

13.2 NORWOOD SWIMMING CENTRE - FUTURE OPERATING MODEL

REPORT AUTHOR: General Manager, Community Development
APPROVED BY: Chief Executive Officer
ATTACHMENTS: Nil

PURPOSE OF THE REPORT

The purpose of this report is to provide options for the future operation of the Norwood Swimming Centre in light of expected changes to customer demand (ie patronage) following the opening of the new Payneham Memorial Swimming Centre.

BACKGROUND

The Council owns and operates the Norwood Swimming Centre (NSC) and the Payneham Memorial Swimming Centre (PMSC).

The NSC is a seasonal outdoor 50 metre, 6 lane pool, that was constructed in circa 1957. In the 2025-2026 swimming season, the NSC operated from:

- 11 October 2025 to 12 April 2026; and
- included weekday opening hours from 6:00 am to 7:30 pm and weekend/public holiday opening hours from 8:00am to 7:00pm.

The PMSC is currently being redeveloped into a modern aquatic leisure centre with practical completion scheduled for the middle of 2026. The upgraded facility will include a 10 lane 50 metre outdoor pool, an 8 lane 25 metre indoor pool, a learn to swim pool, water play and waterslides.

The two Centres are located approximately 3.7 kilometres apart.

STRATEGIC DIRECTIONS

CityPlan 2030 Alignment

Outcome 1: Social Equity

An inclusive, connected, accessible and friendly community.

Outcome 2: Cultural Vitality

A culturally rich and diverse City, with a strong identity, history and sense of place.

Objective 1.1: Convenient and accessible services, information and facilities.

Strategy 1.1.1: Establish community hubs that integrate social support, health, recreational and commercial services, in multi-purpose spaces.

Strategy 1.1.3 Design and provide safe, high-quality facilities and spaces for all people.

Objective 1.4: A strong, healthy, resilient and inclusive community.

Strategy 1.4.1: Provide all ages and abilities programs and spaces for sport, recreation and play to support physical and mental wellbeing.

FINANCIAL AND BUDGET IMPLICATIONS

Four (4) operating models for the NSC are presented in this report for the Councils consideration. Each option incorporates different levels of service and hence, has a corresponding impact on the forecast operating cost as outlined below:

- Option 1 - maintain the current 26 week season and daily opening hours. This option retains the maximum access for all user groups and does not impact on the current operational arrangements. As per the Council's draft 2026-2027 Budget, the NSC is projected to record an operating deficit of around \$577 000.
- Option 2 – introduces a shorter swimming season from 26 weeks to 21 weeks. This results in a forecast saving of approximately \$70,000 per season.
- Option 3 - builds on Option 2 and incorporates the removal of early morning and early evening opening hours. This achieves a forecast net saving of approximately \$103,000 per season.
- Option 4 – maintains the current 26 week season and incorporates the removal of early morning and early evening opening hours. This achieves a forecast net saving of approximately \$47,000 per season.

It should be noted that the financial forecasts exclude depreciation and overhead allocations and are subject to seasonal variations to cost and participation (i.e. patronage) based on external influences such as weather, etc.

RISK MANAGEMENT

The following risks and associated mitigations have been identified:

Risk	Mitigation
Attendance declines more than expected	Seasonal review and modification based on participation behaviour.
Community perception of reduced service	Retain peak access and communicate opportunity to access the PMSC as an alternate venue.
Impacts to specific user groups	Stakeholder engagement and reschedule where possible.
Season pass value perception	Update product terms and communications.
Environmental benefits not demonstrated	Track electricity and gas usage.

The Norwood Swimming Centre is a much loved facility and enjoys strong local community commitment. The proposed reduction in season length and operating hours is likely to impact on a small number of community members who principally utilise the NSC for lap swimming.

Whilst the PMSC offers an alternative venue to undertake lap swimming at these times, it is expected that some community members will be concerned with any change to the swimming season.

CONSULTATION

Elected Members

Not Applicable.

Community

Not Applicable.

Staff

Not Applicable.

Other Agencies

Not Applicable.

DISCUSSION

The PMSC is anticipated to open to the public in August/September 2026.

During the construction of the PMSC, the aquatic market changed as a result of the redevelopment and opening (i.e. Burnside and Adelaide) of a number of neighbouring aquatic centres. These centres, in addition to the forthcoming opening of the PMSC, are anticipated to impact on demand at the NSC. It is therefore instructive to firstly be aware of the changed environment and to plan for any consequent impacts.

On this basis, a review has been undertaken of the NSC's operating model to inform the Council of options for better alignment of the service delivery with likely demand, improving financial sustainability as well as supporting the Council's environmental objectives.

The review has considered the following:

- retaining a level of core peak season access for the community;
- protecting high value programs (school swimming carnivals / Department of Education and Children Services activities (e.g. water safety education);
- migration of all learn-to-swim activity to the fit for purpose Learn-To-Swim pool at the PMSC;
- reducing the Operating Deficit where feasible and practical; and
- supporting the achievement of the Councils carbon neutral targets (e.g. through the introduction of a shorter swimming season.)

Four (4) operating scenarios are detailed for the Council's consideration, including:

- Business-as-usual (current 26 week season length and opening hours);
- a shortened season (21 weeks aligned with known peak demand);
- a shortened season with reduced opening hours (21 weeks and removal of early morning and early evening opening hours); and
- maintaining a 26 week season with reduced opening hours (removing early morning and early evening opening hours).

Broader Aquatic Supply

The Adelaide Aquatic Centre (North Adelaide) opened on 27 January 2026 and provides a State level aquatic facility positioned approximately 7 kilometres to the northwest of the Norwood Swimming Centre and includes major indoor and outdoor pools, learn-to-swim facilities, four large waterslides and leisure features.

The George Bolton Swimming Centre (City of Burnside) is a seasonal outdoor pool located within Hazlewood Park and is located less than 3 kilometres east of the NSC. The facility has recently been upgraded (i.e. pool filtration and heating infrastructure) thereby enabling more efficient heating and extended usability during "shoulder seasons."

Whilst less impactful on the NSC, the redeveloped Salisbury Aquatic Centre and the Thebarton Aquatic Centre opened on the 24 June 2024 and 15 July 2024 respectively.

Whilst there are many barriers and drivers that influence participation behaviours, proximity to a facility is often a significant determinant to consumer choice. To illustrate this, during the 2025-2026 swimming season, participant's residential postcodes were captured to assist in informing customer origin (noting that this does not consider participant journey). This analysis revealed that of 33,034 participations captured:

- less than half of NSC consumers live in NPSP (46.09%);
- 36% of consumers reside in the Cities of Burnside, Campbelltown, Port Adelaide Enfield and Unley;
- 5% of consumers reside in non-Adelaide Local Government Areas and this patronage is often attributable to visitors attending events such as The Ashes, Tour Down Under, Fringe and school holiday periods)

A breakdown of consumer residence locations are set out in Table 1 below. It should be noted that students attending NSC as a part of a school event, were associated with the relevant school's postcode:

TABLE 1: NSC PARTICIPANTS BY RESIDENTIAL POSTCODE

Council Area	Participants	% of Attendance
City of Norwood, Payneham & St Peters	15225	46.09%
City of Burnside	4187	12.67%
Campbelltown City Council	3231	9.78%
City of Port Adelaide Enfield	2681	8.12%
City of Unley	1798	5.44%
Corporation of the Town of Walkerville	782	2.37%
City of Adelaide	733	2.22%
City of Charles Sturt	636	1.93%
City of Mitcham	535	1.62%
City of Prospect	503	1.52%
City of West Torrens	288	0.87%
City of Tea Tree Gully	250	0.76%
City of Marion	214	0.65%
City of Onkaparinga	147	0.44%
City of Salisbury	99	0.30%
City of Holdfast Bay	148	0.45%
Non-Adelaide Councils	1577	4.77%
Total	33034	100.00%

Current NSC Operations

In 2024-2025 the NSC was budgeted to record an Operating Deficit of \$468,000 (excluding depreciation and overhead allocation). While attendance and revenue were positively influenced by unusual operating conditions (including the temporary closure of the Adelaide Aquatic Centre and PMSC and unseasonally hot weather), the NSC recorded an Operating Deficit of (\$313k) (excluding depreciation and overhead allocation).

In 2025-2026, the NSC was budgeted to record an operating deficit of \$427,000 (excluding depreciation and overhead allocation). Sustained hot weather in the second half of the swimming season, compensated for very low levels of participation pre-Christmas, resulting in a recorded full year Operating Deficit of \$414,000 (excluding depreciation and overhead allocation).

With the reopening of the PMSC and increased regional aquatic supply from other redeveloped aquatic centres (i.e. Adelaide and Burnside) discretionary demand is expected to be spread across more facilities thereby placing significant downward pressure on NSC attendance and revenue.

In addition, it should also be noted that some of the Norwood Swimming Club squads that previously utilised the NSC for early morning and afternoon training, have transitioned to the Adelaide Aquatic Centre during the 2025-2026 season and are considered highly unlikely to return to NSC.

As per the Council's draft 2026-2027 Budget, the NSC is projected to record an Operating Deficit of \$577,000 (excluding depreciation and overhead allocation). This budget reflects an assumed substantial reduction in activity following the opening of the PSMC and Adelaide Aquatic Centre, both of which offer consumers a significantly higher level of amenity when compared to the NSC. Table 2 below provides an overview of the proposed NSC budget for 2026-2027:

TABLE 2: PROPOSED 2026-2027 NSC BUDGET

Norwood Swimming Centre	Proposed 2026-2027 Budget
Income	
KIOSK SALES	\$ 17,000
SWIMMING LESSONS	\$ 8,820
SCHOOL/VAC SWIM	\$ 12,496
VOUCHER/SEASON PASSES	\$ 32,445
TICKET SALES INCOME	\$ 8,693
HIRE INCOME	\$ 18,927
ADMISSION CHARGES	\$ 42,179
Income Total	\$ 140,560
Expenditure	
EMPLOYEE COSTS	\$ 493,236
PLANT & EQUIPMENT MAINTENANCE / ASSETS INSURANCE	\$ 4,244
FACILITIES MANAGEMENT / MINOR EQUIPMENT	\$ 5,150
FACILITIES MANAGEMENT / UNPLANNED MAINTENANCE	\$ 6,695
FACILITIES MANAGEMENT / PLANNED MAINTENANCE	\$ 30,900
FACILITIES MANAGEMENT / CLEANING	\$ 27,309
EVENT OPERATIONS / PARTS & CONSUMABLES	\$ 2,122
EVENT OPERATIONS / CONTRACTED SERVICES	\$ 13,792
SWIMMING CENTRE OPERATIONS / EMPLOYEE AMENITIES	\$ 1,500
SWIMMING CENTRE OPERATIONS / SUBSCRIPTIONS/LICENCES	\$ 4,392
SWIMMING CENTRE OPERATIONS / UNIFORMS	\$ 4,743
SWIMMING CENTRE OPERATIONS / MERCHANDISE	\$ 8,500
SWIMMING CENTRE OPERATIONS / WATER CHARGE	\$ 3,499
SWIMMING CENTRE OPERATIONS / GAS	\$ 44,691
SWIMMING CENTRE OPERATIONS / ELECTRICITY	\$ 36,014
SWIMMING CENTRE OPERATIONS / CHEMICALS	\$ 26,523
SWIMMING CENTRE OPERATIONS / SECURITY/FIRE	\$ 2,492
SWIMMING CENTRE OPERATIONS / CASH COLLECTION	\$ 1,400
Expenditure Total	\$ 717,202
Net Surplus/ (Deficit)	-\$ 576,642

Environmental and Strategic Alignment

The Council's 2020-2030 Corporate Emissions Reduction Plan has the primary objective of achieving net-zero corporate carbon emissions by 2030.

Aquatic centres are operationally energy intensive assets due to mechanical plant and equipment such as pumps, filters and water heating systems. NSC currently utilises gas heat pumps to maintain water temperature in the 50 metre pool, representing a technology which is no longer the most environmentally efficient means of heating.

In the near term, the most practical lever available to reduce both operating costs and emissions, without major capital upgrades, is to better align operating weeks and opening hours with demonstrated community demand.

The NSC is currently the second largest consumer of electricity across the Council's facilities, and the largest consumer of natural gas due to the water heating requirements. Once re-opened, the redeveloped PMSC is expected to become the largest consumer of electricity within the Council's facility portfolio.

It is important to note that there is a base level of energy required to filter and heat a swimming pool and hence, the operating cost and emission outputs per head scale in accordance with the number of users. In this respect, maximising operating hours with higher levels of participation, provides the greatest community value. From an environmental perspective, reducing operating weeks will lower electricity and gas consumption and associated emissions, supporting the Council's net-zero 2030 commitment.

Utilisation/Participation

An analysis of available data on patronage at the NSC indicates that:

- demand is concentrated, with 50.9% (i.e. 16,193 of 31,823 participations) of the 2025-2026 26 week seasonal attendance occurring within a nine (9) week peak period from 3 January to 6 March 2026;
- patronage at the NSC is concentrated in the middle of the day, while early morning and early evening periods record comparatively lower utilisation. This trend is likely to increase in 2026-2027, as Norwood Swimming Club squads (estimated at approximately 8.2% of total participation) who have historically used the facility during the 6:00 am timeslot have transitioned to an alternative facility;
- group and school bookings materially lift utilisation, with trading weeks that include schools, Department of Education and Childrens Services (DECS) programs or major organised bookings generating substantially higher attendance than weeks without such bookings; and
- the operating cost structure (excluding depreciation) includes approximately 43% fixed costs (i.e. these costs are incurred regardless of whether the NSC is open) and approximately 57% variable or semi variable costs, which means that reductions to operating weeks and opening hours, can yield reduced expenditure when focused on low use periods. Variable costs mainly include:
 - staff and lifeguarding; and
 - utilities (to the extent that a shorter season reduces the requirement to heat and filter water).

Scenario modelling based on attendance patterns during 2025-2026, indicates that a revised 21 week operating season (for indicative purposes, running from 1 November 2026 to 29 March 2027) could retain around 92% of the attendance that is achieved across a full season.

Whilst a shorter season will reduce the forecast revenue, this reduction is expected to be proportionally smaller than the cost savings. It is also anticipated that some of the affected users will transition to the PMSC.

Potential Operating Models

Option 1 – Business as Usual

Option 1 maintains the current 26 week season and daily opening hours. This retains the maximum access for all user groups and does not impact on the current operational arrangements.

However, it is expected that a higher Operating Deficit than experienced in previous years will result due to reduced demand and ongoing increases in operating costs as a result of aging infrastructure and higher utilities prices. As per the Council's draft 2026-2027 Budget, the NSC is projected to record an Operating Deficit of \$577,000(excluding depreciation and overhead allocation).

This option also includes the highest ongoing energy use and emissions footprint, including during low use weeks and opening hours.

Option 2 – Shortened Season

Option 2 introduces a shorter swimming season from 26 weeks to 21 weeks, positioning the season on the core summer period where the highest demand is experienced and removing approximately five shoulder weeks across the start and end of the season.

Provisionally, this would introduce a revised swimming season commencing on Sunday, 1 November 2026 and concluding on Sunday, 28 March 2027.

It is anticipated that Option 2 would retain approximately 92% of the seasonal attendance while operating for 19% fewer weeks than the current 26 week season. Importantly, the revised season would continue to service 'priority bookings' such as school carnivals etc (which typically occur in November).

As a part of the proposed fees and charges for the PMSC and NSC, the Council's preferred manager is recommending to introduce a reciprocal arrangement whereby multi- visit swim pass holders can utilise their pass at either the NSC or the PMSC. This initiative is intended to enhance the value of multi-visit swim passes, provide swimmers with flexibility as to which Centre they want to swim at and balance usage/participation across the PMSC and NSC.

This approach would assist, in part, to offset the impact to regular swimmers impacted as a result of a shortened season.

Financially, a shortened 21 week season is expected to deliver a material improvement to the operating result through reduced variable and semi-variable costs, particularly staffing, utilities and operating inputs (e.g. chemicals to maintain pool water quality)

Based on the draft 2026-2027 Budget, removing the five lower use shoulder weeks is estimated to reduce operating expenditure by approximately \$79,000 per season, partially offset by an estimated revenue reduction of approximately \$9,000. This results in an indicative net improvement of approximately \$70,000 per season (notwithstanding seasonal variations to cost and participation based on external influences such as weather etc).

Option 2 will also contribute to the Council's Corporate Emissions Reduction Plan objectives through a reduction in energy use and emissions.

Option 3 – Shortened Season and Reduced Opening Hours

Option 3 builds on Option 2 and incorporates the removal of early morning and early evening opening hours.

This would involve modifying the:

- weekday opening time from 6:00am to 8:00am whilst retaining existing weekend and public holiday opening times (8:00am);
- weekday closing time from 7:30pm to 6:00pm and weekend and public holiday closing time from 7:00pm to 6:00pm.

These changes cater for the primary participation which occurs between 10:00am and 4:00pm whilst removing the early morning and early evening hours which incur step cost staffing (e.g. to maintain minimum safe/regulatory staffing levels) and plant requirements (e.g. heating and filtration) for relatively low utilisation.

Option 3 provides the greatest opportunity to improve the operating result by combining a shorter season with the removal of low use weekday early morning and early evening opening hours.

It is anticipated that Option 3 would retain approximately 79% of seasonal attendance.

Based on modelling using the 2026-2027 budget, this Option is estimated to reduce operating expenditure by approximately \$126,000 per season, offset by an estimated revenue reduction of approximately \$23,000 associated with reduced hours (noting that it is expected that a portion of this will be redirected toward the PMSC).

The combined effect represents an indicative net improvement of approximately \$103,000 per season, driven predominantly by staffing, utilities and operating input savings during low utilisation periods.

This Option will also achieve similar reductions in energy use and emission to Option 2.

This is the recommended future operating model.

Option 4 – Maintain Existing Season with Reduced Opening Hours

Option 4 maintains the current 26 week season and incorporates the removal of early morning and early evening opening hours.

This would involve modifying the:

- weekday opening time from 6:00am to 8:00am whilst retaining existing weekend and public holiday opening times (8:00am);
- weekday closing time from 7:30pm to 6:00pm and weekend and public holiday closing time from 7:00pm to 6:00pm.

These changes cater for the primary participation which occurs between 10:00am and 4:00pm whilst removing the early morning and early evening hours which incur step cost staffing and plant requirements (e.g. heating and filtration) for relatively low utilisation.

It is anticipated that Option 4 would retain approximately 86% of seasonal attendance.

Based on modelling using the draft 2026-2027 Budget, this Option is estimated to reduce operating expenditure by approximately \$58,000 per season, offset by an estimated revenue reduction of approximately \$11,000 associated with reduced hours (noting that it is expected that a portion of this will be redirected toward the PMSC).

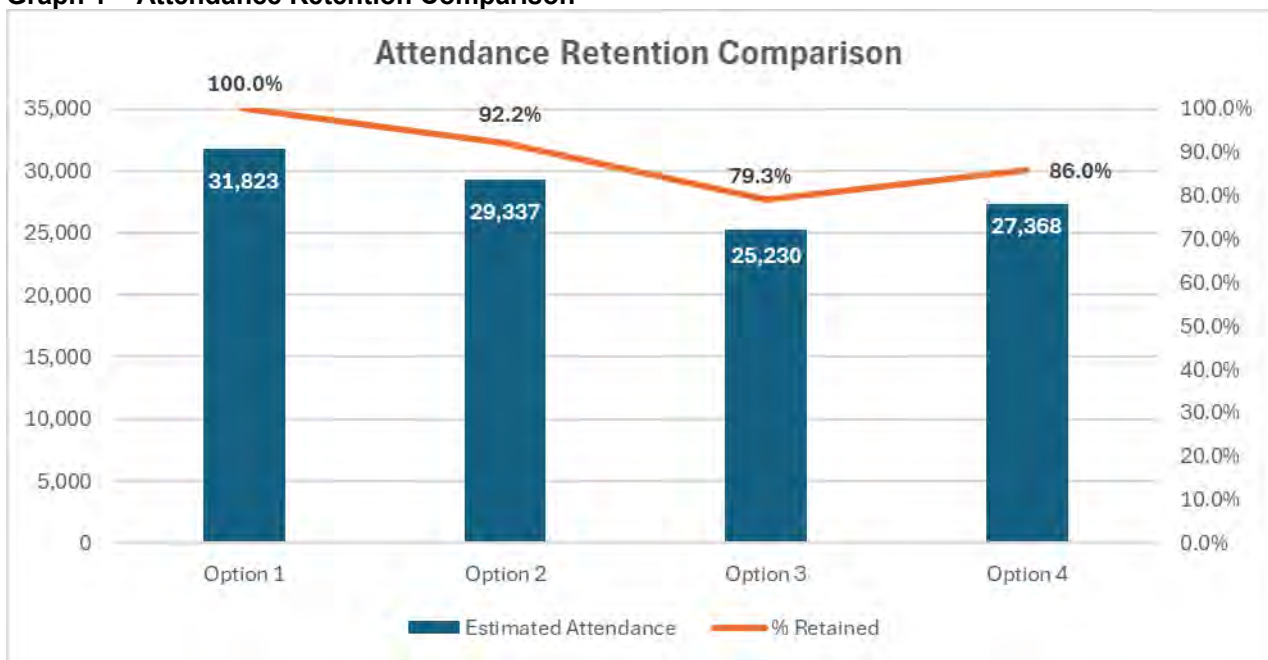
The combined effect represents an indicative net improvement of approximately \$47,000 per season, driven predominantly by staffing, utilities and operating input savings during low utilisation periods.

This option includes the second highest ongoing energy use and emissions footprint, including during low use weeks.

Attendance

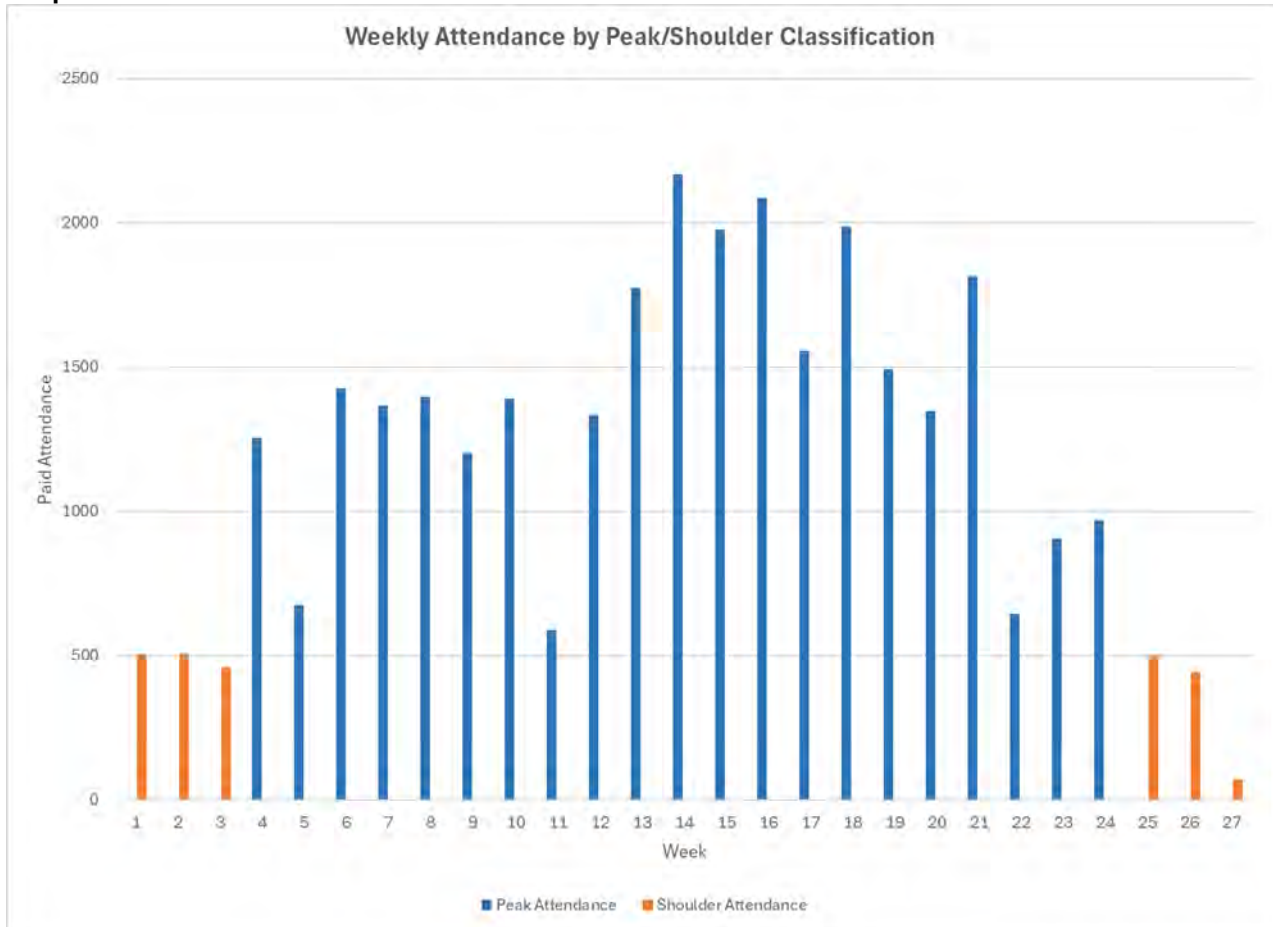
Graph 1 below illustrates the comparative attendance retention across the four (4) options discussed.

Graph 1 – Attendance Retention Comparison



Graph 2 below illustrates weekly participation levels at peak and shoulder periods, noting that peak attendance is depicted as a twenty-one (21) period as per Option 2 and 3.

Graph 2 – Seasonal Attendance Rates



OPTIONS

The reopening of the PMSC and increased supply of aquatic facilities, is likely to have a significant impact on participation at the NSC resulting in a forecast increase of \$109,000 in the Council’s annual Operating subsidy (i.e. \$468,000 in 2025-2026 to \$577,000 in 2026-2027).

Whilst the Council can elect to retain the existing operating model, three (3) alternate operating models as presented in this report, contract season length/opening hours to peak participation periods. These options achieve significant reductions in operational costs and energy use/emissions.

As a part of the proposed fees and charges for the PMSC and NSC, the Council's preferred manager is recommending the introduction of a reciprocal arrangement whereby multi-visit swim pass holders can utilise their pass at either the NSC or the PMSC. This initiative is intended to enhance the value of multi-visit swim passes, provide swimmers with flexibility as to which Centre they want to swim at and balance usage/participation across the PMSC and NSC. This approach would assist in ensuring that swimmers retain access to a local swimming pool in the event the Council elected to modify the NSC’s season/operating hours.

The following options are therefore presented for the Council's consideration:

- Option 1 - maintains the current 26 week season and daily opening hours. This retains the maximum access for all user groups and does not impact on the current operational arrangements.
- Option 2 – introduces a shorter swimming season from 26 weeks to 21 weeks. This results a forecast waving of approximately \$70,000 per season.
- Option 3 - builds on Option 2 and incorporates the removal of early morning and early evening opening hours. This achieves a forecast net saving of approximately \$103,000 per season.

This is the recommended option.

- Option 4 – maintains a 26 week season with the removal of early morning and early evening opening hours. This achieves a forecast net saving of approximately \$47,000 per season.

CONCLUSION

Commencing with the 2026-2027 season, the NSC will operate in a significantly more competitive environment where competing swimming facilities will provide consumers significantly improved amenity and value. This is budgeted to have a sustained impact to participation levels and revenue at the NSC and hence, result in higher net annual operating costs.

An analysis of the NSC's participation has been undertaken in an effort to identify future operating models to negate the impacts of declining participation whilst maintaining a level of service that enables the NSC to continue to support the majority of its customer base.

The recommended future operating model (Option 3) incorporates a 21 week summer season with weekday early morning and late evening opening hours removed.

This Option:

- protects peak season and highest use operating hours;
- targets a reduction in service levels during underutilised periods;
- improves financial sustainability, delivering an estimated \$103,000 annual improvement to the 2026-2027 budgeted operating; and
- provides measurable support to the Council's Corporate Emissions Reduction Plan and net-zero 2030 objective by reducing energy usage at NPSP's second largest energy emitting site.

The introduction of reciprocal rights to both the PMSC and NSC for some multi-use passes will ensure that swimmers are still able to access a local swimming pool and have flexibility of which Centre to utilise during those times both Centres are open.

RECOMMENDATION

That Option 3, as set out in this report, be approved as the future operating model for the Norwood Swimming Centre commencing in the 2026-2027 swimming season and that an associated budget be integrated into the management contract with the Council's preferred manager.