



Department of
**Local Government, Sport
and Cultural Industries**

Sport and Recreation **Common Ground**



October 2018

Executive summary

The Department of Local Government, Sport and Cultural Industries' (the department) Sport and Recreation Strategic Review has progressed since March 2018, with a series of meetings and workshops with the sport and recreation sector taking place. Through these discussions it became apparent that there were many issues and views on which the department and industry agreed.

This document is a discussion paper for the industry outlining the results of the work to date; where there is agreement and where there is a requirement for further discussion. The further discussion will occur in two primary ways: a series of workshops scheduled for November 2018 and feedback to this document. This feedback is critical as it will shape the preliminary findings and the focus of the next part of the review.

“We must understand and focus our financial resources into essential areas that provide sport and recreation with the greatest value.”

The areas of common ground are:

1. Change and simplification of processes
2. Re-setting 'core business' in an evolving industry
3. Demonstrating the importance of sport and recreation
4. Participation in a changing environment
5. Western Australia's challenges relative to other States.

This is an important process, and industry feedback is essential to ensure that changes to the department's programs and priority of resources responds to industry needs and the challenges noted in this document.

Background

In March 2018, Minister for Sport and Recreation Mick Murray MLA conducted a sector briefing, outlining the successes of the previous 12 months, as well as the challenges and priorities requiring attention within the portfolio.

Priorities:

- Supporting a balanced, value-based distribution of State Government funding to State Sporting Associations.

“The hand-out culture can no longer be supported by Government.”

- Promoting the value of a physically active lifestyle as a principal contributor to preventative health outcomes.
- Promoting and protecting the ground-up nature of Western Australian sport and recreation, reinforcing the importance of grassroots and community-level participation within the wider State and national landscape.

Challenges:

- The sport and recreation sector faces a challenging financial environment regarding the amount of funding available from all levels of government. In particular, State Government funding derived from traditional sources is being challenged by competition in the lotteries and sports wagering marketplaces.
- Sport and recreation must adapt to the challenging financial environment and be more independently self-sufficient.
- The commercialisation of sport is challenging the sustainability of smaller sports, as revenues and media exposure become increasingly concentrated.

In response, the department has commenced a comprehensive review of all funding programs, with the immediate changes being:

- The Organisational Sustainability Program has been renamed the Industry Investment Program to better reflect the intent of the program

- Introduction of a third organisational classification of 'Sport and Recreation Agent'
- State Sporting Associations that receive significant alternative source revenue will not receive Industry Investment Program funding, but will be eligible for funding for specific projects that align with the State Government's objectives
- Reduction of administrative burden on smaller sports.¹

The terms of reference were approved in May 2018. These outline a program of having the review completed by early 2019, enabling implementation of the recommendations in the first part of 2019 for the commencement of the 2019-20 financial year.

“Sport in Western Australia thrives in its diversity and its variety of choice. A greater balance in the funding of, exposure for and promotion of all sports, big and small is required.”

Alignment with Commonwealth Government policy

Concurrently, the Commonwealth Government is undertaking a similar proposition and has developed Sport 2030 (the National Sport Plan). Below is an excerpt from the plan:

Australia's National Sport Plan has four key priority areas which will, when fully implemented, create a platform for sporting success through to 2030 and beyond.

The priorities are:

- Build a more active Australia — more Australians, more active, more often;

- Achieving sporting excellence — national pride, inspiration and motivation through international sporting success;
- Safeguarding the integrity of sport — a fair, safe and strong sport sector free from corruption; and
- Strengthening Australia's sport industry — a thriving Australian sport and recreation industry.

Sitting under the priority areas are five target outcomes that will:

- Improve the physical health of Australians — through the benefits of sport and physical activity, including reduced risk of chronic conditions;
- Improve the mental health of Australians — through the recognised mental health benefits of sport and physical activity, including the improved management of mental illness and greater social connectedness;
- Grow personal development — from taking up a new challenge, to setting a new personal goal or striving for the podium, being active can help everyone endeavour to be their best self;
- Strengthen our communities — by harnessing the social benefits of sport including through improved cohesion and reduced isolation; and
- Grow Australia's economy — building on the already significant contribution of sport to the Australian economy.²

The priorities above indicate that there is an alignment of thinking, at State and Commonwealth Government level, about reviewing investment in sport and recreation.

1 Minister's Sport and Recreation Briefing, (March 2018) available at Department of Local Government, Sport and Cultural Industries website www.dsr.wa.gov.au/about/plan-for-the-future/ministers-sport-and-recreation-sector-briefing

2 Sport 2030 (2018), Commonwealth of Australia, page 5





Common Ground and the way forward

Since the commencement of the Strategic Funding Review there have been robust discussions on the shape and form of the Western Australian sport and recreation industry and what the funding review needs to consider.

A general view has been to identify areas of ‘common ground’ between the sport and recreation industry and the department, paving the way for greater focus on areas where further discussion is required.

A series of industry workshops scheduled in November will provide the forum for further discussions to help shape the findings of the funding review.

So, what are the areas of common ground? The six areas have evolved from a series of questions and ideas being:

- How can we prove that sport and recreation makes a difference?
- How can the department’s grant application and funding processes be simplified?

- What is the core business of the department and the industry?
- How can the department determine its effectiveness and efficiency in funding?
- How does the department engage with the industry and how does this need to evolve to address the commercialisation of sport, and cater for the breadth of the industry?
- What is the goal of participation and the challenge that physical activity and active recreation has for the traditional sport and recreation delivery model?

These questions have been grouped into five key themes:

1. The need for change and simplification of processes.
2. The need to re-set ‘core business’ and recognise that the sport and recreation industry has evolved.
3. The need to better demonstrate the benefits sport and recreation provides to Western Australian communities, including a move from anecdotal evidence to supported evidence and proof.

4. The need to define participation and physical activity and its impact on the traditional sport and recreation delivery model.
5. What similarities are there between the challenges faced by Western Australia and the other States?

The balance of the document explores the areas of agreement and the areas for further discussion in the context of these five key themes. The areas for further discussion will be explored through industry workshops and feedback to this document.

Change and simplification of processes

In the past five years, State Sporting Associations have seen their administrative burdens increase as a result of industry developments and new operational requirements. Some of these new obligations are a result of changing social requirements; others have been imposed by the department as part of its funding conditions; and others relate to shifts in policy at the Commonwealth level.

This increased administrative burden has stifled some organisation's abilities to do much beyond keeping the organisation operating. Little time is available for organisations to look strategically at new opportunities and emerging areas of need.

Areas of agreement

The sport and recreation industry is looking to reduce administrative burden, including minimising duplication of effort in acquitting grants and a reduction in the number of agreements.

The industry believes the department should assist in reducing this burden by examining the requirements it places on organisations making grant applications. An example cited by the industry is the grants process for organisations in regional Western Australia. A separate application may be required for each region, meaning that a single organisation may be required to make nine applications and enter into nine separate agreements for a grant worth \$10,000. The industry is looking at ways to maximise 'return on effort' and examples such as this do not assist.



Another area that could be simplified is the department's annual census, with concerns raised about the amount of information required and a view that it should be tailored for smaller organisations.

There is a consensus at State and national level that the required outcomes for the sport and recreation industry need to change. What the drivers for change may be vary, but the common agreement is that the status quo cannot remain.

The requirement for change raises questions about the core business of the department and the sport and recreation industry. This issue is explored in the next section of the document.

Areas for further discussion

While there are some clear areas of agreement, work to date has raised a series of questions that need to be tested in the consultation process:

1. How can the base workload and regulation for State Sporting Associations and sport be made sustainable?
2. Which important issues or trends does the industry believe it is not getting the opportunity to address?
3. How can the department help to make the industry more effective?
4. What can the department do differently?



Re-setting 'core business' in an evolving industry

There is a need to recognise that sport and recreation has evolved, and to reassess what constitutes 'core business' for the department and industry.

This is the core component of the review, and without open communication everyone will miss this unique opportunity to critically assess what is important and where the focus of energy and future investment should be.

Areas of agreement

The sport and recreation industry has evolved, and the funding relationship with the department needs to be reassessed. A growing number of organisations have secured alternative revenue streams or are now operating in a commercial environment which means the previous funding relationship with the department is no longer appropriate.

A one size fits all approach to the industry is not appropriate, and there is a need to scale the level of service depending on whether an organisation is commercially run or emerging.

There is a need to examine whether the department is operating in areas that the industry could be delivering. Double-up in operations should be eradicated, and the department should concentrate on supporting the industry to deliver,

rather than providing so many services itself.

With a reduction in scope, the department should still be prepared to be innovative and propose new ideas, directions, and leadership.

Areas where improvement might be made may include:

- Greater engagement on emerging issues so that the industry can provide input and where appropriate lead the response.
- Greater transition planning for grants – where they change or are going to conclude.
- Create a mechanism for industry to provide input into where funding priorities are, and propose projects for funding that may sit outside existing funding programs.

Areas for further discussion

1. Are the department's funding programs effective at making a difference to the industry?
2. What does the industry recognise as the department's core business?
3. What does the industry see its core business being?
4. Are there any gaps in what the department currently delivers?



Demonstrating the importance of sport and recreation

Fourteen million Australians participate in sport and recreation each year, with a further 1.8 million volunteering, and 220,000 finding employment in the sector. Sport is big business and a good investment – generating about three per cent of Australia’s GDP and providing an estimated \$83 billion in combined economic, health and educational benefits in Australia each year, with a return on investment of \$7 for every dollar spent.³

With Western Australia representing 10.5 per cent⁴ of the population of Australia, this stands to represent more than \$8.6 billion in benefit to the community – but how is this demonstrated?

Further, how does the sport and recreation industry properly demonstrate its ability to combat inactivity among Western Australians? One report suggests that the cost to the Western Australian health system of inpatients with excess body mass was \$241 million in 2011, projected to increase to \$488 million by 2021⁵.

The 2015 report ‘Weighing the cost of obesity: A case for action’ states that: “...without additional and increased investment in well-designed obesity interventions there will be 50 per cent more obese people and the cumulative, marginal economic costs of obesity in Australia will reach \$87.7 billion by 2025.”⁶

Areas of agreement

A better understanding is required of the data gathered by the department and the industry, and how it is used. There is an inconsistency in the approach and use of data, which needs rectifying.

Historically, much of the data gathered by the industry and the department has focussed on membership. However there is a need for clarification and improvement on what defines a ‘member’ and what methodology is applied to counting participants or non-members. There is a need to better demonstrate the importance of sport and recreation to Western Australian communities, by moving from anecdotal to supported evidence.

An example of where the department has had success in quantifying the financial benefit of sport and recreation is the ActiveSmart program. A cost-benefit analysis was conducted for the ActiveSmart behaviour change programs in Rockingham and Geraldton, with the results indicating that for every \$1 invested in the program, there was a \$25 saving in health, transport and environment costs over 10 years. The figures suggest that there is a real benefit to applying a preventative health lens to programs throughout Western Australia, and reinforces the critical need for investment in initiatives like ActiveSmart.

There is consensus between the industry and the department that the industry needs to better engage with the health sector, including not-for-profit advocacy providers like Cancer Council, to promote the health benefits of sport and recreation.

There is a significant amount of work required in this area and this should be progressed as a separate, concurrent piece of work.

A review of data use and collection in the sport and recreation industry should result in a universal unit of measurement that can be applied to data collection.

The establishment of what the unit equates to in terms of health savings, mental health benefits and social connectivity will result in a quantitative measurement in dollar terms of the benefit of the sport and recreation industry.

Areas for further discussion

1. How is a universal unit of measurement for the sport and recreation sector created and implemented?
2. How does the sport and recreation sector engage with the health sector in a more meaningful way?

3 Sport 2030 (2018), Commonwealth of Australia, page 3

4 <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3101.0>

5 Scalley B, Xiao J and Somerford P (2013). The cost of excess body mass to the acute hospital system in Western Australia: 2011. Perth: Department of Health WA.

6 Weighing the cost of obesity: A case for action, PWC (2015)



Participation in a changing environment

Clubs have long been the backbone of the delivery of sport and recreation in Western Australia. An average community football club returns \$4.40 in social value for every \$1 spent. This can be measured in terms of increased social connectedness, wellbeing, and mental health status; employment outcomes; personal development; physical health; civic pride and support of other community groups.⁷

However, how does the sport and recreation industry expand its reach, while recognising that there will always be people that wish to participate outside of the traditional club model? In addition, with the emergence of 'disruptor' based delivery models, how will the industry respond?

Areas of agreement

There is an increasing requirement to achieve a greater level of participation in sport and recreation in Western Australia.

The challenge is that the traditional delivery model focuses on the delivery aspect once someone has decided to participate in that activity. The model does not reach an individual that either wants to participate outside of this parameter (non-member) or individuals who do not identify sport or recreation as part of their physical activity choices.

Areas for further discussion

1. Defining the goal of participation – is it to get inactive people off the couch? Is it to get mildly sedentary people more active? Or is it simply to provide opportunities to be active?
2. Why invest in the traditional delivery model – State Sporting Associations to Regional Sporting Organisations to clubs?
3. How does the department invest in non-members and non-traditional activities that may have high levels of participation; for example, dance?
4. Does this require a completely different approach; for example, measuring members versus hours of physical activity?
5. How will the industry respond to potential 'disruptor' based industries or activities?

Western Australia's challenges relative to other States

Western Australia, from a geographical size and population distribution point of view, is different to the other States. However, are the challenges for the sport and recreation industry in Western Australia fundamentally different to other States?

Areas of agreement

The size of the State means that there are time and cost challenges that may not exist in other States.

There is an 'east-coast centric' approach to planning and delivery from a national policy setting.

Areas for further discussion

1. What does this mean going forward and what, if any, are the factors that can be changed?
2. How can the Western Australian industry and the department advocate for better outcomes in an east coast-focused policy environment?

⁷ <http://www.afvic.com.au/wp-content/uploads/2015/02/Latrobe-Value-of-a-Community-Football-Club-Final-PDF.pdf>

Funding Review – Next Steps

Consultation

Workshops

There will be a series of workshops to be held for organisations to attend. The workshops will have two components:

Part 1 – Challenges and issues facing the sport and recreation industry.

Part 2 – Program review and gap analysis.

The dates for the workshops are outlined below:

To be held between 14–28 November 2018:

- Metro session 1 – hosted by Department of Local Government, Sport and Cultural Industries.
- Metro Session 2 – hosted by WA Sports Federation.
- Metro Session 3 – hosted by Parks and Leisure Australia (WA).

To be held between 20–30 November 2018:

- Regional Session 1 – Bunbury.
- Regional Session 2 – Albany.
- Regional Session 3 – Geraldton.
- Regional Session 4 – Broome.

A series of leadership forums will also be held by the three parties during this period.

Written submissions

Feedback to the ‘Common Ground’ document

This document has been developed as a snapshot of the thinking in the development of the Strategic Funding Review and as such the department would appreciate your thoughts and feedback.

The feedback can come in many ways, including:

- Contact Steve Humfrey, Director Industry Development on 9492 9819 to discuss or arrange a time to go through your feedback.
- Email to steve.humfrey@dlgsc.wa.gov.au

Feedback to the document will be collated with the outcomes of the workshops to be included in the Findings Report. The deadline for feedback is **23 November 2018**.

Program

Following the completion of the workshops an interim findings document will be produced for release in late 2018.

The interim findings document will then be subject to a further consultation process prior to its ratification in early 2019.

The findings and recommendations of the final report will then be implemented for the commencement of the 2019-20 financial year.



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