

18 July 2008

Committee Secretary
Standing Committee on Infrastructure,
Transport, Regional Development and Local Government
Parliament House
CANBERRA ACT 2600

Inquiry into a New Regional Development Funding Program

Dear Sir

ACTSPORT is the peak body for the sport and recreation industry in the ACT Region. We represent 65 ACT sporting and recreation member organisations as well as a number of associate and corporate members. Through these organizations we represent the views of more than 100,000 people.

In general terms we welcome the Government's plan to provide a solution to the grossly inadequate investment in Regional and Local Community Infrastructure by all levels of government, Commonwealth, State, Territory and Local Government. Australia desperately needs a coordinated long term strategic approach by all levels of government to an ongoing program of capital investment funding for:

- major sport and recreational venues; and
- multi-purpose community and resource centres.

Definition

So far as a definition is concerned, we suggest that community infrastructure should be defined as "*infrastructure that supports our standard of living through services and facilities that are often taken for granted such as hospitals, emergency services sport and recreation facilities multi-purpose community and resource centres and libraries*". These community infrastructure assets complement the economic infrastructure of transport, telecommunications, energy and water supply to help maintain the quality of life and social prosperity of Australia.

The benefits of community infrastructure are typically long term, for the assets can endure across generations. Good community infrastructure attracts people to the cities and towns and encourages businesses to invest in new activities and jobs.

All governments acknowledge sport and recreation is a very important activity in all communities and provides a wide range of social and health benefits for our society. In order for the community to continue to enjoy and indeed increase these benefits there must be a continual investment in sporting and recreational facilities by all levels of government. Unfortunately for its part the Commonwealth Government abrogated its responsibility to provide a proper program of funding for sport and recreational venues in 1994 and since then has only provided assistance in selected marginal electorates at elections or in a limited way through the Regional Partnerships Scheme.

Sport's Economic Impact

Sport and Recreation is an important industry and is a major engine for local economies in the ACT, and across Australia. The joint Economic Impact Study of the ACT Sport and Recreation industry

which we conducted in March 2004 with the ACT Government clearly demonstrates our industry's impact on employment growth and gross state product.

In the year ended June 2001 the ACT's sport and recreation sector had a total output of more than \$340 million. This included income from admissions, subscriptions and membership fees, grants and distributions, sales of goods and services, fundraising etc. The sport, fitness and recreation sectors also generate a significant amount of export revenue for the territory. Some of this export revenue is included in the statistics reported above. For example, ticket sales revenue from interstate and international visitors attending professional sports events such as the Canberra Capitals, Brumbies and Raiders matches is included.

The Sport and physical recreation sector is a significant employer. In the ACT in June 2001 the sector directly employed more than 3,271 people. In addition to this direct employment the sector attracts interstate and international visitors through its activities. This sports related tourism generates jobs. The Economic Impact Study estimates that the export related employment generated by ACTSPORT members' events is in the order of 175 people per annum. Thus more than 3,400 people are employed directly, by the sector, or indirectly via ACTSPORT members' activities. This estimate of the sector's contribution to ACT employment is conservative as it excludes any indirect employment generated by sports related tourism associated with professional events such as the Brumbies and the Canberra Capitals.

Sport also produces a wide range of social and health impacts and is a key means of addressing the current obesity crisis and the resultant health issues that are threatening to overwhelm our health system. Each dollar invested in sport is an important risk management strategy that provides governments with manifold savings in their health budgets.

At present the major problems that confront the sport and recreation industry are:

- Declining levels of participation;
- Increasing lifestyle related health and social issues.
- Reducing volunteerism;
- Infrastructure funding; and
- Climate change.

There is a time and a need for investment in all industries, in infrastructure, industry capacity and industry capability. The time for investment in the sport and recreation industry is now.

Avoiding investment or assuming that the industry will simply continue to perform will only guarantee that we not deliver against the community's expectations. We do this at the peril of our future, the health and wellbeing of all Australians and lay vulnerable one of the key contributors to the fabric of Australian society.

Investment Drivers

An ongoing program of capital investment by all levels of government in sport and recreation facilities is desperately required to respond to the following drivers:

1. Existing gaps in sport and recreational venues needs;
2. Increased population levels, and changing demographics;
3. Increased community expectations and standards; and
4. The cyclical renewal and/or replacement of existing sport and recreational venues.

Funding Requirements

For our part we are concerned that since 1983 there have been four Commonwealth Parliamentary inquiries into sport funding and the vast majority of the Committees' recommendations have been ignored by the Government of the day ie:

1983 – **The Way We Play** – Commonwealth Assistance for Sport and Recreation.

1989 – **Going for Gold** – First Inquiry into Sports funding and Administration.

1990 – **Can Sport Be Bought** - Second Inquiry into Sports funding and Administration.

1997 – **Rethinking the funding for community sporting and recreational facilities. A sporting chance.**

These reports found there is a vast backlog of investment required for the nation's sport and recreation facilities. The situation has not improved. In fact the demand is continuing to grow. Unfortunately the task of dealing with this problem has been left to local government, which has the least capacity to respond.

The last parliamentary inquiry recommended the Commonwealth should provide at least \$50m per annum. This figure would now be \$66m (based on Reserve Bank calculator at <http://www.rba.gov.au/calculator/calc.go>). We believe this amount is grossly inadequate to enable sport and recreation organisations to maintain, or better still increase, participation in sport and recreation, achieve other desired social and health outcomes and increase Australia's performance at the highest levels of competition.

We would point out that Australia's prevailing very low level of funding for sport and recreation facilities is now in marked contrast to the UK. In the early 1990's the UK recognised that its own previous low level of investment in social infrastructure could no longer be tolerated and was contributing to very detrimental social and health outcomes across the country. In response a National Lottery was established in 1994 to fund five designated Good Causes which include Arts, Charitable Expenditure, Health Education Environment, Heritage as well as sport.

Since then over 290,000 projects both large and small have received Lottery funding. During this period over \$42bn has been raised by the Lottery and \$7.2bn (£3,512bn) or more than \$250m per annum has been directed to sport. A large proportion of these funds has been directed towards investment in existing and new sport and recreation facilities.

We recommend that the Committee should investigate the success of this Lottery scheme. Details are available from these web sites:

- UK Department of Culture, Media and Sport: <http://www.culture.gov.uk/915.aspx>
- National Lottery Good Causes: <http://www.lotterygoodcauses.org.uk/>.
- The National Lottery: <http://www.lotteryfunding.org.uk/uk.htm>

For every £1 spent on a National Lottery ticket, 28p goes to these Good Causes. 50p goes towards prizes, 12p goes to the Treasury in duty, 5p goes to Lottery retailers, and 5p to the game operator (0.5p of this is profit, the remainder covers operating costs).

Currently Lottery funding is allocated in the following way:

- Charities, Health, Education & the environment 50%
- Sports 16.67%
- Arts 16.67%
- Heritage 16.67%

The actual management and allocation of lottery funding is managed by other government organizations such as Sport England. We would also recommend that the Committee examine the detailed documentation on the Sport England website which outlines the procedures for funding applications and the assessment arrangements.

We believe, given the current need for investment in sporting and recreational and the Commonwealth Government's current and expected budget surpluses, that a sub program for sport and recreation facilities be established within the new Regional Development Fund with an annual budget allocation of approximately \$250m per annum.

Long Term Investment Planning

We would however recommend that the exact level of annual budget allocation should be determined through a national audit of all sporting and recreational facilities by state and regional governments. Concurrently hierarchical capital investment plans need to be developed by state, territory and local governments to determine the projected capital investment funding requirements for improved, replacement and new facilities at the respective levels of participation ie local, regional, national and international.

As part of the audit uniform condition standards must be set for local, regional, national, and international sport and recreation facilities. These standards must be set on the basis of advice from peak sport and recreation organizations such as ACTSPORT as well as the Standing Committee on Recreation and Sport (SCORS).

Advice about the condition auditing methodology should be sought from the Australian Procurement and Construction Council (APCC) and the Australian Local Government Association. We believe this is consistent with the approach being taken by Infrastructure Australia for its project to audit Australia's economic infrastructure.

The condition audit should be jointly funded by the Commonwealth and State/Territory Governments. Commonwealth funding should also be provided for regular subsequent audits that should be undertaken not more than five years apart.

This overall approach to long term capital planning is also consistent with the models now being adopted by some states to develop 10-20 state wide capital investment plans.

Assessing Needs and Priorities

Concurrent with the facilities audit, state, territory and regional governments should be required to undertake a needs assessment in conjunction with peak sport and recreation organisation to sift competing demands for capital investment for local, regional, national and international facilities so relative priorities can be determined.

Data collected by the audit and the capital investment plans should be linked through a geographic information system to other data and form the basis for decisions about future needs for facilities.

Funding for a geographic information system should be provided by the Department of Infrastructure, Transport, Regional Development and Local Government, which should also create, operate and maintain the system.

Program Development

Once the condition audit and needs assessments have been completed, a rolling funding program should be created within the Regional Development Funding Program with streams for:

- a) Local, Regional, Sport and Recreational Facilities; and
- b) National and International Sport and Recreational Facilities.

Grants from the program Local, Regional, Sport and Recreational Facilities the Commonwealth's contribution should be matched the relevant local government and/or state, territory government. For National and International Sport and Recreational Facilities, the Commonwealth's contribution should be matched by the relevant state or territory government. Commonwealth funding should only be provided for the construction of new facilities or the upgrading of existing facilities - it should not be for recurrent costs.

Eligibility for Funding

Funding from the program should only be provided to support registered not for profit sport and recreation organizations recognized by local and/or state and territory governments.

Funding Criteria

The criteria for funding for sporting and recreational facilities, should include:

- The existence of an up to date state, territory or regional government sport and recreation facilities strategic investment plans;
- The application of regular cyclical sport and recreation facilities audits and needs assessments;
- Demonstrated need;
- Business and management plans and agreements which cover use, occupancy, program management;
- Financial viability;
- Involvement of sports organisations and target user groups in the design and management of the facility;
- Attention to the needs of target groups; and
- Consideration of joint use.

Grant Funding Arrangements

For projects up to \$0.5m funding should be on the basis of lump sum while for projects over \$0.5m funding should be provided on a flexible basis linked to construction stages.

Program Monitoring

We believe that the program should be managed and monitored in accordance with the findings of the Australian National Audit Office. At the same time we propose that the ongoing effectiveness of the broader sport and recreation elements of the Regional Development Funding Program should be monitored as a standing agenda item for the Standing Committee on Recreation and Sport.

Please do not hesitate to contact us if you require further information.

Yours sincerely

Graham Carter
President