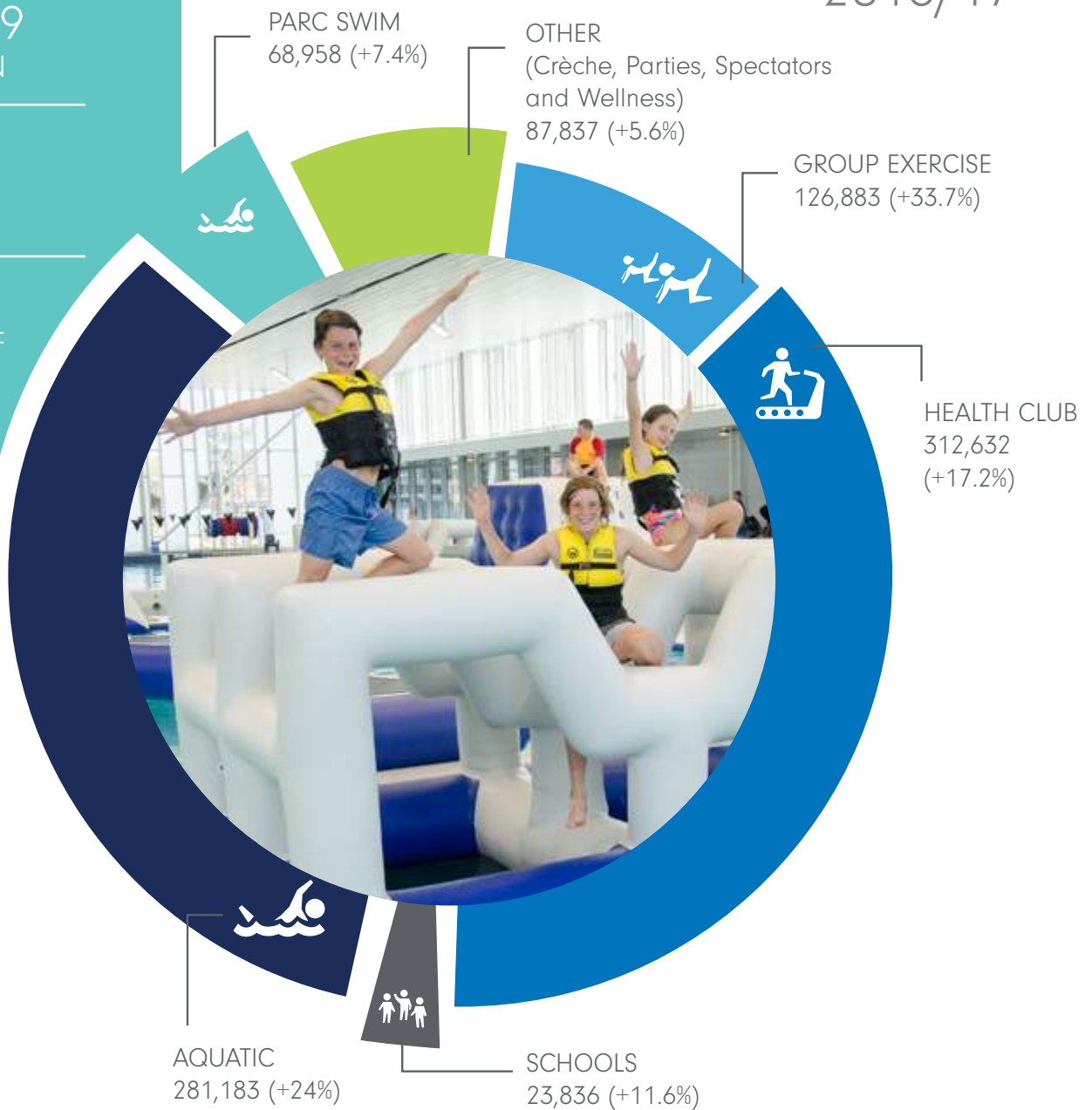
2016/17

OUR RESULTS
VISITATION BREAK-DOWN

901,329
VISITATION

↑ UP BY
12%

↑ 33,000
AHEAD OF
TARGET





PARC services and programs include a Wellness Centre, a Warm Water area with sauna and steam room, a Cafe, Crèche and state-of-the-art gym.

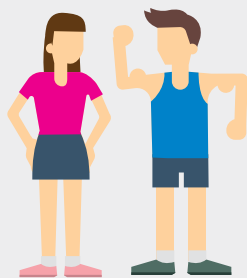
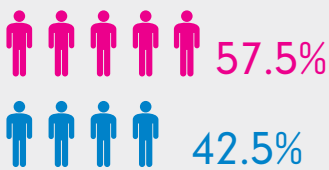
PARC SWIM MEMBERSHIPS
2,725 (+1.8%)

HEALTH & FITNESS TOTAL MEMBERS
5,693 (+13.7%)

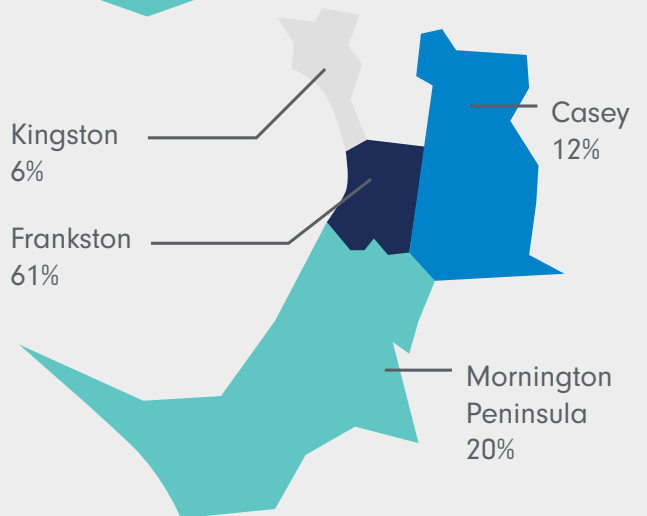
AQUATIC MEMBERSHIPS
1,274 (+8.6%)

WHO ARE OUR MEMBERS?

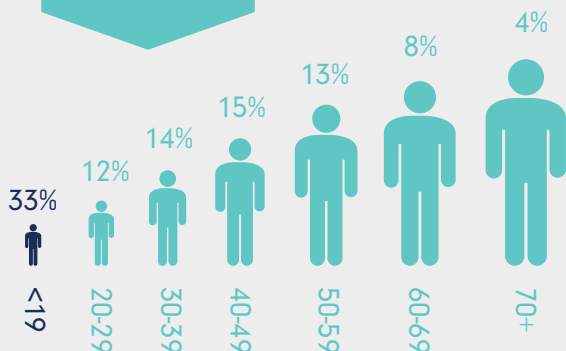
GENDER BREAKDOWN?



WHERE DO THEY COME FROM?



AGE OF MEMBER?



PARC HEALTH AND FITNESS /

PARC members can select from more than 190 group exercise classes per week, with the introduction of POWERZONE30, a 30 minute group HIIT class on the gym floor, and Sprint, a 30 minute HIIT-style spin class.

The outdoor running program PARC FIT Run and Aqua HIIT have been added to the timetable through the year, along with additional reformer classes to meet increased demand, plus three additional Senior Fit classes a week.

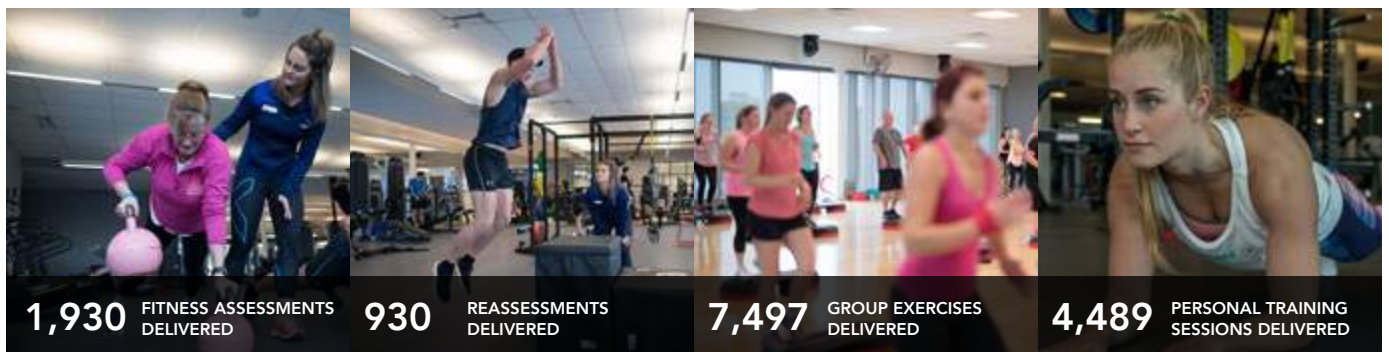
PARC FIT continues to run through the winter months and Summer PARC FIT attracts five teams of 40 for a total 200 people.

Our 8 Week Challenge, a 5 - on - 1 small fitness group, has been an outstanding success and was born from customer demand, this was piloted in 2017 and has now become a staple PARC program, popular due to the affordable cost and the high focus on support and results.

Nearly 70 pieces of cardio equipment are now available to members at PARC's state-of-the-art gym, including treadmills, cross trainers, bikes, rowers, arm grinders and the newly introduced skillmills and stair climbers.

Each piece of cardio equipment features touch screen technology, virtual training, and simple log-in access through MyWellness, allowing members to access their personalised training program. All cardio machines include entertainment experiences through internet access, TV and games.

Members also have access to more than 50 individual pin and plate loaded strength machines along with functional training equipment including kettle bells, TRX, power bags, battle ropes, plyometric equipment and much more.



PARC SWIM /

PARC Swim is the Mornington Peninsula's leading learn-to-swim program, offering small, age-appropriate classes, with each child receiving 44 lessons per year and free access to the pool, adventure playground and waterslides. This program was considerably expanded through the 2017 financial year to meet customer needs.

PARC is an AUSTRALIAN SWIMMING (AUSTSWIM) recognised centre with gold status and all teachers hold an AUSTRALIAN SWIMMING Teacher of Swimming and Water Safety Licence.

Membership is designed to encourage each child's ongoing practice of set skills, where more practice leads to faster progression. PARC Swim guarantees progression within 30 weeks - non progression within this time gives the child the opportunity to participate in a second weekly lesson for free until progression occurs.

Children are continually assessed and moved up to the next class level when they have met the required standard.

The online PARC Swim portal allows parents to track their child's progress via a secure, personalised account.

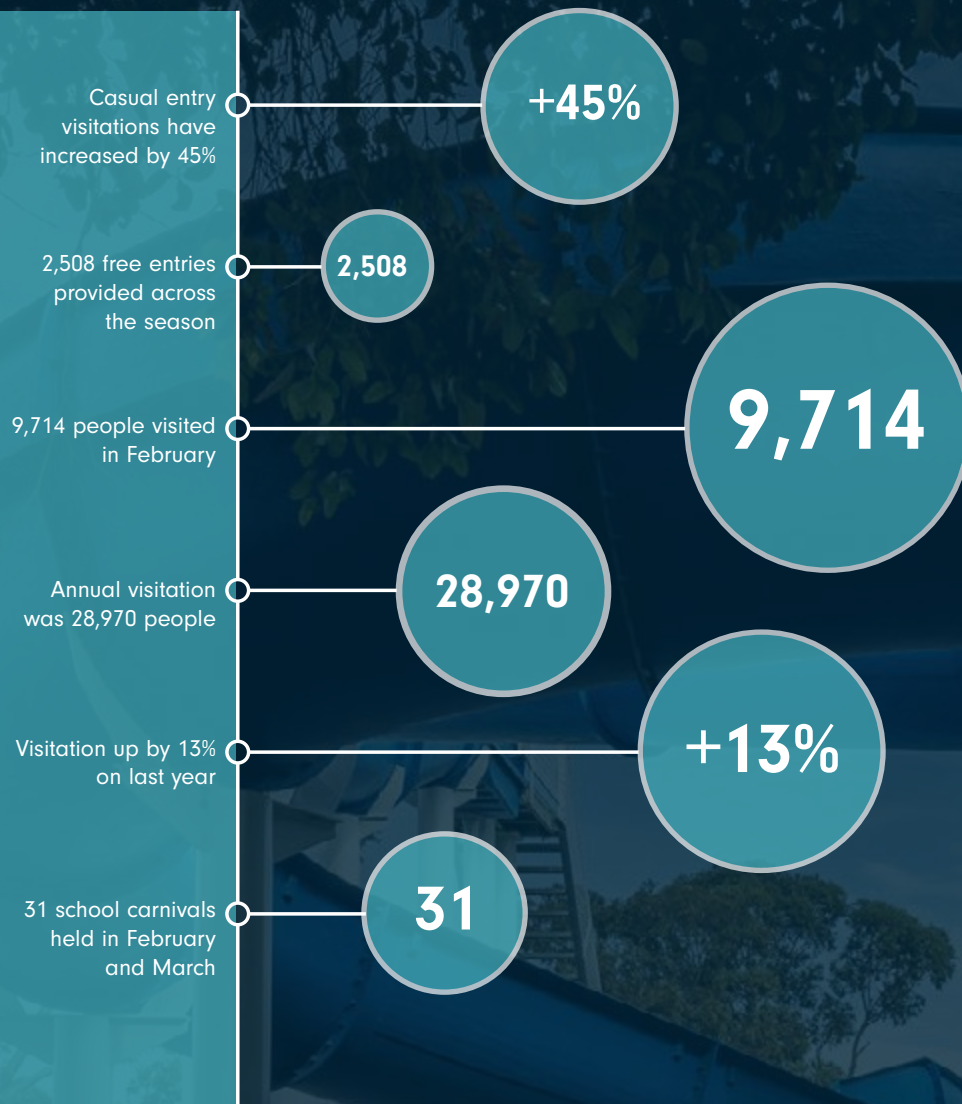
Saturday morning is the busiest time at PARC Swim with 441 students in 104 classes taught by 13 teachers over a four hour timeslot. Pool deck supervisors clock up more than 10,000 steps on a Saturday morning.

PARC's Swim Manager is often sought after to present at industry state and national conferences due to program knowledge and innovative approach, and is a member of the Victorian AUSTRALIAN SWIMMING State Advisory Committee.



THE PINES FOREST AQUATIC CENTRE





The Pines Forest Aquatic Centre has been under the management of Peninsula Leisure since 2015, and has continued to be more accessible and affordable for the local community, particularly in Frankston North.

Management made a deliberate decision to activate the North Frankston community using the Pines Forest Aquatic Centre as a place to socially engage. We offered a range of free community programs which resulted in over 2,500 free entries with the most popular program being the Free Family Fridays initiative which attracted more than 1,500 people.

In November 2016 the Pines Forest Aquatic Centre commenced another successful initiative to encourage facility use and create memorable experiences.

This included a 20% reduction in the overall entry price and the introduction of new events and promotions, including a 2-for-1 entry special and a pool inflatable during summer.

Having learnt from the first year of operations, Peninsula Leisure invested over \$30,000 to upgrade and merge the kiosk and reception area for accessibility, resulting in a 34% increase in kiosk sales for the season.

This improved customer service, innovative programming and well-recognised investment in the local community has achieved excellent results for the Pines Forest Aquatic Centre across the last 12 months.

In the 2017 financial year the recorded visitation rates were more than 13% above the previous financial year.

The decision to reduce pricing and focus on delivering a strong community engagement strategy has seen the Pines Forest Aquatic Centre flourish and a local business transformed.

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7 LEISURE**

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