

Select Committee Into Local Government

From: Adam Deane
Sent: Wednesday, 11 September 2019 10:18 AM
To: Select Committee Into Local Government
Subject: Submission guidance for 'Inquiry into Local Government'
Importance: High

Hello

I phoned a moment ago but got a voicemail.

I would like to make submission to the 'Inquiry into Local Government'.

My issue is that the City of Armadale have just spent \$26m to open a large commercial swim/gym and undercut all local fitness businesses. They are providing a luxury facility but charging well below market prices compared to what similar council facilities are charging. The result is that local fitness business (who are also ratepayers!) are now struggling to survive.

<http://www.parliament.wa.gov.au/Parliament/commit.nsf/WCurrentNameNew/A5A20E3B4895AE8C482584270024AD70?OpenDocument#Details>

Is there a format I need to provide this submission in?

Cheers

Adam Deane Club Owner

Select Committee Into Local Government

From: Adam Deane
Sent: Wednesday, 11 September 2019 11:28 AM
To: Select Committee Into Local Government
Cc:

Subject: RE: Submission guidance for 'Inquiry into Local Government'

Hello Kristina

It was good to speak to you. I would like to provide additional details for my submission below.

My name is Adam Deane, I am the owner of Genesis Fitness Club Kelmscott, a business that has operated in the local area under various names including Shapes Health Club, for 40 years.

A few months ago I was approached by the distressed owner of a small local gym who wanted to check the impact Armadale Fitness & Aquatic Centre (AFAC) has had on my business because she was struggling. I had never spoken to this owner before but she desperately confided in me that despite maintaining a stable membership base for the last 7 years, since the opening of AFAC she has "lost 20% of her members almost overnight". She has let go of staff and cutting costs but is now forced to look at options to close her business. (I have her permission to let you know this)

My own business has also experienced a significant decline since AFAC's opening and we are on our knees. I decided to reach out other local gyms and after speaking to six of them discovered that since AFAC's opening, on average local gym/fitness businesses have lost 15-25% of their members. In most instances this means that the business is now losing money very quickly. The issue is compounded by the fact that new business enquiries since AFAC's opening are down approximately 40-50% compared to the same period last year. The overwhelming reason given for new business enquiries not to join and members to cancel has been a price objection with specific reference to AFAC.

Personally, I have cut a significant number of staff and am considering drastic action which would involve significantly reducing my price to keep traffic coming in and my doors open. I will continue to lose money but hopefully at a lesser rate allowing me to hold on and survive. My fellow gym owners and I are everyday people running franchised or independent businesses that employ a lot of local people and our life savings are tied up in our businesses.

Our gyms and the environments created are an important part of creating mini-communities within the City of Armadale. However, unless some quick changes are made, AFAC will run a lot of these businesses into the ground and become a monopoly.

Competition in the market is not new, however competing against a ratepayer funded, \$26 million dollar recreation centre that offers 'premium facilities & services' but charges less than a local 'low cost gym' is something we never expected.

We have attended council committee meetings, council meetings and spoken to the Mayor 1:1 but seem to be getting nowhere. During these meetings we found out some extra information:

We have attended council committee meetings, council meetings and spoken to the Mayor 1:1 but seem to be getting nowhere. During these meetings we found out some extra information:

- Just 5% of Armadale ratepayers/residents are members of Armadale Fitness & Aquatic Centre (AFAC)/Armadale Arena (AA) which means 95% of a low socioeconomic area are subsidising that 5%
- 418 Council Employees/Contractors and Councillors have been given a FREE membership to How many free AFAC/AA memberships resulting in annualised lost revenue of \$247k ($418 \times \$12.50 \times 52 / 1.1$)
- No assessment was made on the impact on local business prior to AFAC opening

In summary, I feel that councils operating fitness businesses that undercut local business should not be in the scope of activities of Local Governments.

I am happy to discuss this or provide further information at any time.

Regards

Adam Deane Club Owner