

Local Government Service Delivery: Recreational Facilities

Tabled 23 March 2016.

The Auditor-General provides assurance to Parliament on the accountability and performance of the Victorian Public Sector. The Auditor-General conducts financial audits and performance audits, and reports on the results of these audits to Parliament.

On 23 March 2016, the Auditor-General tabled his performance audit report, *Local Government Service Delivery: Recreational Facilities*.

Overview

Aquatic recreation centres (ARC) function as diverse active social spaces that provide health and social wellbeing benefits.



Aquatic Recreation Centres (ARCs) function as diverse active social spaces and provide a range of social and wellbeing benefits.

ARC's include swimming pools and a range of other wet and dry facilities.

Overview – *continued*

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The audit found that:

- councils effectively engage with communities and have a sound understanding of their needs relating to ARCs
- examined ARCs are generally well planned and managed
- most ARCs are heavily subsidised and require grants for development and refurbishment.

There is a need for better evaluation of ARC related outcomes and improved strategic regional planning.

The audit found that audited councils effectively engage with communities and have a sound understanding of their needs.

Examined ARCs are generally well planned and managed.

ARC development and refurbishment is reliant on government grants and councils generally subsidise their operations.

There is a need for councils and Sport and Recreation Victoria (SRV) to better evaluate outcomes and to improve planning for ARCs at a regional level.

Background

- ARCs often incorporate facilities beyond basic pools or centres, and include a wide range of both wet and dry activities.
- The relatively low return on investment means the private sector has limited interest in this area.



ARCs have moved beyond the provision of basic swimming pools to incorporate multiple activities and facilities including spas, saunas, water play areas, child care and fitness classes.

There is a relatively low return on investment from ARCs, which means the private sector has limited interest in providing these facilities.

Background – continued

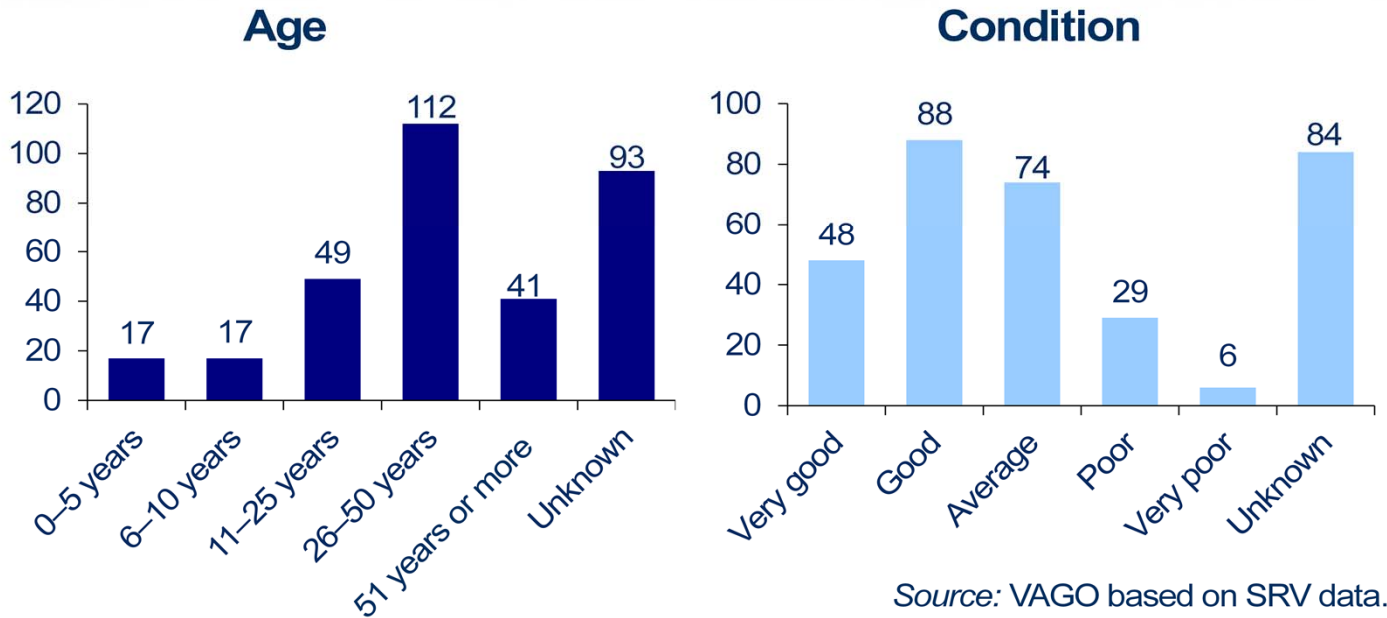
- Between 2015–16 and 2018–19, Victoria's 79 councils have planned \$933 million in capital expenditure on recreational and community facilities.
- Councils deliver these service in the context of ongoing financial sustainability issues.



Between 2015–16 and 2018–19, Victoria's 79 councils have planned \$933 million in capital expenditure on recreational and community facilities.

Victorian councils are also delivering these facilities in the context of ongoing financial sustainability issues including uncertainty about future grant allocations and the introduction of rate capping.

Age and condition of ARCs in Victoria



There are 278 council-owned ARCs spread across Victoria, as shown in Figure 1A in our report. Data from SRV's Geographic Information System database—the best currently available data—highlights some key issues shown in the graphs on this slide:

- The graph on the left shows that nearly half of the facilities are more than 26 years old, and are therefore likely to be in need of repair or upgrading in the near future
- And the graph on the right shows that the condition of 74 facilities is average and 35 are ranked as poor or very poor. The condition of a further 84 facilities is not known.

Focus of this audit

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Key areas examined

Whether:

- councils effectively identify community needs for recreational facilities and services
- ARC planning decisions are soundly based
- councils maximise value from their recreational facilities.

This audit assessed the effectiveness of local government service delivery of ARCs and assessed whether:

- councils effectively identify community needs for recreational facilities and services;
- ARC planning decisions are soundly based; and
- whether councils maximise value from their recreational facilities.

Focus of this audit

Audit scope

Sport and Recreation Victoria (SRV)	Six local councils	Survey responses
Part of the Department of Health & Human Services	City of Greater Bendigo Glen Eira City Council City of Whittlesea Mansfield Shire Council Moreland City Council South Gippsland Shire Council	VAGO survey of all councils

The audit focused on a selection of six Victorian councils and Sport and Recreation Victoria which is part of the Department of Health and Human Services.

The six audited councils were the City of Greater Bendigo, Glen Eira City Council, the City of Whittlesea, Mansfield Shire Council, Moreland City Council and South Gippsland Shire Council.

VAGO also conducted a survey of all local councils to collect ARC-related information.

Community ARC needs and council engagement

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- There is generally good community engagement.
- Audited councils demonstrate they effectively analyse and respond to community needs in relation to ARCs.
- There is a need to document the engagement process more effectively.



Mansfield Swimming Pool – photograph courtesy of Mansfield Shire Council.

Councils engage well with communities but need to document their processes better.

We found that councils have generally engaged well with their communities on ARCs using a variety of methods.

They have effectively analysed the ARC needs of their communities, and responded to needs in delivering services.

However, in some cases, there is a need for better documentation of the engagement processes.

Evaluation activities

- Audited councils do not effectively evaluate outcomes achieved from ARCs.
- Limited evidence of ARC outcomes being achieved.
- SRV's evaluation of its ARC grants programs provides limited assurance on the achievement of objectives.

Councils and SRV should improve monitoring, reporting and evaluation activities.

We also found that there is a lack of effective evaluation for ARCs. This means councils were not able to demonstrate whether they were meeting service needs and achieving councils' broader social, health and wellbeing objectives.

Councils must improve their monitoring, reporting and evaluation activities to demonstrate achievement of intended outcomes from ARCs, which is important to balancing financial and social outcomes.

Similarly, SRV needs to improve its evaluation of grant programs related to ARCs, to provide greater assurance that its grants to councils are achieving intended outcomes.

Planning and sustainability

- Audited councils generally plan well for ARCs.
- Capital replacement costs have not been included in feasibility studies.
- Most ARCs make an operating loss.
- Development and refurbishment generally relies on government grants.

Councils generally subsidise ARC costs and are dependent on grants for new developments and refurbishments.

The audited councils generally plan well for ARCs by preparing business plans and feasibility studies. However, these do not account for the capital replacement cost for ARCs.

Most ARCs make an operating loss and therefore are subsidised by councils. The capacity to levy fees and charges is not the same across councils and this impacts on the ability to fully recoup costs through user fees.

The level of subsidy also varies across different facilities within individual councils. For example, in Bendigo the Raywood pool is subsidised by its council at a cost of \$78 per visit, while across Greater Bendigo as a whole, the council subsidises each visit at an average of \$21, with some pool's subsidy as low as \$2.20 per visit.

The development and refurbishment of ARCs is also generally dependent on government grants. This creates long-term sustainability issues.

For example, the Glen Eira Sports and Aquatic Centre cost approximately \$44 million to build. The council received a \$10 million Commonwealth grant and a \$2.5 million state government grant towards its development.

Regional planning

- Limited strategic planning at a regional level.
- There is a need to effectively plan for the ageing stock of ARCs in Victoria.
- New developments potentially impact neighbouring council ARCs' financial viability.



Glen Eira Sports and Aquatic Centre – photograph courtesy of Glen Eira City Council.

SRV and councils should improve strategic regional planning.

There is limited strategic regional planning for Victorian ARCs.

The ageing stock of ARCs in Victoria heightens the need for more effective planning in the future. New facilities may also negatively impact the financial feasibility of neighbouring ARCs. For example a neighbouring council to Glen Eira has made an application to SRV for a planning grant to reassess its facilities in light of the development of the Glen Eira Sports and Aquatic Centre and other large-scale neighbouring ARCs.

Both SRV and councils should improve regional planning to limit the extent to which new facilities may impact on existing neighbouring council capacity, and to coordinate future development, particularly at a regional level.

Recommendations

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		Accept
That:		
1	Councils should improve ARC monitoring, reporting and evaluation activities so that they can demonstrate the achievement of council objectives and outcomes.	✓
2	SRV should improve its monitoring, reporting and evaluation of ARC related grants to provide assurance these are achieving intended outcomes.	✓
3	SRV should assist councils to improve regional strategic planning relating to ARCs so that developments and refurbishments are well coordinated and regional needs and impacts are appropriately considered.	✓

We made five recommendations:

1. That councils should improve ARC monitoring, reporting and evaluation activities so that they can demonstrate the achievement of council objectives and outcomes.
2. That SRV should improve its monitoring, reporting and evaluation of ARC related grants to provide assurance these are achieving intended outcomes.
3. That SRV should assist councils to improve regional strategic planning relating to ARCs so that developments and refurbishments are well coordinated and regional needs and impacts are appropriately considered.

Recommendations – *continued*

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		Accept
That:		
4	SRV should require councils to demonstrate effective regional planning to be eligible for government grants.	✓
5	SRV should, in conjunction with councils, update its recreational facilities database and drive the development of ARC regional plans for all of Victoria—which identify areas requiring refurbishment, replacement, and the development of new aquatic recreation centres.	✓

4. That SRV should require councils to demonstrate effective regional planning to be eligible for government grants.
5. That SRV should update its recreational facilities database and drive the development of regional plans for all of Victoria

SRV has accepted all recommendations and outlined actions to address them. While not all councils have provided a response for inclusion in the report, most have advised they accept the recommendation directed to councils.

The Auditor-General will monitor progress over time.

Key messages

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Councils should continue to engage with communities on ARC matters and document their processes better.

Councils and SRV should improve monitoring, reporting and evaluation activities.

Councils generally subsidise ARC costs and are dependent on grants for new developments and refurbishments.

SRV and councils should improve strategic regional planning.

This slide summarises the key messages from the audit.

Overall message

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There is need for better evaluation of ARC related outcomes and improved strategic regional planning.

In summary, there is a need for councils and SRV to better evaluate outcomes and to improve planning for ARCs at a regional level.

Relevant audits

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- *Business Planning for Major Capital Works and Recurrent Services (2011)*

Previous related audit is listed on this slide.

Contact us

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