



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ENVIRONMENT, RECREATION AND THE ARTS

Reference: Funding of community sporting and recreational facilities

CANBERRA

Monday, 24 March 1997

OFFICIAL HANSARD REPORT

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STANDING COMMITTEE ON THE ENVIRONMENT,
RECREATION AND THE ARTS

Members

Mr Truss (Chair)

Mr Anthony
Mr Robert Brown
Mr Billson
Mr Eoin Cameron
Mrs Crosio
Mr Entsch
Mr Hockey

Mr Harry Jenkins
Miss Jackie Kelly
Dr Lawrence
Mr Martin
Mr McDougall
Dr Southcott

The committee is to inquire into:

whether the Commonwealth Government should be involved actively in funding in full or in part local community sporting and recreational facilities and, if so, whether the Commonwealth Government should have a dedicated program to fund sporting and recreational infrastructure;

determine (as far as possible) existing and future requirements for national, regional and local community sporting and recreational facilities and inquire into ways in which better utilisation can be made of existing community and educational facilities for sporting and recreational pursuits;

inquire into alternative options which may exist for funding national, regional and local community sporting and recreational facilities including, but not limited to, private sector funding and funding via the Australian Sports Foundation; and

make recommendations to the Minister for Sport, Territories and Local Government on matters arising from the Terms of Reference

WITNESSES

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Present

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Mr Billson

Mr Jenkins

Mr Robert Brown

Miss Jackie Kelly

Mr Eoin Cameron

Mr McDougall

Mrs Crosio

Mr Martin

The committee met at 10.02 a.m.

Mr Truss took the chair.

CHAIR—Ladies and gentlemen, I welcome you to the first hearing of the inquiry by the House of Representatives Standing Committee on the Environment, Recreation and the Arts into the funding of community sporting and recreational facilities. The inquiry was referred to the committee at the end of October by the Minister for Sport, the Honourable Warwick Smith. He has asked the committee to examine four issues relating to sporting and recreational facilities and to report to him with recommendations by 1 October this year.

The first question we are investigating is whether the Commonwealth government should establish a program to fund local community sporting and recreational facilities. The second matter that the committee will look at concerns the present and future requirements for national, regional and local community and sporting recreational facilities. Thirdly, we would like to establish how existing community and educational facilities could be better used to meet community needs for sporting and recreational pursuits. Finally, we will be asking for ideas and information about innovative alternatives to the current methods of funding facilities.

Since the inquiry was advertised in mid-November, the committee has received more than 260 submissions. They have come from state and local governments, national and state sporting organisations, sport and recreation workers, sports clubs and associations, and youth groups. On the basis of these submissions, the committee plans to hold public hearings in each of the capital cities and to visit facilities in all states and territories. It is starting on its program of public hearings today, with representatives of major suppliers and users of facilities: the Australian Local Government Association and the Confederation of Australian Sport.

I would like to remind those present that committee proceedings are recognised as proceedings of the parliament and warrant the same respect that the House of Representatives demands. Witnesses are protected by parliamentary privilege in respect of the evidence they give before the committee. You will not be asked to take an oath or to make an affirmation. However, you are reminded that false evidence given to a parliamentary committee may be regarded as a contempt of the parliament.

The committee prefers that all evidence be given in public but, should any witness at any time wish to give evidence in private, they may ask to do so and the committee will give consideration to that request. We are looking forward to a productive exchange of ideas over the next few months which hopefully will lead to a report providing some guidance to the minister on what policies should be followed in the periods ahead to fund appropriate community sporting and recreation facilities.

KAVANAGH, Mr Peter Lloyd, Executive Member, Australian Local Government Association, 8 Geils Court, Deakin, Australian Capital Territory

PRITCHARD, Mr John Alexander, Policy Manager, Australian Local Government Association, 8 Geils Court, Deakin, Australian Capital Territory

CHAIR—Welcome. We have received a submission from the Australian Local Government Association, submissions from a number of the state associations, and around 100 submissions from various local government bodies around the country—which demonstrates very clearly the strong interest that local government has in this matter. To begin, I invite you to propose any changes that you would like to make to your submission or to make an opening statement.

Mr Pritchard—Thank you, Mr Chairman. I do not believe that we need to make any alterations to our submission. By way of opening comments, it may be appropriate to introduce ourselves and state the relationship that we have to councils all over Australia. The Australian Local Government Association is a peak local government body. It is a federation of our six states' and the Northern Territory's local government associations. Councils of each of the states and the Northern Territory are members of their respective state associations.

We have prepared a submission which takes an overview position on the issue of funding of community sports and recreational facilities. State associations have taken the opportunity to make submissions which look at the specific issues which relate to their respective states and territories, and individual councils will have made submissions which identify specific issues that relate to their own individual circumstances.

We speak on behalf of all of local government. By way of explanation of that comment, our national policy is established essentially through a national general assembly held at the end of each year in November-December. All councils throughout Australia are invited to the national general assembly. In the preamble to our submission you will note that in the past three national general assemblies it has been resolved that we approach the federal government for support in the area of the work that local government does in providing sport and recreational facilities. I draw your attention to the national general assembly resolutions 7.14 and 7.15, which say:

Local Government supports the development of quality sporting, recreation and leisure facilities, programs and services to meet local community needs. It recognises the value of such services in enhancing not only quality of life but also the nation's health.

Local Government is ideally placed to make the most effective use of Commonwealth funding assistance for recreation, sport, leisure and cultural facilities and programs. Continued Commonwealth support is essential if growing community needs are to be met. This should include the reintroduction of the Commonwealth's Sporting and Receptions Grants Program and assistance for new, developing communities to construct sport and recreational facilities during their establishment years.

Each year, the Aboriginal communities—from the Northern Territory, in particular—have raised this particular issue and have asked ALGA what progress has been made on it. So, I would suggest that this

particular issue has a particular significance to Aboriginal communities throughout Australia.

Mr Chairman, you have indicated that members would have read the submission, so I will not go in detail through the whole submission that we have put. Suffice it to say that we draw heavily upon the recognition given by the Minister for the Environment, Sport and Local Government, Warwick Smith, and Dr Wooldridge in identifying the need for 'Active Australia' and in launching in December a significant program to encourage Australians to be actively participating in sport and recreation. This particular initiative identifies a wide range of national purposes that are served by funding of sport and recreation facilities, and these purposes include health, economic development, and a range of tourism and economic benefits. I will leave it at that and ask for questions, as that might be more productive.

CHAIR—Mr Kavanagh, would you like to make any comments?

Mr Kavanagh—No, thank you, Mr Chairman.

CHAIR—Thank you again for your submission. Obviously, the Commonwealth government already provides to local government untied grants which it is able to use for any purpose that it sees fit. Why is it necessary then to have a supplementary program for sporting facilities?

Mr Pritchard—The submission clearly indicates the level of local government contribution to sport and recreation. The only research that we are aware of that actually identifies clearly the respective levels of funding to sport and recreation shows that in 1989-90 local government contributed \$1,127 million, state and territory governments contributed around \$870 million, and the Commonwealth contributed \$113 million. Local government spending is in excess of 10 to one of the Commonwealth's.

CHAIR—But some of the money that local government has spent would actually have come from the Commonwealth in the first place.

Mr Pritchard—That is quite true. On the issue that you raise in relation to FAGs, in 1996-97 local government received from the financial assistance grants around about \$828 million, which is clearly \$200 million less than the total that local government is spending on recreation and sports. I think those figures indicate that local government is choosing to allocate funds to sport and recreation. In addition to almost the sum total that the Commonwealth is allocating to local government, it has added its own local contribution to sport and recreation facilities. It is a very high priority in the spending of local government, and about one dollar in every nine allocated and spent by local government goes to the purposes of sport and recreation facilities.

CHAIR—Your policy calls for the reintroduction of the Commonwealth sports and recreation grants program. Do you have any suggestions as to whether the program that existed in the past was appropriate? Or are there improvements that should be made to it?

Mr Pritchard—Everyone has identified and expressed concern about the administrative arrangements of the previous grants programs. We, however, believe that there are significant benefits from a program such as the one that was providing funds to sport and recreation facilities within the community. Transparency and better administrative arrangements may in fact have to be developed, and I would expect that to be a

Commonwealth prerogative. We do believe, however, that the grants program is a particularly effective way of targeting funds directly to sport and recreation facilities within communities.

I think, however, from my previous experience with the grants program, that there are improvements that could be made through a more strategic approach. A simple grants program that calls for grants applications from all applicants from all over the country, and then a decision making process being managed from some central point, is not the most effective way of ensuring that recreational facilities of equitable quality are established throughout the nation. We would support a much more strategic approach, such as we talk about in the submission, to identification of the requirements that exist within the community, and possibly the establishment of a database which allows an open assessment of the level of needs and some process whereby decision making processes can be put in place which evaluate the strategic importance of one facility as opposed to another facility.

CHAIR—It would be a very costly operation, would it not, to develop an inventory and a database and then to do an evaluation of some kind. It may end up costing more than the program.

Mr Pritchard—That may be true. However, I suppose that a strategic approach in the first instance, a planned approach to the allocation of resources, may in the long run turn out to provide a more efficient and effective process of delivering Commonwealth funding and Commonwealth programs in local communities.

As has been identified by the number of submissions received from local government, it is a particular issue that local government is very concerned about. Many councils have developed fairly comprehensive recreation plans, so there is already existing some form of data that certainly local government can provide. I know that in some states—in South Australia, in particular; I do not know about the other states but I am sure there is some coordination in other states—local government recreation strategy plans have been combined into regional plans and interstate plans.

The data is there. It needs to be pulled together more efficiently and effectively. There would need to be some investigation as to how difficult and how costly that exercise might be. But I still believe that a strategic approach to the allocation of resources would be a far more desirable approach to meet people's needs than a random or ad hoc grants program.

Mrs CROSIO—Who would you envisage collating all the data: the Commonwealth or people at local level?

Mr Pritchard—I am sure that local government, certainly the ALGA, would be happy to work with the Commonwealth. This particular area, of sport and recreation facilities—given the local interest, the state interest and the Commonwealth interest—is a particularly good example of how the three tiers of government need to work together. I would suggest that, whilst the Commonwealth may, through the Sports Commission, provide a leadership role, local government would be very pleased to work with the Commonwealth on that task.

Mrs CROSIO—But in your submission, Mr Pritchard, you state also that, where local, Commonwealth and state should work together, you have a problem as an association with joint ventures with

the state departments of education.

Mr Pritchard—In the submission we identify that there have been drawn to our attention a number of issues and concerns, specifically with facilities funded jointly with the education departments in some states. We also make the point that there are a number of glowing examples of how it can work better. Again we identify the need for a mechanism to share that best practice. We are not saying that we have difficulty working with the state governments in this area at all; we are saying that in the past there have been joint ventures that have had some minor problems associated with them when the interest of one group has dominated over another, and/or that over a period of time the asset reverts back to the state government, and local council needs and community needs are diminished in that process.

I would not want the committee to leave with the impression that there is a fundamental stumbling block to our cooperation and our work with the state governments. There are specific examples of where there have been problems and we would suggest that we could work with the state governments and the Commonwealth in this process to ensure that best practice is reached.

Mr McDOUGALL—Mr Pritchard, could I ask you to explain something. You talked about the fact that, to date, local government has contributed such a large proportion of the funding towards sports facilities and recreation facilities. How have you measured the dollar value that you have put on it—in straight dollar terms or in kind as well?

Mr Pritchard—In the methodology for the figures that we have actually quoted, the source is the ABS. I understand that the ABS data is for an actual dollar contribution. I would need to check with my advisers on that particular matter but the source of information that has been quoted is ABS data.

Mr McDOUGALL—Could I follow up on a question from Mrs Crosio in regard to relationships of the players. I get the impression from reading your submission that what you are trying to do is, under a different set of management rules, to reinvent the past by having federal and local predominantly involved, with maybe some overcoming of relationships with the states, as you have just explained, particularly with education departments—and I think we are all aware of that—but that you have not made any submission as to how you feel sport itself or the private sector could play a role in future funding. What are your thoughts in regard to that?

Mr Pritchard—As to private sector funding, in addressing the third term of reference we make a very general statement in terms that it does not matter whether it be private or public funding or a combination of both. I do not think we are ideologically driven about that matter. But we identify also that, in providing community sports and recreational facilities, there are two main drivers. One is the quality of the recreational facility and opportunity for people and the other is the breadth and scope of the activities.

One of the difficulties in any grants program—and local councils are making these decisions almost on a daily basis when trying to decide allocation of resources to a football field, a hockey field, a basketball field, versus a gym or a squash court—is that there is prima facie evidence that there are some areas of sport and recreation that the private sector is simply not interested in providing. Public open space performs a very vital recreational opportunity in communities, and we believe that, without private sector development

contributions that local council insists on, public open space simply will not be provided and cannot be provided by the private sector.

So the issue of providing the range of quality recreational opportunities in local communities does need a local decision, as it were, about what is the appropriate mix to achieve the best outcome in your local community. We have specific problems in remote rural areas, where private sector funding is not as much an option as it may be in metropolitan areas. We have no magic wand as to what the combination of funding might be but we do note that councils are making decisions about private sector developments in sport and recreation, and councils are very supportive of those applications. But we note also that local government and other spheres of government have a responsibility to ensure that the gaps that are left by the private sector are filled satisfactorily.

Mr McDOUGALL—You mentioned that the two major states are going into rate capping. Let us say that that goes across into other states as well. On the basis of the major contribution in dollar forms that councils make at the moment to sport and recreation, how is that rate capping going to affect your split of the dollar expenditure by councils?

Mr Pritchard—It is very hard to predict what the outcome may be, but we draw the committee's attention to the financial pressures that local government is currently under. In addition to the financial assistance grants, councils are relatively self-sufficient, but where there have been some decisions taken by state governments in particular, where it restricts the capacity of local governments to raise revenue and therefore allocate funds to various programs, councils will be placed in the decision making dilemma of having to decide whether to allocate funds to sport and recreation facilities or other priorities. It is a priority setting exercise. We regret that one level of government would make a decision which impacts on the financial capacity of councils to actually implement programs that it may believe are in the best interests of its community.

Mr McDOUGALL—Following on from what we have been talking about, you mentioned the fact that developers bring in contributions. We note that over recent years developers' contributions as a component of cost of general public facilities is getting higher and higher. I read in your submission with interest that you are now talking about passive recreation such as parks, gardens and natural areas. Do you really feel that fits inside the general thrust of sport and recreation?

Mr Pritchard—I believe that we would consider that it fits into the spectrum of recreational pursuits. Recreational opportunities extend across a full gamut of activities. For an older person who has, perhaps, some physical disability, a walk in a park is as valid a recreational opportunity or recreational experience as an Olympic marathon may be to an Olympic athlete. Councils do, in fact, try to ensure that there are opportunities across that spectrum and that, whilst we are not suggesting that the same levels of funding support may be required for those activities, we do have to acknowledge the validity and the need for those facilities and services within communities—and I think councils are.

Some states are coming under enormous pressure in terms of the way in which they are managing their open recreational space. In metropolitan areas, in particular, some open space is being put under pressure for development. The loss of that recreational opportunity in communities could be to the

disadvantage of a whole community. Councils really do have to be in a situation of weighing up the benefits and the disbenefits of that sort of decision making process.

Mr MARTIN—Does the Australian Local Government Association have a particular view about user pays as it applies to the provision of sporting amenities in local government areas?

Mr Pritchard—We, as a national body, do not have a particular position on that. We believe that that would be a decision at the local level and that, in general, I think we would have no particular problems with user pays. However there are areas of specific needs that need to be supported. There are some problem areas in the recreation area.

If you accept the argument that the Commonwealth has a national health interest, for example, in supporting sport and recreation in local communities, one cannot expect the private sector and/or the community to bear the total cost. That is the cost transfer. If people do not participate in recreation and sport, one might assume that there will be health disbenefits, and at some point of time the Commonwealth will have to pick up the tab through increased costs to the health system. We would suggest that there are sensible, good management strategies for user pays for many of our facilities, but there are also good sensible arguments for public sector investment and contributions to recreational facilities.

Mr MARTIN—Following on from questions asked by Mr McDougall, my experience from local government has been that there are a couple of phases in respect of recreation facilities that councils have responsibility for. In the first instance there is the establishment or development. Secondly, there is the maintenance. You talked about developers' contributions in New South Wales under section 94 of the Environmental Planning Assessment Act for example. Some experience I have had seems to suggest that councils are great at getting the allocation of space or indeed even a recreation facility of some sort, whether it be a community hall or a swimming pool or whatever it might be. The maintenance of it then falls to the local government entity.

Does that cause some problems in terms of whether or not interpretations of what developer contributions might be should in fact go beyond simply establishment or development but also maintenance?

Mr Pritchard—I am not sure how far the terms of reference of the inquiry will in fact extrapolate out to better management of facilities. I believe that the issue of better management of facilities is a very important issue in respect of the implications it may have on demand for facilities and the quality of experience for people. We would acknowledge and accept that there needs to be a lot more work in the area of better management of facilities. Given there is a need for increased activity in the area of policy in sport and recreation we would be keen to work with the Commonwealth on those sorts of issues. Again, I think it is a best practice activity, certainly with the introduction of AAS 27, accounting standards et cetera. Local government will be in a better position over the next couple of years to fully attribute costs and account for and in fact improve management of recreational facilities.

Mr MARTIN—An interesting development has actually come in in Victoria in the form of legislation by the state government which enables local government to strike an additional levy with rates. That enables a local government to inform their citizens that that special levy is being struck for an economic development

purpose or a tourism levy or whatever it might be. In fact, it is an argument that is also raging in New South Wales at the present time. Is there a policy within the Australian Local Government Association about the applicability of special rates being struck at the local government area to pick up issues like the development and maintenance of sport and recreation facilities within local government areas?

Mr Pritchard—There is no specific policy. It is an area that, now you have drawn my attention to it, I would be interested to pursue.

Mr MARTIN—I think it is something that you should have a look at. If you want an example of it have a look at Ballarat. Very good.

Finally, Mr Chairman, in respect of the sorts of facilities which local governments like to pursue,—second last question, sorry—do you have a view about stand alone versus multipurpose type facilities and how councils should approach those sorts of developments within local government areas?

Mr Pritchard—It is a good question. To use sporting parlance, there are horses for courses. In general terms, I think that local councils acknowledge the efficiency and the cost effectiveness of multipurpose facilities. However, we do acknowledge that there are strong community demands particularly in state and national facilities for specific purpose facilities.

Local councils—Peter might make some comments, particularly about the Northern Territory—will acknowledge the need for a range of services and the most cost-effective way that many of the councils have actually pursued that has been by provision of multipurpose facilities. Perusing some of the local recreation strategies that councils have prepared, I think that has been a trend that has been occurring over the last 10 years. Councils have acknowledged that the most cost-effective way of providing for and meeting the broader needs of their ratepayers has been to provide multipurpose facilities.

Mr Kavanagh—Could I add that most councils are definitely very conscious of the economies of multipurpose facilities. In the Northern Territory in particular we have concentrated a great deal on multipurpose facilities, particularly in isolated and remote communities. There are many more advantages than just a great sporting facility in promoting this type of expenditure. There are health and social ramifications, particularly in the isolated and remote areas.

One of the largest social problems facing our communities in the Territory is the dilemma of petrol sniffing and the spreading of petrol sniffing. A lot of that is attributed to the high unemployment and low prospects of employment in some of those areas. Sporting facilities are seen as a way of giving the youngsters something to do. There are tremendous social and economic benefits from programs such as the Burunga Sports Festival which is held out in Arnhem Land and attracts large numbers of people to the township of Burunga. We need multipurpose facilities to sponsor sports festivals such as that. It goes beyond just the provision of sporting facilities. Councils work very closely with state and territory governments to ensure that the money, which is fairly limited, goes towards developing the most practical facilities available.

Mr MARTIN—Thank you. My final question leads on from something which was commented on earlier—that is, the need, as seen by local governments that are not concentrated in capital cities, for regional

or national sporting facilities to be located there. There are a number of examples of major regional cities that are not too distant from capital cities around Australia who would dearly like to have a source of funding from the Commonwealth that would tip a major regional facility into viability.

Does the Australian Local Government Association have a view about the way in which local governments should progress those types of facilities? How do you overcome the parochialism that is often exhibited by councils when they decide that, yes, a regional facility is a great idea, but it must be my local government area and not the one next door?

Mr Pritchard—There are a number of examples—again, this is about best practice—where councils have got over those parochial concerns that you have identified. We agree totally that there is a strong potential for increased development of sport and recreational facilities in regions. The Australian Local Government Association has a program which works closely with voluntary regional organisations of councils—that is, groups of councils who work collaboratively on a range of issues for the benefit of their region. We have 52 VROCS, as we know them at the moment, and those groups cover about 70 per cent of the country.

Councils are working together collaboratively. Those regional organisations of councils work with, and in association with, some of the regional development organisations and state based regional organisations. So councils do have a mechanism already in place for regional cooperation. There are stronger examples in the area of environment where regional cooperation has worked, for example, where regional waste disposal facilities have been established. If there was an incentive and somewhere to go with a strong proposal about the development of a recreational facility, I think councils would respond very positively to that opportunity.

At the moment, councils working on the provision of major recreational facilities are really forced to go back to their own resources and/or state resources—and state resources are fairly lean as well. My answer to your question is that there are mechanisms. Councils are very keen to look at regional facilities—that is an economic development opportunity, from a council perspective. There simply is not a coordinated framework for councils to tap into progressing the issue any further than a regional level.

Mrs CROSIO—If I could take you one step further on from the question asked by Mr Martin, are you aware of the task force that was set up in the local government area in the Hunter region?

Mr Pritchard—Yes.

Mrs CROSIO—Do you believe that is a model for looking at cooperative planning, in terms of the region coming together?

Mr Pritchard—Yes, I do.

Mrs CROSIO—How do you think that will go in future? You were talking about the slight concerns expressed by Mr Martin with regard to the jealousies of a particular area. Knowing how large that Hunter region is, how do you think the task force is going to overcome those problems?

Mr Pritchard—It is a political process that councils are involved with on a regular basis. There are many examples where regional recreation facilities have been developed. The Hunter example is one that demonstrates that people have identified the need and that councils have identified and developed the leadership strategy and are out in front, through the regional development organisation, trying to work through those issues. I suppose the funding agencies are in a strong position in that, until such time as those concerns are addressed and worked through, progress will not occur. I think the organisations involved in the planning in the Hunter area will resolve many of those problems if they believe that they can progress the developments, because there is some funding at the end of the tunnel and certain conditions are placed on the funding.

Mrs CROSIO—When regional councils come together and look at what they are going to do in the future, do they also look at the recurrent costs involved and then share them on a particular joint facility?

Mr Pritchard—They can. There is a variety of different models that are approached. I should say, too, that our regional organisations of councils come together not so much as a structural identity to address all issues; our organisations are addressing specific issues that they identify as being particularly important. In the Hunter they are working currently on recreation, whereas in the green triangle in Victoria they might be working on an economic development project. So there is not a general picture. The Hunter area is working through the issues—

Mrs CROSIO—I am concerned about the future. The task force has not as yet got enough experience behind it so that we look to the future with a real model. A question was asked by one of our people here about recurrent funding in the future. I just envisage that, with the task force coming together as a regional organisation, they decide they need regional facilities, we bring in a user-pay principle and that does not always meet all recurrent funding. How do they distribute it if centre A is located in local government B and yet they are part of the region? Does the region come in with their funding proposals for that recurrent expenditure on a yearly basis? I am just wondering how they overcome that.

Mr Pritchard—I think the proposal that is developed at the regional level really does have to address all of those components. Councils have now had enough experience to realise that the recurrent costs and operation management of facilities is as big an issue as the provision of the facilities to start with. I would expect that the Hunter group that is working on the issue will be looking at the whole component of the management of the facility. People in this particular area of recreation are fairly sophisticated in the models that they are exploring, both for the capital investment and the recurrent operational costs.

Mr ROBERT BROWN—I have a couple of related questions. The submission that the Local Government Association has provided has, to my mind, two major points. The first one is that, in the absence of Commonwealth funding, community needs simply will not be met. The other one is that, if Commonwealth funding is made available, local government is best placed to utilise that funding. To your mind, which is the most important—that Commonwealth funding is essential or that, if Commonwealth funding is available, it should be directed through local government?

Mr Pritchard—The current situation is that there is demand and enormous pressure for the development of facilities. I suggest that funding is the principle issue but that collaborative arrangements

between the players is the next order. It is not a sequential thing. We have to get the planning and the partnership arrangements worked out efficiently and effectively first and then the funding needs to be there.

At the moment we sort of play in the arena of some cooperative arrangements but we have got nowhere to go to once the plan is there. There is the example we were just talking about in the Hunter where very sophisticated plans for recreational facilities and development is occurring but I am not sure where that is going to go to unless there is support from the Commonwealth in the long run.

Mr ROBERT BROWN—In the absence of rate capping, would local government be able to raise the funds that are necessary in this area and in others?

Mr Pritchard—It would increase our flexibility.

Mr ROBERT BROWN—Why then, in those states where there is no rate capping, is there still an unmet need for facilities of this kind and still a desire on the part of local government in those areas to have Commonwealth funding? What makes a dollar raised by the Commonwealth taxation system a better dollar than the dollar which is raised by local government land value rating system? The dollar comes from the same people, it just comes from them in different ways. Why should we raise it?

I am not being hostile. This is a perennial question. There are a lot of us who have a background in local government and a lot of sympathy for local government but I would be interested to hear your answer to the question, 'Why should we raise it through our taxing system and you spend it?'.

Mr Pritchard—Again, and not to be hostile, I think that the taxation system clearly makes it the responsibility of the Commonwealth. Given that we have also put in our submission that there is a clear national interest in funding of sport and recreation, I think local government would accept allocation of local resources to local needs. However, there is that additional component at the local level that we are contributing to national objectives—economic, social and health.

CHAIR—To take that a step further, if the Commonwealth was to just boost your share of personal income tax by \$50 million, untied, how much of that would end up being spent on sport by local government, and sporting facilities, and how much of it would be more likely to go to roads or other priorities?

Mr Pritchard—That is a very hypothetical question. Could I suggest that we would be allocating at least the 1996-97 figures of about \$1,500 million, plus \$1 for every nine. We would continue to contribute a significant amount to sport and recreation facilities.

CHAIR—To follow up Mr Brown's point, the only way of ensuring that the money would actually be spent on sport would be to tie it but, and correct me if I am wrong, it is ALGA's policy that funding should be untied wherever possible.

Mr Pritchard—Certainly in terms of FAGs, financial assistance grants, for general purposes our policy is clearly that it would be untied. However, we are not opposed to specific purpose payments or specific purpose programs which are targeted at needs that have been identified by the community and shared

objectives by the three tiers of government.

Miss JACKIE KELLY—Coming back to this database of the 750 councils, obviously a simple survey, and probably you have done it already, would show you the number of swimming pools, football fields, netball courts, tennis courts and all those sorts of things. You would have that information for all of those councils. You would also have the demography for those councils.

Also, in relation to the sporting organisations, I think swimming expect that five per cent of the kids will at some stage swim. There is also gymnastics and all that. The sporting organisations themselves have an expectation of what percentage of children will play their sport—therefore they can extrapolate that out in terms of how many kids in that age group you have and identify which facilities are needed. You would come up with a database that basically says, ‘For that LGA you should have two football fields,’ et cetera. On the basis of that information done by your organisation, the Commonwealth can come in and backfill specific facilities to make-up what should be the level of specific type for that area.

Mr Pritchard—It sounds comparatively simple. It has not been done. Local council will, in most instances, possess the local data. In some instances regions will possess regional data and in some instances the states will have some of the state data. We are not aware that there is a national compilation of such material. It sounds very basic. If we are spending enormous amounts of public funding in sport and recreation, it would seem to me that there is a sound argument to actually prepare that sort of material. The question as to who can prepare that material is a vexed one. Our submission is suggesting that that needs to be a collaborative exercise.

Miss JACKIE KELLY—You are ideally placed, though, to basically send out a survey asking, ‘How many football fields or whatever have you got?’ The various councils could come back and go tick, flick, flick. You could then look up ABS statistics on demography for the LGAs and say, ‘By and large, areas of this size are providing 10 football fields for this number of kids and this one has only got five; therefore there is a deficiency of five and there is an oversupply in this one,’ and just get a mean. Obviously councils over time will have different priorities. But that would actually get you a template from which we could work.

Mr Pritchard—Yes, you are suggesting a comparatively simple model for the establishment of a true measure of the demand for and the supply of recreational facilities. I think the issue is somewhat more complex than that. That process which you have described to me sounds very much like benchmarking; one size fits all. It will be interesting to hear from the Confederation of Sport and the Sports Commission on issues around that. There is clearly quite a difficult situation, for instances, in the territory to come up with an indicator of the satisfactory level of provision of sport and recreation facilities as compared to Sydney because the issues are so much more complex.

Miss JACKIE KELLY—You would not be comparing those LGAs; you would be comparing that with Parkes, or Kalgoorlie or something like that. Those would be the comparative LGAs. The things that make it more complex is fads, and the classic one at the moment is basketball. When some sport takes off like that, then the private sector kicks in and starts providing facilities. You would not be looking at all those sorts of things when it gets to that level and the private sector kicks in on a fad. So you really are looking at

really basic stuff: swimming, football, hockey, tennis, netball. They are the classic sports and there should be an X, Y, Z number per capita of children between ages.

Mr ROBERT BROWN—Should Commonwealth funding to sport be needs based or submission based in determining which particular projects are undertaken?

Mr Pritchard—That is a very good question. In principle, needs based. I think councils have, through their recreation strategy plans, identified their priorities and needs on the basis of needs. In practice, bearing in mind the qualifications that I mentioned earlier about submission based processes, there needs to be a mechanism for the efficient and effective delivery of Commonwealth dollars to national, state, regional and local priorities. I think our responsibility at the local level is to assist and to facilitate the identification of needs. Through a process of collaboration, together we could work on strategies whereby we can allocate the resources efficiently and effectively.

CHAIR—We are actually over the appointed time. Are there any final quick questions?

Mr JENKINS—I was wondering about the relationship between local government and state association sporting bodies. One of the problems that local government often has is the unwillingness of a state body to give some guidelines about the provision of facilities. In Victoria, it would seem that soccer is such a sport, where a group of people will get together and will want to join a league. They require a ground, and so the pressure goes on to local government to provide that ground.

When local government goes to the federation and asks, ‘What are your overall plans for soccer in the state and how do we fit in to them?’ there are no plans, and that presents a problem; whereas, some other sports are a bit more sophisticated and will give guidance about where they see their sport going in general, and local government can fit in to that. If we were to go closer to a needs based funding, we would have to take on board the comments of sporting bodies, and so we have a problem at that level. If we get conflicting competition between sports for the same dollar, how does local government handle that?

Mr Pritchard—They are handling it at the moment. Whether they are handling it to the satisfaction of the particular interest groups or not is a difficult question. I agree totally that the process for the systematic and most effective provision of recreational facilities in a local community can be best achieved only by total cooperation between the industry, the interest groups, the sporting facilities people and the government. But ultimately, at the local level, councils are elected to make decisions; and we would say that, if you get the planning processes right, the decision making process follows.

I draw your attention, Mr Chairman, to the *Guide to integrated local area planning*, and I will leave it with you. We refer to it in our submission as a process, a set of principles for planning, which says that to provide facilities and services in your local community there needs to be a process whereby the three spheres of government and the stakeholders, come together to work through the issues. As government and community people, we are all now quite clear that it is not in anyone’s interest for one or another group to go off on its own particular tangent and push too hard.

That relates back to the question that Mr Martin identified earlier in relation to multipurpose facilities:

part of where councils have come from and are going to is to say that more needs than those of one particular interest group or sport can be met by looking at the range of needs and facilities that can be provided. So, careful planning might be able to decrease the demand, on certain issues.

Mr McDOUGALL—Coming back to that point of multipurpose facilities and development, you talked earlier about education departments, as well. There appears to have been, over recent decades, a reluctance by local authorities to actually privatise or professionalise the management of facilities. It has gone in history from there being, let us say, a manager, a council employee, to being possibly a lease arrangement where somebody actually tenders for a lease of a facility. There has been virtually no cooperation with education departments, and I personally blame the education departments. I do not think it has had anything to do with local government.

In future, if we are able to get joint financing for capital infrastructure of multi-sports facilities, and those facilities then need to be run as a proper professional, private organisation, with some sort of arrangement in relation to financial structure going back to local government, is local government prepared to see that happen? Or do they want to keep hold of the apron strings, as always?

Mr Kavanagh—If I could quote the example of my particular town council in Yulara in the Northern Territory, we realise that maintenance costs are often more significant than the original cost of setting a facility up and getting it up and running. We were approached by the Ayers Rock resort company to supply a 25-metre swimming pool for the residents of our town. We looked at the proposition. They were going to give us a grant of \$250,000 towards the establishment cost of that swimming pool. But, after studying the costs of maintaining pools in the Northern Territory, we found that it averaged out at about \$200,000 a year to maintain a 25-metre swimming pool.

We cleared it with the Territory government and we offered the resort company a grant of \$300,000 towards the swimming pool, with them having the ongoing maintenance program for the facility. All we wanted was a little plaque saying, 'Constructed with the assistance of the Yulara Town Council.' They have accepted that offer and the wheels are now in motion, and we will have a swimming pool that private enterprise will ultimately maintain for us.

Out there, we do not have a large council staff. We tender all of our council maintenance programs—parks, gardens and all that sort of thing—to the resort company. We believe that we would be only tendering them in to look after our swimming pool, so we made it their pool and their responsibility, and thus the community will have an ongoing, fully maintained facility there.

Mr MARTIN—With access for the general community?

Mr Kavanagh—Yes, indeed.

Mr MARTIN—It wouldn't be managed by the resort for resort guests only?

Mr Kavanagh—No, it is not for resort guests only. It was brought up because the resort closed their swimming pools to the community. This will be a community facility. There may be an admission fee, but it

is for the communities and not for resort guests. That is certainly a trend that I believe is going to become very popular.

Mr Pritchard—Can I just add to that? The example that my colleague, Councillor Kavanagh, has identified is an innovative way. It demonstrates clearly that councils are now more than ever looking at a variety of different ways of running their businesses. The issue of rate capping, which we identified earlier, is placing councils in a position where they are going to have to look much more closely at the way in which they operate.

Mrs CROSIO—How long has rate capping been in New South Wales?

Mr Pritchard—Years. I do not know.

Mr JENKINS—Being a Victorian, I have a bit of concern about compulsory competitive tendering. I have no problem, as Mr Pritchard has just put it, that there should be flexibility and that local governments should look at the best way of running their business concerns. It is the element of compulsion in Victoria that presents a difficulty, and the fact that everything has been set up as a business unit. If we have recreational facilities that are being tendered out, they can go to private companies, and many of them go to organisations like the YMCA. At the end of the day, that may not be a problem, as long as there is some limit to the amount of user pays that contributes to making those things profitable. I am wondering if the ALGA has a policy about local government's role in setting admission costs, or how much they would see as being reasonable profit versus the opportunity costs of people being able to get access to the recreation facility.

Mr Pritchard—The issue of public good is a critical one for any level of government. Whether it be through the process of competitive tendering of services or another process altogether, governments are required to consider what is in the public interest and therefore have a responsibility to maintain an interest in a level of charges and the accessibility of services that are being provided. That is probably a roundabout way of answering your question.

I believe that ALGA supports the position where local councils will continue to be involved in those critical, public good decisions about the service provision, whether it be in recreation or community services, when those services are being provided by a third party outside of the direct control of local councils. Through the contracting process, there have been some interesting developments whereby a number of those sorts of issues are starting to be teased out and explicitly written into contracts; whereas, in the past, many of the public good issues have simply been assumed, and people have not been in a position to articulate what it is that we are trying to achieve when setting fees for particular services and facilities.

CHAIR—We must draw the discussion to a halt at this stage. We are well over time. I thank the Australian Local Government Association representatives for their attendance here today. You have certainly provided us with some excellent background information, and you have also highlighted the pivotal role that local government has in the provision of community facilities. Thank you very much for your contribution. You have provided us with some additional information. It is ordered that this information be taken as exhibit No. 1. Thank you again, and we look forward to meeting other local government people around Australia as

the committee undertakes this inquiry.

[11.07 a.m.]

HAYNES, Mr Stephen Philip, Chief Executive, Confederation of Australian Sport, 1 Phipps Close, Deakin, Australian Capital Territory

CHAIR—Welcome. We have received your submission and have authorised its publication. Are there any additional comments or changes that you would like to draw to the committee's attention?

Mr Haynes—I would like to emphasise a couple of points. First of all, the Confederation of Australian Sport is delighted that the minister, Warwick Smith, has encouraged this inquiry to be undertaken. As you are probably aware, it has been a major priority of the Confederation of Australian Sport to have a facilities program in Australia. We thought it was a glaring omission in the coalition sports policy prior to the election. We are delighted that that has been rectified at this stage.

The Confederation of Australian Sport, for those committee members who are not aware, is a sports industry association that has 125 members from the main national sporting organisations. It is the role of the confederation to promote the benefits to the Australian community that accrue from a dynamic sports industry. That is why we believe a facilities program is imperative to facilitate that major aim of the confederation.

I would also like to stress that we believe it extremely important that there be a coordinated approach to facilities and programs in Australia. I am not surprised by the number of submissions that you have received. It has been a burning issue for quite some time. However, while that is good, it potentially has a downside, and that is a lack of coordination so that facilities may be being constructed without prior thought.

I would also like to stress that I think the confederation would strongly concur with Miss Kelly's remarks just now. I think there are some simple things that can be put in place in terms of starting this coordinated process, which would not be terribly demanding from a financial perspective, but I would stress that I do not believe at Commonwealth, state or local government level we ever got our act together on facilities at this stage. I think that is a glaring omission in Australian sports programs which, apart from facilities, are second to none.

CHAIR—Thank you, particularly for your submission. It contains a lot of very valuable background information and addresses some important issues that we are certainly going to want to follow further. Mr Martin cannot be with us for too long, so I will give him priority to ask the first questions.

Mr MARTIN—He knows all the answers—I have asked him before—but I want them on the public record. Mr Haynes, are we catering for too many sports in Australia, particularly in the provision of facilities at local government level but also nationally?

Mr Haynes—In answer to the first question, absolutely not. One of Australia's greatest success stories is the fact that we have championed a sport-for-all philosophy and I think it is important that we maintain that philosophy. It is the right of every individual Australian to be involved in a sport of his or her choice. Not only that, but I think, in view of the rehash of Active Australia, which quite clearly wants Australians to

participate in sport, that goes hand in hand with ensuring they participate in a sport of their choice. I would get concerned otherwise that perhaps in some way we could be pushing backwards towards the former East German system when we select participation in sports for people purely to win medals.

Obviously, that has a flow-on for facilities, and that is something that would need to be explored in terms of how that translates, but as a fundamental philosophy, the confederation champions sport for all.

Mr MARTIN—The issue of funding therefore becomes paramount in this because, if we are championing the cause of sport for all, we are also championing the cause of ensuring that there are adequate facilities available for people who want to participate in that variety of sports that are available. Your submission proffers two suggestions as to how funding might be obtained by a Commonwealth government wishing to continue to be involved in some way in the provision of these facilities.

Can I go to the first of those. You suggest that sport health could be funded by a 1c per cigarette levy, which would bring in to the Commonwealth government a sizeable revenue base. How can you be sure, firstly, that the funding that would come in would be directed towards sport and health promotion activities and not simply disappear into consolidated revenue, which is, I understand, the case with VicHealth?

Mr Haynes—I believe it has been done in various health promotion agencies around Australia. It is a legislative approach and I would have thought not too difficult. I should stress at this stage that, because of the size of the likely revenue base from a health promotion fund, I would see sport and recreation as only being one of several possible recipients, particularly—

Mr MARTIN—I would like it all, but anyway—

Mr Haynes—So would I, but that is the realistic approach and one that has been based on what happens elsewhere in Australia and, indeed, overseas. I think it would have to be guaranteed by legislation. What appeals most to the confederation is the compatibility with the concept of the use of sport in terms of health promotion and the effect that tobacco has on disease and the despair it produces in this country.

Mr MARTIN—Again, it goes back to that fundamental dilemma that a government is relying on the sale of a product which is stamped on the packet that it kills you—causes lung disease, heart disease, everything else. In fact, in the United States a company has actually come out and admitted all of these things for the first time. The government is therefore relying on the sale of a legal product which is deleterious to your health to get a revenue base to provide for that same government to promote a healthy lifestyle, including the provision of sporting facilities. Is there a dilemma in that?

Mr Haynes—Absolutely not, as far as I am concerned. Not only is there not a dilemma, I think the one fact that you left out is that increasing the price of a packet of cigarettes is probably the only proven way to discourage smoking, and I think there is plenty of data on record there through the AMA and, I believe, through the Herron report as well.

Mr MARTIN—But how can we also guarantee to some extent that the majority of funding there does go to the facilities, and sport promotion and not just straight into the health element of that? I accept your

comment a little earlier that you would like to see it all go into perhaps sport, but you accept that it will go into other areas, and I know that in Victoria it goes into arts and other promotional activities and so on and buying back of sponsorships and the rest. How can we try and ensure that that happens.

Mr Haynes—As I say, I believe, in terms of the establishment of a health promotion agency and by legislation, that you can guarantee what percentage of any excise goes into any particular facet—be it sport, recreation, arts, environment or whatever.

Mr MARTIN—So it will be the will of the government to see its succeed.

Mr Haynes—Exactly, and I think it is the will of this government, and it was certainly the will of the last government I believe, that really stressed the importance of health promotion rather than the increasing billions of dollars we are spending on treating disease. There is no doubt that what we really need is the department of sport to become the department of health and the department of health can continue to be the department of disease and despair.

Mr MARTIN—Good call! Moving on then to the sports lottery—I like this one!—your submission talks about very successful sports lotteries in many countries in Europe, in particular. When you look at the statistics, for example in Italy, it is interesting to see just how much of the Italian Olympic federation's annual budget is provided for by the sports lottery. It has also been successful in the United Kingdom. There is no doubt that by a government's decision to have a sports lottery it will raise the necessary capital to provide funding for sport, but also particularly for sports facilities' development.

What do you think the chances of success are of having that put in place, given your background and given also the reticence on behalf of Treasury and other officials of government that advise government about hypothecation, taxes specifically, and lotteries, and the concern about state governments having ultimate responsibility for lotteries?

Mr Haynes—I guess whatever funding issue we put up, we can guarantee one thing—we will not get support from the Treasury, whether that be on line budgets or off line budgets. The biggest problem with a lottery will be the lack of support there has been previously at state government level. We are not shying away from that, but I know that certainly this government and the previous government have been close in the past in terms of numbers.

I believe there have been some significant changes in terms of the concerns about a national lottery at state level because, quite clearly, there are lotto blocks now which do involve most states and territories, which suggests that there is some will on the part of states to revenue share. But we do understand some of the potential political problems in the lottery. That is why our preference would be for a national health promotion fund, as opposed to a lottery. It really will need a champion to get it through. Warwick Smith keeps telling me he is a fantastic technician and that he gets things done—here is a challenge for him.

Mr MARTIN—On the lottery itself though, how much lobbying and what success has the confederation had in convincing the states that this is the way to go that they should hand over that particular element of their power to a Commonwealth entity to run a national lottery?

Mr Haynes—I would say we have been more successful lobbying federal politicians than we have at the state level. There is still a fair amount of concern out there at state level.

Mr MARTIN—Thank you.

CHAIR—Bearing in mind the enormous growth in gambling based revenue for the states, to ask them to give the power over entirely would clearly involve some substitution of other taxing provisions, one would imagine.

Mr Haynes—I am sure there would be added complications. Certainly, just the basic fear of loss of revenue at state level would be their major concern, although I do believe that there are benefits in terms of the construction of sports facilities that would offset those.

CHAIR—Are you aware of any examples of ongoing hypothecation at a federal level?

Mr Haynes—It is difficult to say. It depends on how you view the Telstra sale, I suppose. I cannot think of any others in terms of hypothecation.

CHAIR—Some time ago there was the bicentenary road funding program which for a short time added a couple of cents a litre. But it was soon absorbed into the whole process and that is why, I think, people are suspicious about hypothecation because of the concern that it soon becomes a part of the revenue base and never goes away.

Mr Haynes—I am not sure that there is any suspicion in the sports industry. I think that there would be more concern about what Treasury's view would be on that process. It is a well known fact that Treasury are not particularly impressed with the lack of control they have because of hypothecation but I think the sports industry, as one example, would be delighted with the process.

CHAIR—Going back to the cigarette issue: if, in fact, it is true, as you say, that increasing the price reduces the consumption, you would therefore be tying yourself to a declining revenue base.

Mr Haynes—You can link that to an increase in the excise to maintain that balance until you get to the ideal position. But I think we have to be realistic. The process of reducing smoking in Australia has gone from something like 37 per cent in 1984 down to about 24 per cent now. If we could reduce that by another 10 per cent in 20 years, I think we would all be feeling quite happy. I guess the point I am making is that as fewer people smoke, and to maintain the revenue base we keep increasing the excise, this will have an added effect of hastening the fact that more people will stop smoking.

CHAIR—So one cent would become two cents and three cents and four cents?

Mr Haynes—If one needs to maintain that level of revenue base.

CHAIR—Could I go back to one other thing that I think is probably fairly important from the point of view of the overall conduct of this inquiry? Can you tell us about the Confederation of Sport? What are its

objectives? How is it structured? Who is involved? What is your role in the provision of facilities, et cetera?

Mr Haynes—The Confederation of Australian Sport is a sports industry association which, as I said earlier, is about promoting the benefits that emanate from a dynamic sports industry. That will be any facet of sport, whether programs for junior sport, physical education in schools, coaching or, indeed, facilities, which are very basic needs to pursue many of the aspects of sport.

The role is a classic role of any industry association. We represent the industry and try and promote to government and the private sector reasons for their being involved in that industry. I guess that in terms of the sport industry, it is a thriving industry—two per cent of GDP, which I think is very important. But I think that the most important aspect of our particular industry is that it has a volunteer force of about 1.6 million Australians which generate equivalent to \$1.6 billion. So that is a basic overview of the confederation in sport. We are there to promote all those benefits.

CHAIR—Your membership are basically the sporting organisations around the country?

Mr Haynes—Essentially, yes, although we would see our shareholders as all Australians who want to participate in sport.

CHAIR—And your funding?

Mr Haynes—We decided not to seek a continuation of government funding this year. We are now purely funded from membership fees and corporate sponsorship and any other initiatives that we can come up with.

CHAIR—Why did you seek not to have ongoing government funding?

Mr Haynes—I guess we got an indication that it was going to be taken away—not that that was the driving force. It was a fundamental decision of the new board that while we see no reason that industry associations cannot have a business relationship with government, as appropriate, we do not believe that there is a place necessarily for administrative grants.

CHAIR—You feel that you are more independent then and—

Mr Haynes—I guess that when push comes to shove, yes. It is a little bit difficult to have a go at Warwick. He has given us \$100,000.

CHAIR—One other question before I pass on to other committee members, and I think that this is also an important issue from the point of view of the context of the inquiry. Everyone agrees that sport and recreation lead to a healthier lifestyle and, therefore, national benefits. Is there any evidence to suggest that the provision of additional facilities, in fact, promotes more involvement in sport? Are you basically arguing that the facilities provide the motivation for recreation, or are you arguing that there are people out there who would just love to be fit and healthy but are not because there are no facilities?

Mr Haynes—I think that there is some evidence to support that last statement. As we mentioned in the submission, the Minister made a clear statement that if you can get an extra 10 per cent of Australians exercising and participating, then the likely economic benefits are somewhere in the order of \$600 million. I think that there is some evidence—certainly, there is some in the department of sport—that a lack of facilities is, indeed, a barrier to people participating in sport. I think that there is a very important connection there between the construction of facilities enhancing participation, and the health benefits.

CHAIR—That is the key question, though. Is it just that you provide extra tennis courts so more people play tennis who otherwise would have been running, or doing something else where there were fewer facilities required? Or do you, in fact, increase the participation in sport and recreation?

Mr Haynes—There would be an element of both. It may be too difficult to say at this stage. Quite clearly, it is part of government policy to get more people participating. No doubt, as part of Active Australia, the intention would be to target those that are not currently participating rather than those who already are.

Mrs CROSIO—If you are now, certainly, independent as far as financial assistance from the government is concerned, what type of tax concession is now granted for donations to the foundation?

Mr Haynes—I think that it is the same as it has been. I think that it is still 100 per cent. There are no great benefits as far as the confederation sees in the Australian Sports Foundation in its present form.

Mrs CROSIO—You put in your submission that you expect something like—if they are really going to get funding—125 per cent. How did you arrive at that figure?

Mr Haynes—The point we were trying to make there is that if the Sports Foundation is going to be of any benefit, then it is going to have to be a figure that is going to attract the corporate sector in a significant way. That is a figure that was mooted in the early days of the Australian Sports Commission. I am sure Ted Harris would not mind me quoting that unless it were in that sort of ballpark, then it is a waste of time.

Mrs CROSIO—So it was not something where research and development come from 150 per cent to 125 per cent, so the Sports Foundation should be on the same percentage?

Mr Haynes—No.

CHAIR—Since that subject has been raised: you obviously have a fairly low opinion of the foundation. From your view, has it achieved anything?

Mr Haynes—I would not say that I had a low opinion. To be quite honest, I do not think that anybody has put the necessary work into it, although I understand that the minister is quite keen to try and take it up a gear or two. To be quite honest, if you go to a sponsor seeking \$100,000, that sponsor is just as happy to write the cheque out as to put it through the foundation. There are not any substantial benefits there.

There was a piece in the media fairly recently about the view of the tax office on a couple of issues related to the Sports Foundation which did not meet the needs of those making the donations. I would have to go back and look at that.

CHAIR—A donation from a company to a sport could well be a tax deduction anyhow, could it not?

Mr Haynes—Absolutely. I think that is the issue. I have not heard our members saying, ‘Can you please put our sponsorship money through the Sports Foundation?’ I am sure they would if—

Mr McDOUGALL—Would it be fair to say, Mr Haynes, that the Sports Foundation has not got off the ground because it is under the umbrella of the ASC, rather than being independent and being seen to be independent?

Mr Haynes—Possibly. There are a whole range of issues that I guess go to the National Commission of Audit, in terms of who is best to deliver programs in the sporting area. In the case of the Sports Foundation, one could ask the question: would it not be more appropriate for the confederation to be involved in that sort of initiative to the benefit of the sports industry rather than the bureaucracy? I think that there is a fundamental philosophical question there concerning who really is delivering programs.

Mr McDOUGALL—We have never used the Sports Foundation to the potential that we should have. Maybe it needs restructuring, but it has never been used fully. Let me put it to you that if you were to put a sports foundation into proper context and actually make it work, make it viable, make it attractive to corporate sponsorship, would you then not open yourself up to far more money than trying to restrict yourself to a funding process which we have talked about before on a tobacco tax which could be declining, which is only trying to penalise one section of industry in total, rather than open yourself up to a much broader market?

Mr Haynes—I do not subscribe to that argument in terms of tobacco. I think it is a special case and I do not think it will be a declining revenue until many of the gains have been substantiated for Australians. Having said that, I see absolutely no reason why if there are perceived benefits in changing the way the Australian Sports Foundation works then I think we should go for it, if there is potential benefits for the sports industry, but I do not see that one needs to exclude the other.

Mr McDOUGALL—I am a devil’s advocate in relation to your comments in relation to sport, health and tobacco tax. I gave up smoking in 1974 and took up a lot more sport so I am not one who is advocating smoking. I looked at your summary on page five, the summary of operations of sports grounds and facilities industries, and I have to say to you that as a method of doing accounts it is a little bit foreign to me, but in looking at it could one say that there is a very high element in income to the sporting grounds, the facilities, the industry and the organisations, as a derivative there of tobacco tax anyway?

What I am saying is you have an income coming through from the clubs who are gaining a great revenue from tobacco tax and tobacco sales on one hand, which is greatly benefiting the sporting organisation, but on the other hand we want to kick them to death and not come up with an alternative way of raising funds. I am a bit sceptical on the basis that at the end of the day you are going to continue to raise

excise and you are going to continue to get this growth of money that is going to be needed at the same time as picking on one industry. You are letting the other industry which has got probably a very big problem in relation to health too, which could be alcohol, get off scott-free and yet be a major revenue for the sporting industry.

Mr Haynes—Again, I do not subscribe to that argument. In terms of tobacco and alcohol, to clear that one up first, I think your government's policy is quite clear on those two issues. There is no doubt that the health targets in terms of smoking are total abstinence and in terms of alcohol it is use in moderation. I think they are two different examples. I think the problems caused by tobacco warrant a special case in terms of the harm it does to the health of Australians. I think this would be an eminently suitable way to have facilities constructed through a tobacco tax which would quite clearly ensure that people do not smoke at those facilities as well. I am sure that would be one of the flow-ons of the provision of funds through a health promotion foundation.

Mr McDougall—Can I go back to another part of your submission. You talk about sport after 2000, about improving management and the globalisation of sports industry, but you talk about declining memberships of sporting organisations. What do you mean by that

Mr Haynes—Certainly. The confederation is in the process of conducting a series of policy workshops Australia-wide for the industry and one of the trends we are seeing—and it is not in all sports, but it is in a significant number—is that people are participating in sport but they are not becoming members. They want to play but they do not want to join. That is of great concern to the confederation and indeed to individual sport and I believe it should be to the government as well from the point of view that that volunteer force through the membership is worth, as I said, about \$1.7 billion and that is going to be very difficult to replace. It is a trend we are seeing. People are looking for what we have tagged 'fast food sport'. They will go to have a quick hit of indoor cricket or indoor netball or indoor volleyball on a Wednesday evening for half an hour where all the facilities are laid on—umpires and referees are there. All they have to do is basically get changed, perform and do what they want. There are no committee meetings, no net practice, et cetera. That is a trend that we are seeing and it is concerning many sports.

Mr McDougall—If I can come back to a question I asked the local government association, where do you see the multipurpose sports facilities going in the future? Who actually is responsible for the construction of them? Who are the players in the capital finance and what do you see as the best method of managing those facilities if they are going to have to supply two markets—a market of a club membership of a specific sport and then this general sporting physical activity person who you have just referred to?

Mr Haynes—That is a huge question to answer and it is almost to come to terms with the focus of this inquiry. I think, Mr McDougall, it is not only community facilities either. It is community. It is club. It is state level. It is national level and international facility level. How do we combine all those elements to make them work successfully?

I guess, from sport's point of view, we are well aware of the pre-eminence of local government in this process but I think it is critical that national state sporting organisations are involved in the process. How and why obviously needs further exploration. I guess the concern would be that we end up constructing

community facilities which for some reason could be used for state national championships or, indeed, for international events. There has to be some coordinating mechanism to make that happen. At the same time we have to come to terms with community use user pays. I guess that would really have to be done by contract with the appropriate state and national sporting organisations to meet their needs through some sort of commercial community centre.

Mr McDOUGALL—It probably goes a little bit further. Approaching the question of professional sport versus ‘amateur sport’—in inverted commas because I do not know what amateur sport is any more—and then participation of the community in physical activity including sport. We have been down the road of government, particularly the federal government, funding major sporting facilities usually for one-off events and I think it is fair to say a lot of those today in Australia sit around under-utilised, eating their heads off in relation to cost, costing both taxpayer and ratepayer a lot of money to keep up to the international standard that they were built for without people getting use out of them.

We talk about multipurpose but then we see the requirement of Tennis Queensland who wants a new state tennis centre which would include a stadium—I presume one court and then 12 outside courts. They would call upon the federal government to make a major contribution. What sort of impact would that have on the membership of people playing tennis at both competition and at recreational level across, let us say, the state of Queensland? I hazard to say that the majority of tennis players would get very little out of it if the government went towards helping sponsor something like that and at the end of the day it would dry up a hell of a lot of funds. How do we overcome that problem?

Mr Haynes—I think the way you overcome it initially is that you do have a coordinated approach. As I said at the start of giving evidence, there is such a huge need, I believe, out there. If there is not a need, there is certainly a huge want out there. I am sure you will see as you go around Australia that there will be lots of individual specific requests for facilities.

The only way that we are going to ensure that we maximise the benefit of any dollar—be it Commonwealth, state, local government or indeed private sector—is to make sure that we do have a coordinated approach, that we are not just constructing one-off facilities here and then two years later thinking, ‘Oh, well, if we had done it this way we could have had four sports being involved.’ I think there is a major role here for the Commonwealth in terms of coordination. Even if the Commonwealth is not in the situation to say, ‘We will provide funding grants,’ I think that is a stage away, I think we need to be quite clear about what is our facilities approach in Australia. I fully support what my colleagues from local government said: we do need to have a strategic coordinated approach and that has to come first. In fact, without that it would be impossible to put a dollar value exactly on what we need to spend on facilities.

Mr McDOUGALL—Does the confederation have an idea of what could be the management tool or what is the set-up that is needed to actually make all that work?

Mr Haynes—To develop the plan or to run a facilities program?

Mr McDOUGALL—What I am saying is—

Mr Haynes—It does not have a view at this stage on what should be available to run a facilities program, because I think there is a more important stage. It has a view that initially the Office of Sport and Recreation Policy, which the minister has recently established, should provide the leadership in initiating that planning process by bringing together the key parties involved to do the very simple things that Ms Kelly discussed, or ensuring those things happen in the first instance and having, if you like, a business plan together by the end of 1998 which could be considered. Then maybe we will have a clear understanding of the sorts of dollars we are talking about in terms of facilities.

Mr ROBERT BROWN—I have two matters to pursue with Mr Haynes. I realise of course that you have responded to the committee's terms of reference, particularly in relation to the suggestion you made about a national sports lottery and a one cent per cigarette tax as possible funding devices. Is it your opinion that there is something inherently desirable about those two particular types of possible funding approaches for the purpose of providing sport and recreational facilities or do you make those suggestions simply as a means of saying to the government, 'If you're not prepared or not able to fund the level of sporting facilities that are obviously needed from your normal taxing arrangements, here are at least two options that you could pursue to raise additional funds'?

Mr Haynes—I think it would be the understanding of the Confederation of Australian Sport that the likelihood of government appropriation directly to sport is not likely to increase. In fact at this stage, if anything, it would be more likely to decrease. That is our reading of the political situation. I guess it is against that background that we, as a matter of policy, are saying, 'The sports industry does need to encourage off-line sources of revenue.' I guess this is just one example of that approach. I would have to say that, in relation to a tobacco excise, we believe there is excellent product compatibility with the pursuit of health and that particular excise.

Mr ROBERT BROWN—If the federal government were to increase by either of those methods or others its funding for sport facilities, would your organisation prefer the federal government to be involved in the provision of international standard facilities, national standard facilities or community facilities?

Mr Haynes—We would certainly, I believe, want the Commonwealth to have some sort of coordinating mechanism. Despite some of the antagonism that exists from time to time between the confederation and the sports bureaucracy, particularly the Australian Sports Commission, there is no doubt that the establishment of that particular organisation has really been the focus of many of the gains that we have made in sport over the last 10 to 15 years. So we would expect that sort of coordinating mechanism to be maintained—not necessarily by the sports commission. In fact under their present charter it would be impossible for them to look at sport and recreation activities, because their charter does not extend to recreation at this stage.

CHAIR—You have provided a couple of interesting lists with your submissions about existing international facilities but, unfortunately, it is a 1989 list. I suspect some of them may have fallen behind international standard. You have also provided another list, a wish list, from the various sports and the upgraded facilities that ought to be provided for each sport. Have you made any assessment of those lists as to whether they are reasonable?

Mr Haynes—It was not the intention, as I mentioned in the submission, to try to provide an up-to-date priorities list for Australian sport. What I attempted to do with those documents is give an idea of the need that has existed over the years at national, international, state and community level.

I also made the point in the submission, and obviously that has been borne out by the number of submissions, that you will find as you take evidence that the state governments and state federations will be better placed to provide you with accurate information at that level, as well as the national sporting organisations that have put in their own submissions. It is important that you view our submission as one that really demonstrates that there is a huge need out there.

CHAIR—You also refer to sporting white elephants. Could you identify some of the white elephants?

Mr Haynes—There are a few around. Mr MacDougall alluded to that as well. I guess my favourite is the cycling track which you can pass as you go back to the airport from this building. There was a outdoor velodrome constructed a number of years ago in Canberra which has got the wrong slopes and it has never been used.

CHAIR—It has never been used?

Mr Haynes—There are plenty of examples of buildings constructed where people did not take into account changing demographics or access for working mothers. There are those sorts of issues. That is the major concern and so we do need a planned approach. There will be plenty more of those around.

CHAIR—Is there a risk that the event-specific facilities are more likely to become white elephants, or does it even happen at a local level?

Mr Haynes—We are seeing a change in the way we are looking at our facilities. I guess some of the facilities in terms of Sydney 2000 are great examples of that. The swimming complex is probably the best example. Samaranch rates it the best in the world from an international point of view yet the use by the community has exceeded all estimates. That is the approach to facilities we should be pursuing rather than the one-off, one event type that nobody has put any thought into how it is going to be used afterwards.

CHAIR—With the planning for the Sydney Olympic facilities, which obviously is the biggest sporting development in the history of the country, do you think they are adequately taking into account future needs?

Mr Haynes—That is a question you best put to SOCOG rather than myself.

Mr McDougall—You gave us a list of the economic impacts of some of the major events that have been held in Australia. I often query how some of these figures come up, just what is the economic impact and how they measure it. You must admit that they are substantial in some way. Would you see that as a mechanism of raising funds as an alternative to your one-off process in saying there should be a levy placed on participants in these major events, that obviously the taxpayer is paying a major component for, to be able to stage it? While we get indirect economic benefit out of it, do you see that as a mechanism of being able to raise funds for facility construction?

Mr Haynes—If we talk specifically in terms of the Masters, which I know you have a particular interest in, I think there is a substantial user pay element already there. There is no doubt that the economic impact of games, like the Masters Games, are substantial and I think the impact studies are becoming more and more sophisticated. Those figures are pretty close to the truth. One has just been completed by Ernst and Young for the Masters Games here in Canberra, which has an estimated economic impact of about \$16 million or \$17 million. Whether there should be any additional levy from those participating I do not know, but they already pay \$70 or \$80 to be involved in those, so I think that is probably sufficient. Maybe the answer is the other benefits the government is getting out of those specific games in terms of putting part of that towards new facilities.

Miss JACKIE KELLY—I think that is an important point. The rowing masters has gone up to \$35 an event. I have just pulled out of that. That is just from a personal point of view. On my salary, I said, ‘No way. I am not entering at that price.’ I do not think you can push the price—

Mr Haynes—It raises a very important point too. We have to be careful we do not all become economic rationalists. There is that intangible amount of how much is it worth for Miss Kelly to be involved in masters rowing from a health perspective—and that rarely gets costed into economic impact studies. So there has to be a fine balance.

CHAIR—You have only canvassed really two major areas for raising funds—the cigarettes and the lotteries. Have you looked at other ideas and abandoned them? If so, could you indicate what ideas you may have tried and rejected. Have you looked at things like levies on television rights or loadings on entry tickets to major events or a whole sort of series of things?

Mr Haynes—No. We have not in the context of this inquiry. I know my colleagues at the Sports Commission are looking at a whole range of possible off-budget funding mechanisms for sport in general. I am sure they will be in a better position to give that wider perspective. We have tried specifically to look at two that we think have got a reasonable chance.

Mr BILLSON—The question that often hangs in my mind is the exclusivity of certain facilities in sports compared to the public benefit, no barrier to entry type of sport. In those funding models that you have advocated, in applying that money do you have a view on how you would ensure that the broader community receives maximum benefit from facilities after they have been constructed and compare that against those that pay, obviously quite dearly, for their leisure at the moment, compared to others who seem to have opportunities laid on with minimal direct costs to themselves?

Mr Haynes—I do not think I have any answer at this stage that I really could give you on that question. I just feel that is a little bit further down the track. I think we need this plan in place first. I do not have a feel for how that model would look. Quite clearly, there has to be that balance between the community being able to use it and more elite participants being able to use it.

We have got situations in the UK, which I guess is at the other end of the spectrum, where one of the reasons mooted by some of their swimmers that they did not perform very well was because they could not actually get access to a swimming pool. It is a two-way sword. We have got the community use to enhance

health and wellbeing and, at the same time, we are investing quite a few dollars in elite performance in this country. I guess we need to keep that in the equation as well.

CHAIR—Thank you very much, Mr Haynes, for the evidence that you have given us today and for the background that you have provided for the committee. Again, it may be our wish to talk to you at a later stage. We certainly appreciate the evidence that you have provided for us today.

Resolved (on motion by Miss Jackie Kelly):

That, pursuant to the power conferred by section (o) of standing order 28B, this committee authorises the publication of evidence given before it at public hearings this day.

Committee adjourned at 11.54 a.m.