Item 6.6
At Council
7 April 2025

Relevant Information for Council

FILE:	**X099484.010**	**DATE:**	4 April 2025
TO:	Lord Mayor and Councillors		
FROM:	Veronica Lee, Executive Director City Services		
THROUGH:	Monica Barone PSM, Chief Executive Officer		
SUBJECT:	Information Relevant To Item 6.6 – Tender – Reject and Negotiate – T-2024-1253 – Management of the City of Sydney Leisure (Active Wellbeing) Services / Exemption from Tender and Contract Variations – Management of Aquatic and Leisure Facilities – Belgravia Leisure		

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

To provide additional information in relation to Tender – Reject and Negotiate – T-2024-1253 – Management of the City of Sydney Leisure (Active Wellbeing) Services / Exemption from Tender and Contract Variations – Management of Aquatic and Leisure Facilities – Belgravia Leisure.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 31 March 2025, further information was sought on the following:

Background, detail and reasons for the decision to outsource (as per the September 2023 Council decision)

The recommendation to outsource aquatic leisure services was based on a strategic evaluation detailed in the City of Sydney Aquatic Leisure Services Management Options Evaluation Research Report (Final – May 2023). Sections 11.7 and 11.8 (pages 101–102) outline the assessment criteria, rankings and scores for the 4 management options considered.

The Council was briefed on 4 September 2023 with the strategic review outcome, recommending approval of an outsourced single operator model for an initial 4-year term, with a 2-year extension option - Section 12 (pages 103–104) of the City of Sydney Aquatic Leisure Services Management Options Evaluation Research Report (Final – May 2023). Council, at its meeting on 18 September 2023, subsequently approved the extension of the existing aquatic centre contracts to enable the tender to be undertaken.

Council's maintenance costs/responsibilities versus the contractor's (Belgravia's) costs/responsibilities

The City is responsible for the base structure and essential services of the property, including heating, ventilation and air conditioning, lifts, electrical and hydraulic systems, building fabric, and safety/compliance with building regulations. This work is primarily done by the City's property maintenance provider, Ventia.

Belgravia is responsible for the operation, specified maintenance and cleaning of the centres, including the pool structure, tiling, water quality and related plant and equipment. This includes maintaining the pool filtration systems, pumps and heating systems directly related to the pool operation. A detailed maintenance responsibilities matrix, outlining these specific responsibilities is attached.

The arrangement outlined applies to the current contracts and the proposed new contract.

How the subsidy rate is calculated

The contract operates under a net operational non-guaranteed model (fee-for-service), where the contractor collects all revenue and covers operational expenses. The City funds any difference between revenue received and expenses, representing the annual cost of the contract. If revenue exceeds expenses, the surplus is returned to the City. Quarterly financial reconciliations ensure accuracy with independently audited statements submitted annually.

Proposed future works and costings expected in the LTFP across the 6 aquatic centres

The draft 2025/26 Long Term Financial Plan includes funding for renewal and future investment in the 6 aquatic centres. The specific works and costings are under development, with the final plan to be informed by the Aquatic Centres Long Term Renewal and Investment Plan, which is due for completion in June 2025.

Wages comparison for staff at aquatic centres

As outlined in the City of Sydney Aquatic Leisure Services Management Options Evaluation Research Report (Final – May 2023), Section 6.2 (pages 46–47), the report includes benchmarking of wages and employment conditions for a range of operational staff positions, including lifeguards, swim instructors and other pool staff, as well as estimated salary rates for middle management roles.

Staffing numbers post-Covid

The staffing headcount increased from 349 in April 2020 to 593 in February 2025 primarily due to the post-pandemic recovery and the opening of Gunyama Park Aquatic and Recreation Centre in February 2021, which initially raised staffing to 494. The further increase reflects ongoing service expansion and demand growth.

Staff pay rates (as per Tender documentation)

The contract issued with the tender requires the selected contractor to comply with relevant Federal and State awards, including any amendments or agreements, ensuring fair compensation for all staff. As part of the tender documentation, the contractor must provide details on staff rates and demonstrate compliance with these awards, including Fair Work requirements.

Incident at Inverell Aquatic Centre (managed by Belgravia)

Belgravia Leisure CEO, Nick Cox, has written to the City addressing a recent incident at the newly opened Inverell Aquatic Centre, which is managed by them – see attached letter. In response to the situation, Belgravia reaffirmed its commitment to providing a safe and inclusive environment, as outlined in their Innovation Reconciliation Action Plan. They strongly refute the allegations of discrimination, clarifying that the actions taken were focused solely on ensuring the safety of all patrons.

As part of the tender process, we require the successful tenderer to outline their approach to engaging with the First Nations community and to establish an identified position dedicated to working with this community.

Belgravia maintains a zero-tolerance policy for anti-social or discriminatory behaviour and in response to the incident at Inverell continues to work closely with the local council and Elders to ensure actions align with community values.

Financial impact of lowering the entry fee to all 6 of our pools for a casual swim from their current rates (different depending on pool) to a flat fee across all pool of $7 adults / $5 for concessions. Financial impact for an entry fee of $7.50 adults / $5.50 for concessions (no change for Access cards in either instance)

To assess the financial impact of lowering the casual swim entry fees, a comprehensive financial analysis is required. This analysis is complex due to the interrelated effects on other products such as multi-visit passes and memberships. This information will be provided as part of the 2025/26 budget briefing.

Memo from Veronica Lee, Executive Director City Services

Prepared by: Collette Holland, City Leisure Services Manager

Joel Johnson, Manager City Greening and Leisure

Attachments

Attachment A. Maintenance Responsibilities Matrix

Attachment B. Belgravia Leisure Communication - Inverell Aquatic Centre Incident 21 March 2025

Approved

MONICA BARONE PSM

Chief Executive Officer