

**77 PENINSULA
7 LEISURE**

ANNUAL REPORT 2020

A MESSAGE FROM OUR CHAIR 3

OUR PURPOSE AND VALUES 4

THE YEAR IN REVIEW

PARC 5

THE PINES 6

IMPACT OF COVID 7

AN ADAPTABLE STRATEGIC VISION 8

PEOPLE 9

CUSTOMER 10

COMMUNITY 11

SAFETY 13

A MESSAGE FROM OUR CEO 14

FINANCIAL REPORT 15



THE CHAIRS REPORT

The past financial year presented a spectrum of opportunities and challenges for Peninsula Leisure. The Company's ability to respond and deliver during these unprecedented circumstances is a testament to our solid business foundations and our people.

The first half of the year saw our reimagining of health and wellbeing experiences, boosting community engagement and delivering positive, memorable experiences for the Frankston community and beyond.

Before COVID-19, Peninsula Leisure delivered excellent results across all metrics, including record membership and casual visitor levels. As a result, our financial performance was well ahead of budget and at the end of February, with our profit at \$934,628 we were projected to finish \$419,631 ahead of budget.

COVID-19 imposed trading restrictions and the subsequent closures of both PARC and the Pines Forest Aquatic Centre on 22nd March presented extraordinary challenges for the Company. Despite an uncertain outlook, our motivated team rose to the challenge, remained focused on the Company's purpose and found innovative ways to ensure that everyone in the Frankston community had the opportunity to be active.

Peninsula Leisure's capability to deliver community activation was acutely tested. Our investment in digital health and wellbeing prior to the closures meant that we were in a position to quickly transition to offering products and services remotely launching PARC Your Way.

We do not underestimate the impact this pandemic has had upon our staff, families and the wider Frankston community. Sadly, we had to stand down over 280 staff, with active employees working on reduced salaries and hours. To support them, we initiated several measures, including the Peninsula Leisure Staff Support Fund, and increased access to wellbeing support services.

The facility closures have caused the Company significant financial losses, largely due to its reliance on the PARC operational revenue. Fortunately, the Company's strong financial performance since opening in 2014 has, to a degree, limited the burden on our Shareholder. To enable Peninsula Leisure's ongoing financial sustainability for FY2020, Council committed \$679,834 of funding alongside our own contribution of \$628,380.

Our focus on delivering best practice health and wellbeing programs and services for the community remains at the heart of what we do. Although our service delivery model has looked very different over the past year and might for some time, our demonstrated agility in both good and difficult times will serve us well and support our return to a financially sustainable position.

I would like to thank and express gratitude to the Board, our Management team, staff, and the wider Frankston community for their support and contributions throughout this challenging year.

Finally, I thank our Shareholder, Frankston City Council, which whom we collaborate to achieve our goal of enriching the health and wellbeing of the Frankston community.

ROSEANNE HEALY
CHAIR, PENINSULA LEISURE



PENINSULA LEISURE PURPOSE

WE REIMAGINE HEALTH AND WELLBEING EXPERIENCES

OUR VALUES

**WE THINK PEOPLE
WE REIMAGINE
WE DELIVER**

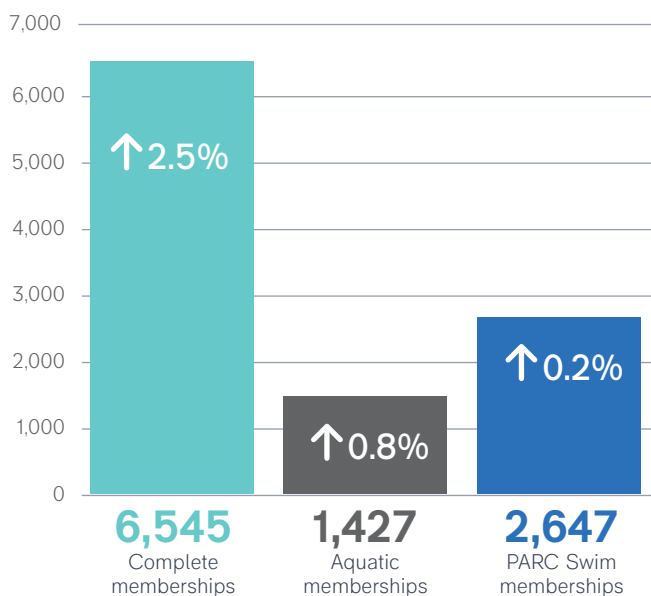
THE YEAR IN REVIEW

PARC PERFORMANCE TO END FEBRUARY 2020

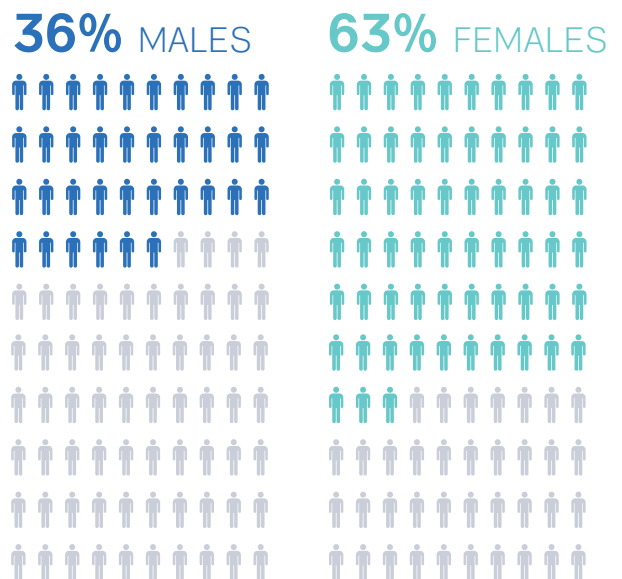
PARC experienced strong performance across all key metrics in the first half of the financial year with solid growth recorded. Our financial performance reflected this and was on track to deliver a record result, prior to COVID-19 restrictions.

Strong customer satisfaction played a key role in these results by driving up membership and visitor numbers. In January we saw our largest monthly attendance with more than 100,000 member and casual entry visitors. Our membership 'likelihood to recommend' responses increased an impressive 10 points in December, with our NPS reaching 46 and over 80% of those surveyed indicated that they would like to continue to be a member of PARC for over 12 months.

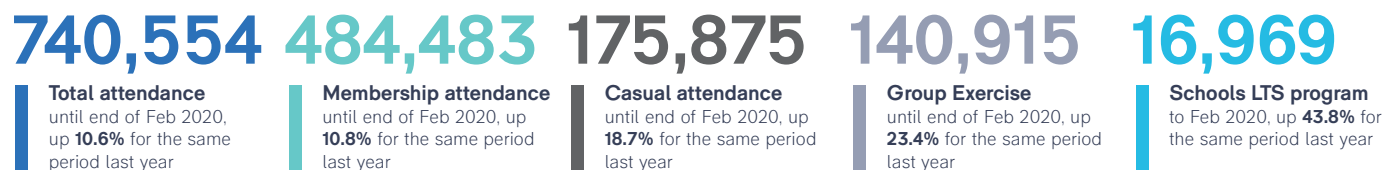
MEMBERSHIP GROWTH



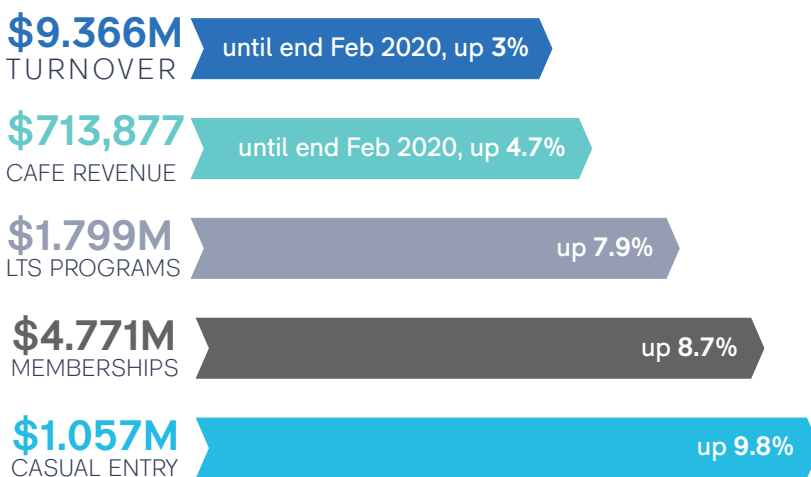
MEMBER DEMOGRAPHICS



ATTENDANCE GROWTH



FINANCIAL



CUSTOMER SENTIMENT

FIT FRIENDLY CLEAN FUN HEALTH
GYM PROFESSIONAL RELAX
ENJOYABLE MODERN VARIETY
INCLUSIVE ACCESS SAFETY VALUE
ORGANISED FAMILY CONSISTENT
SKILL WELCOMED HAPPY LOVE
GREAT CONVENIENT GOOD SAFE

33

Average Net Promotor Score

8.08/10

Average Customer Satisfaction Score

THE YEAR IN REVIEW

THE PINES PERFORMANCE TO END FEBRUARY 2020

Community engagement has always been our priority at the Pines Forest Aquatic Centre, with reduced pricing and free community events and programs targeted to encourage local community access to the facility. This inclusive approach contributed strongly to the success of the Pines with record attendances seen at the season opening on 1 November. Further community events including Free Family Fridays and Lazy Sundays continued to be popular with local families. The lap swimmers were not forgotten, with the Pines and PARC members enjoying reciprocal access rights.

Unfortunately, environmental factors led to a number of closures during the season; poor air quality due to bushfires, local fire emergencies, storms and 'dirty' rain meant that the Pines lost at least 12 trading days. With COVID-19 restrictions, the season ended early on 22 March.

ATTENDANCE GROWTH

3,223

Free event attendances
up **37.9%** for the same
time last year

\$28,955

Kiosk revenue
up **5.8%** for the same
time last year

FACEBOOK GROWTH



1,871

Total Facebook
Followers (+25.4%)



1,824

Total Facebook
Likes (+24%)



4.7/5

Facebook
Customer rating



4.2 stars

Google My
Business rating

COVID-19 IMPACTS

In early March, our business, and the world, was faced with a challenge not seen in the modern era, with the COVID-19 crisis closing PARC, Peninsula Leisure's primary source of revenue.

COVID-19 INITIAL IMPACTS



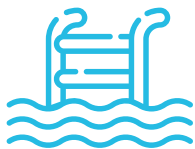
Reduced trading capacity from 11 March until 23 March 2020



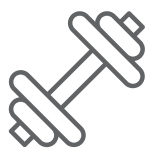
Closure of the Centre from 23 March 2020



Drop in Centre attendance with flow on effects to **Café and Crèche**



All Learn to Swim memberships suspended from 19 March 2020

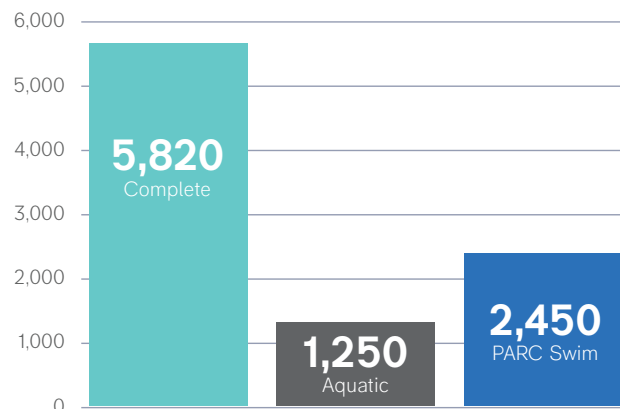


All Aquatic and Complete memberships suspended from 23 March 2020



Cancellation of all school and birthday party booking from 16 March 2020

SUSPENDED MEMBERSHIP NUMBERS ON 30 JUNE 2020



9,250 TOTAL MEMBERS

This is **down significantly compared to 30 June 2019 (10,455 members)** and a drop of 1,099 members compared to February 2020.

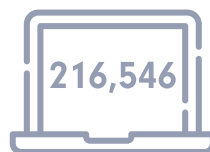
SERVICE DELIVERY WHILST CLOSED



Videos filmed and available on PARC Your Way



PARC Your Way subscribers (members and non-members)



Of active **minutes watched** on PARC Your Way



PARC Fit Outdoor attendances over 8 weeks



Online Personal Training sessions completed

SERVICE DELIVERY DURING LIMITED REOPENING

994

members chose to **reactivate their memberships** between 22 June and 5 July

975

attendances on the final day of trade with a trend of attendances increasing each day

81%

Gym and Group Exercise average session capacity

74%

Main pool average session capacity

54%

Warm Water pool average session capacity

AN ADAPTABLE STRATEGIC VISION

At Peninsula Leisure we never lose sight of our Strategic Vision, it drives everything we do and how we approach any challenge or situation. We are extremely proud of the what we achieved as a business prior to closure which is evident in the abundance of positive programs and initiatives we delivered in the first part of the year.

There has been a series of challenges for the business as a result of COVID-19, however we harnessed our strengths and capabilities to continue to deliver our strategy and pivot our services to adapt to the changed environment.

We reimagine health and wellbeing experiences.

- People - Attracting, developing and retaining the best talent
- Customer - Engaging customer experiences
- Community - Activating and connecting our community, inside and beyond the walls of PARC
- Safety - A safe place to work and visit



PEOPLE

THE HEART OF OUR SUCCESS

One of Peninsula Leisure’s core values is ‘We think people’. We had over 300 active, engaged and motivated employees prior to the impacts of COVID-19. Our diverse team includes a wide scope of enviable talent, experience and, above all, they show strong commitment to our values of thinking people, living to reimagine and delivering our vision.

In the first part of the financial year, we identified an opportunity to improve community outcomes by empowering our specialist leaders, encouraging cross collaboration and creating more agile teams focused on solution creation. This has resulted in more cohesive teamwork (or stronger team partnerships) and more effective customer solutions.

During this time we continued to deliver staff health initiatives; our leadership program, flu vaccinations, access to Mental Health First Aid Officers and free online exercise programs when the Centres closed. Our genuine commitment to staff was reflected in the employee engagement surveys conducted in partnership with Swinburne University.

Engagement, enablement and effectiveness performance indicators all improved. Our collaborative approach resulted in high performance standards and this success was celebrated at the annual awards night and recognised by the industry at the ARV awards.

Our people’s commitment was put to the test in March with the closure of both PARC and the Pines. Showing care and dedication to the Company and community, the staff proactively identified new ways to adapt to changing restrictions, and still continue to activate the community, even in difficult times.

To support employees enduring financial hardship, Peninsula Leisure established a Staff Support Fund (SSF) at the end of March to assist those who needed it most. Between March and the end of June \$14,800 was granted to those requiring assistance.

Our commitment to the physical health and mental wellbeing of our staff is embedded in our culture, employing open and honest communication from business leaders and continued free access to Digital Health and Fitness Programs and services including the Employee Assistance Program (EAP) and Peninsula Leisure’s Mental Health First Aid Officers.

NUMBER OF STAFF, DEMOGRAPHICS AND EMPLOYMENT TYPE UNTIL 22 MARCH

HEAD COUNT	FULL TIME		PART TIME		CASUAL		TOTAL		
	F	M	F	M	F	M	F	M	ALL
Current employees	16	8	14	5	169	82	19	95	294

COVID-19 IMPACT

259 CASUAL
employees were stood down

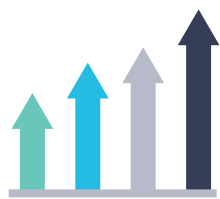
23 PERMANENT
employees were stood down

20 PERMANENT
salaried employees are on reduced hours

STAFF SATISFACTION RATINGS



PL continued its partnership with Swinburne University, conducting three **employee engagement surveys**



Engagement, enablement and effectiveness measures improved from September - March

29

The **Employee Net Promotor Score (eNPS)** for recommending PARC as a place to work average for 2019/2020 was 20, Q3 eNPS **significantly increased to 29.**

33

The **Employee Net Promotor Score (eNPS)** for recommending PARC’s products and services to family and friends average for 2019/2020 was 33.

CUSTOMER

DELIVERING EXCEPTIONAL CUSTOMER EXPERIENCES

'We deliver' is another value we take seriously. We want all our customers to have an excellent experience when they visit us. To do this well, we must understand who our customers are and genuinely listen to their needs and what they want from us.

In the last year, our strong focus on improving customer service using new technology included streamlining operating procedures and increased staff training. Our Service Improvement Program continued to help us monitor our customer experiences and will continue to inform the way we deliver health and wellbeing programs and services.

In addition, our ongoing customer feedback loop and quarterly satisfaction surveys conducted in partnership with Swinburne University enables us to keep our fingers on the pulse and continually add value to customer experiences inside and outside the facilities.

The past year presented significant opportunities to reimagine our health and wellbeing products and services by - mobilising the latest technologies. We launched PARC Your Way to continue supporting the health and wellbeing of our community, allowing them to exercise safely and remotely with an extensive choice of classes available. This initiative has seen excellent digital engagement with over 3,000 subscribers accessing over 450 recorded classes.

Prior to the facility closures, we delivered tangible value to our PARC including upgrading the Pilates reformers and group exercise studio audio systems, new engagement activities such as Visit and Win, Silent Yoga, expanding the Foreshore Yoga program and the launch of the PARC Fit App. Our determination to continue delivering community benefits ensures that we set the industry benchmark for community health and wellbeing activation.

OUR ACTIVATION ACHIEVEMENTS THIS YEAR INCLUDE



302,935
health club visits



153,524
group exercise
attendances



220 LIVE
classes per week

THE LAUNCH OF PARC YOUR WAY, OUR DIGITAL HEALTH AND WELLBEING PLATFORM DELIVERING



ATTENDANCES

236
Total **online**
personal training
attendances

21,500
Swim lessons
delivered pre-covid
closures

85,700
Swim attendances
pre-covid closures

PARC SOCIAL CHANNEL GROWTH



13,949

Total Facebook Followers (+7.6%)



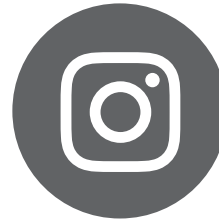
19,882

Total Facebook Likes (+6.75%)



4/5

Facebook Customer Rating



3,265

Instagram Followers



4.4 stars

Google My Business rating

EMAIL MARKETING

383,850

emails were sent to our members and community

45.74%

average email open rate

4.84%

average email click through rate

PARC WEBSITE

135,395

people used the website an increase of 1.25%

274,095

website sessions were viewed throughout the year



COMMUNITY

ACTIVATING AND SUPPORTING OUR COMMUNITY FOR BETTER HEALTH, SAFETY AND CONNECTIONS

'We reimagine health and wellbeing experiences to inspire, engage and activate all our communities'. In partnership with the Frankston City Council we ensure that we deliver this promise. Our pride in activating our community and providing the best customer experiences, services, facilities and programs gives us immense satisfaction and motivates us to continually strive for improvement.

Our PARC in the Community program continues to deliver great benefits to the Frankston community who otherwise would not be able to afford PARC's programs and services. During the first half of the year we increased community engagement through our Schools Program and supported local sporting clubs. We reached out to those who could not afford membership and delivered free or discounted access. We visited childcare to deliver our water safety program.

Following the closure of the Centre, we continued to support and communicate with the community and community groups to ensure we delivered on our promise. This included the free digital access to our PARC Your Way program to the entire community. At launch we sent the program to all our local sporting clubs, associations and community groups in an effort to keep as many people in the area active. Throughout this time we've supported numerous virtual community events and provided many cross-promotional opportunities for our business partners.

All our activations ensure everyone in the local community has the option to look after their mind and body and this will continue to be critical in the next year.

COMMUNITY

\$491,787+

worth of **FREE** community access at PARC

\$140,000+

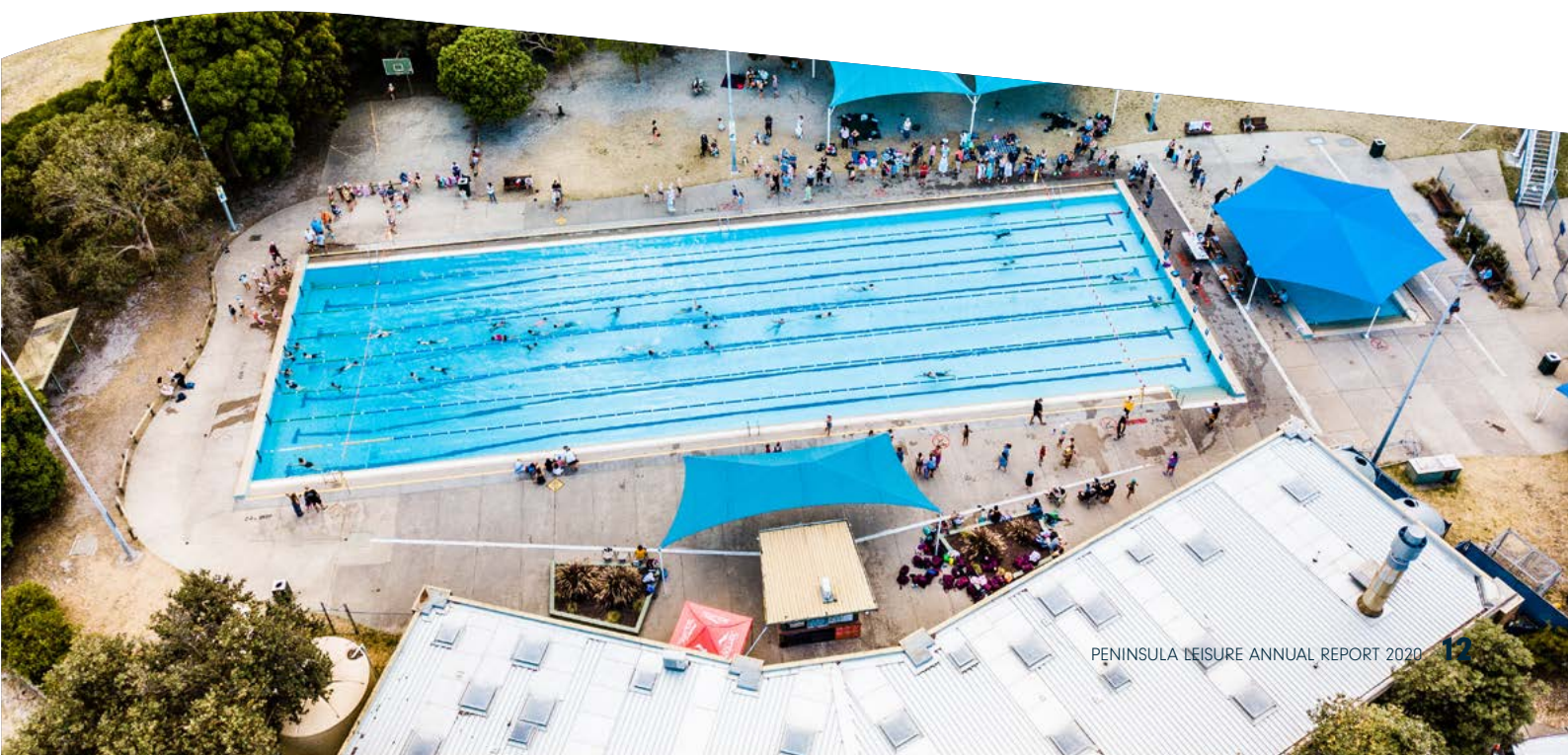
worth of value donated to sponsorship for local events and activities

\$14,800

worth of **FREE** community access at Pines

18,000+

attendances by school children doing a program at PARC (25000+ estimate if all programs had gone ahead)



SAFETY

A SAFE PLACE TO WORK AND VISIT

Public health and safety has always been fundamental to the success of Peninsula Leisure. Our comprehensive safety processes underpin the framework of every experience we offer for both customers and staff. We are committed to reducing risk and preventing injury and illness to ensure the health and safety of all our members, particularly through the COVID-19 crisis.

This year saw further improvements to our ongoing risk, health and safety activities.

SAFETY

150+

separate **hazard inspections** completed

1,500+

first aid and equipment checks completed

2,000+

pool water tests and quarterley microbiological water sampling across all aquatic areas

100+

separate **risk assessments** reviewed

33

separate locations **slip resistance tested** across PARC



New and upgraded **Carbon Dioxide monitors, sensors and alarms** installed



Updated **Water Quality Risk Management Plan** developed and implemented



Dangerous Goods storage and handling CFA compliance achieved



Atmospheric monitoring

COVID-19 SAFETY



Developed a **COVID-Safe plan**



COVID-Safe induction training for all re-engaged employees



Mandatory **online bookings** for all customers



Health declarations completed by all customers before attending



A customer concierge, completed **secondary health declaration** check for all visitors



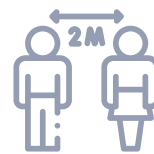
20 hand sanitiser stations installed and 52% increase (85 **additional hours** per week) in **cleaning resources** employed



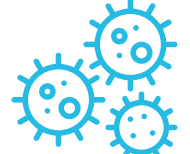
Internal spaces within Centre sign posted to **indicate capacity restrictions**



Additional **anti-bacterial alcohol-based wipes** available



Social distancing and hygiene signage and messaging implemented



0 incidents relating to COVID-19

The safety of our community and staff during the COVID-19 restricted trading period prior to full closures was always a high priority. Our health and safety trading practices exceeded the Government mandates and our team found innovative ways to accommodate stricter capacities and social distancing requirements to ensure a healthy environment for all. The Company's efforts to balance safety, great experiences and community activation were acknowledged by our members and we managed to avoid any incidents related to COVID-19.

MESSAGE FROM THE CEO

The bigger the challenge, the bigger the opportunity.

The Company's focus, as we rebound from the effects of COVID-19, is to achieve a financially sustainable position again and deliver the highest benchmark of health and wellbeing delivery for the Frankston community.

Whilst it's too early to determine the full impact that COVID-19 will take, we have developed a clear vision for the path forward. Our aim is to return community activation and financial performance to the record levels we achieved, as of 29 February 2020 and this target will be our focus for 2021.

How will we do this? Our focus on customer experiences and engagement will go to the next level. We must meet the ever-changing needs of our communities and acknowledge that the market environment will never be the same again. Our in-house programs and services at PARC and the Pines will continue to meet and exceed best practice standards. We will increase our focus on service delivery outside of the facility using the local outdoor environment to run activities including Foreshore Yoga, Outdoor PT, PARC Fit Run, PARC Fit Outdoor and, of course, PARC Your Way.

Digital engagement, now the new norm, will become integral to providing the wider Frankston community with what they require, more options in how and where they want to engage in physical activity. Online exercise connectivity and heightened engagement will continue to evolve and this will be crucial to retaining and increasing customer satisfaction. Our digital products will ensure we future proof the business by offering alternate revenue streams, not remaining solely reliant on bricks and mortar revenue.

PARC and the Pines exist for community benefit. We understand that the health and wellbeing needs of the wider Frankston community have changed over the past year. For example, the facility closures have led to a swimming ability deficit in many young children, with children likely to have not swum for over 9 months by the time restrictions allow for the resumption of swimming programs. Our commitment is to ensure that all children in our community can swim by the time they leave primary school and to achieve this vision it will be essential that we collaborate with the Council and the Frankston business community ensuring access for everyone, regardless of circumstance.

The way our team has adapted to the impacts and challenges of COVID-19 to date has been commendable. The Company's core value of thinking people informs our resolve to attract and retain the very best people who share our values and culture of reimagination. We will continue to recruit great talent and the direct flow-on effects will be measured in excellent care, health and wellbeing for our community.

TIM GLEDHILL
CEO, PENINSULA LEISURE

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