

**SUBCOMMITTEE OF THE STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2011–12 AGENCY ANNUAL REPORT HEARINGS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 11 OCTOBER 2012**

**SESSION THREE
DEPARTMENT OF SPORT AND RECREATION**

Members

**Hon Philip Gardiner (Chair)
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 3.16 pm

ALEXANDER, MR RON

Director General, Department of Sport and Recreation, sworn and examined:

HURST, MR RONALD

Project Director, Department of Sport and Recreation, sworn and examined:

ROSIELLE, MR DAMIAN

Chief Finance Officer, Department of Sport and Recreation, sworn and examined:

WATT, MR ALEXANDER

Director, Business Management, Department of Sport and Recreation, sworn and examined:

DIDCOE, MR ROBBIE

Director, Facilities and Camps, Department of Sport and Recreation, sworn and examined:

The CHAIR: Firstly, my apologies that we are a bit late in asking you in; I hope it has not inconvenienced you too much. On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, welcome to today's hearing. Before we begin, I must ask each of you to take the oath or affirmation. If you prefer to take the oath, please place your hand on the Bible in front of you.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have signed a document entitled "Information for Witnesses". Have you read and understood this document?

The Witnesses: Yes.

The CHAIR: This hearing is being held in public, although there is discretion available to the committee to hear evidence in private either of its own motion or at the witnesses' request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. The committee reminds you to respond to questions in a succinct manner, and to limit the extent of personal observations. To assist the committee and Hansard, please quote the full title of any document to which you refer during the course of this hearing for the record, and be aware of the microphones in front of you. Members, it will greatly assist Hansard if, when referring to the annual report, you give the page number in preface to your questions. As we all know, government agencies and departments have an importance role and duty in assisting Parliament to review agency outcomes on behalf of the people of Western Australia. We value your assistance with this.

Hon KEN TRAVERS: I might start with your efficiency dividend, and I have two issues. Have you been notified of any further savings you are required to make as part of the recent \$350 million in savings; and also, are you required to make any global savings from the budget over and above the efficiency dividend you have to meet? Have you been notified of what you have to meet in terms of FTE caps; that is the other one.

Mr Alexander: I thought we were discussing the annual report.

The CHAIR: We are, and implications arising from.

Mr Alexander: So that is everything, is it?

Hon LJILJANNA RAVLICH: Yes.

The CHAIR: Any of these discussions with this committee are quite broad in scope, because, yes, it is the annual report we are focusing on, but that does not preclude any questions in relation to the budget or budget expenditure by the government.

Mr Alexander: Okay. Our budget is subject to the midyear review, and to that stage it is cabinet-in-confidence, so we are not at liberty to discuss that.

Hon KEN TRAVERS: So you have not been notified, or you have and you have been told it is cabinet-in-confidence as to the additional savings you have to get this year?

Mr Alexander: No, we have not been told; it is.

Hon KEN TRAVERS: Someone should have told the Commissioner of Police; we had a great morning with him!

Mr Alexander: Well that is my understanding.

Hon LJILJANNA RAVLICH: Which bit of it is?

Mr Alexander: It has not been signed off yet, so anything can change in that period of time. So at the moment it is only discussion, and that is clear.

Hon LJILJANNA RAVLICH: But you would have had to have found savings; you would have given a percentage—yes? You would have had to have given some thought about how you would offer up those savings; is that correct?

Mr Alexander: It is cabinet-in-confidence.

Hon LJILJANNA RAVLICH: And then you probably send it off to the Treasurer, and he is going to tick it off or will not tick it off—one or the other; is that how it works?

Mr Alexander: It is cabinet-in-confidence.

Hon LJILJANNA RAVLICH: It has not even gone to cabinet, probably; it has gone to the Treasurer.

Mr Alexander: It does not have to go to cabinet to be cabinet-in-confidence because it is heading for EERC.

The CHAIR: Okay, I think we are going to get as far as we are going to get from that.

Mr Alexander: No, it just is.

Hon LJILJANNA RAVLICH: There seems to be some confusion about it, obviously, between agencies.

Hon KEN TRAVERS: It is just that most other agencies that we have had before us have been happy to tell us, but that is fine.

Mr Alexander: No, that is okay.

The CHAIR: Okay.

Hon KEN TRAVERS: I just wanted to turn to the CSRFF grants?

Mr Alexander: What page is that on?

Hon KEN TRAVERS: I am just trying to find the exact page of it. I think it is page 15, if I can make reference to it?

Mr Alexander: On page 15, allocated to 119 facilities.

Hon KEN TRAVERS: Yes. I am just trying to get a sense of tracking the CSRFF grants between each year. How does that compare with your budget allocation for CSRFF that year?

Mr Didcoe: Essentially, that is the complete amount of our allocation, less our allocation to administer the program. So, essentially, the full allocation is given out.

Hon KEN TRAVERS: So how much do you spend on administering the program?

Mr Didcoe: About \$600 000.

Mr Alexander: Administering also includes travelling to regional areas and advising on facility developments and that sort of thing.

Hon KEN TRAVERS: Do you currently have previous grants unallocated at the moment that have not been expended yet? As I understand it, one of things with CSRFF is that in any year you will allocate out the \$17 million or whatever you have available to allocate, and then organisations have so many years to actually take up that grant?

Mr Alexander: Yes.

Hon KEN TRAVERS: And then at the completion of that period of time—that three years—money often then rolls back into the fund or is available sitting in your budget as tax reserves, I would imagine. Is there currently a pool of money sitting there that has been allocated but has not been taken up from previous rounds of CSRFF funding?

Mr Didcoe: No; and, you are right, the grants work on a triennial basis, so they could be allocated in the first, second or third year; obviously, larger projects, where they take longer, we may allocate the funding in year two or year three if it is a major facility, so they might not claim it until that period of time. So there is no money sitting there at the moment that nobody is going to claim from us, which I think is your question.

Hon KEN TRAVERS: At the end of 2012 there was no money from three years previously that had not been claimed; that had been allocated but the project had not proceeded?

Mr Didcoe: No. That is not to say that there might not have been projects that were in transit that had not claimed their full grant amount.

Hon KEN TRAVERS: But you still expect those projects to proceed and have their full amounts claimed?

Mr Didcoe: Correct.

Hon KEN TRAVERS: Because certainly in the past there has been money that had ended up being available to be reallocated because it was never spent, but you are saying that in the last three years, or the projects that were announced three years ago, they have all taken up their allocation?

Mr Alexander: Well, through experience we know that in, I guess, early days you can get caught with people promising and telling you that they have the funds available to complete the project, and it might be that they have blocks of land they are going to sell in Augusta or somewhere—the local shire—and then they are slow to come up with their two-thirds. So it might transpire that they are either slow or it does not eventuate, and then you reallocate the grant. So we have got better tightening up those understandings to make sure that people have the capability to do what they have. Some of the expenditure of the \$600 000 administration is out there advising these people and giving them a hand with that as well. So in trying to reduce the number of carryovers, and also the amount of time in which the funds are available and not being expended—to reduce that.

Hon KEN TRAVERS: When was the last funding round for CSRFF?

Mr Alexander: The last big funding round was, I think, 31 January or 1 February this year, but then there are two rounds of \$150 000 or less. That has only come about in the last couple of years, because what we have not wanted to do was have a full year between when we can allocate amounts

between \$50 000 and \$150 000, so we have a range of those small ones that are done twice a year over and above the major round in late January–early February.

Hon KEN TRAVERS: So when does that occur?

Mr Alexander: The two smaller ones?

Hon KEN TRAVERS: Yes.

Mr Didcoe: One opens in February, and the other opens in July.

Hon KEN TRAVERS: Has that July funding round been completed now, then?

Mr Didcoe: No.

Hon KEN TRAVERS: Is that using money from the 2012-13 budget or carryover money from the 2011-12 budget?

Mr Didcoe: No, it is part of our new appropriation.

Hon KEN TRAVERS: Your new appropriation?

Mr Didcoe: Yes; it is not money that is taken from any savings.

Hon KEN TRAVERS: Looking forward from where you have entered the funding that you have spent in 2011-12, my note is that it declines over the forward estimates. What impact is that going to have in terms of grants going forward?

Mr Alexander: Sorry, the money we have?

Hon KEN TRAVERS: Last year you spent a significant \$17 million, and in fact I thought I saw a figure that might have been even higher than that in terms of your total CSRFF grants you allocated last year, but obviously that \$17.25 million was the allocation. In terms of the forward estimates for your agency, it declines to about \$8.49 million. What impact is that going to have in terms of that decline in grant funding? Are we reaching a point where we have all the CSRFF—are we seeing any drop-off in the demand for CSRFF funding?

Mr Watt: I would say no to that. But the government's commitment was to a \$20 million fund each year over the four-year period. In fact, I think the additional money allocated is more than that, at about \$44 million as a top-up to the fund. What it is doing in the forward estimates is reverting to its traditional base, which is that \$9 million; in that area of \$9 million is the traditional base funding.

[3.30 pm]

Hon KEN TRAVERS: If it was \$20 million each year, how come you only allocated \$17 million last year? Was the rest made up?

Mr Watt: There is cash moving year to year depending on when the project is actually completed and we get the money out the door to the grant recipients. Each year the funding rounds are for \$20 million or thereabouts, but the money that goes out the door might be less than that or it might be more than that—it depends. When you refer to seeing it in other estimates where there is more than \$20 million in the estimates, that is our expectation of the cash flow. So, there is a commitment, but the cash flows can time differently because they go over three years rather than one single year.

Hon KEN TRAVERS: For the 2011-12 financial year your budget estimate was expected to be \$27 million—\$27.34 million; that is where is where the \$27 million came from, but you only allocated \$17 million, so what happened to the other \$10 million?

Mr Watt: We moved the cash forward into the subsequent years of the forward estimates.

Hon KEN TRAVERS: But was not the election commitment to spend \$20 million a year for years?

Mr Watt: The commitment is \$20 million a year, so there is the commitment. The commitment might be made, for example, this year, but the project may not be delivered fully until two or three years.

Mr Alexander: That refers back to—like you were asking us—sometimes projects go over three years and whether they have they been expended.

Hon KEN TRAVERS: Are you able to give us a complete reconciliation, since 2009–10, of how much money has been allocated and how much has actually been expended? By the end of this financial year will there have been \$80 million allocated to projects or has some of it been deferred into the next financial year?

Mr Watt: In terms of allocated, the allocation would be probably more than \$80 million, but the actual cash that goes out is dependent on that project delivery. Even when the election commitment commenced there was residual spend from the previous Parliament.

Mr Alexander: But, I mean, we have spent the \$80 million!

Hon KEN TRAVERS: I know! Can you give us a reconciliation from the 2008–09 year, starting with what was held in the fund as residual, then what has been allocated into it, what has been appropriated into it, what has been allocated out of it and what has been actually drawn down from it?

[Supplementary Information No C1.]

Hon KEN TRAVERS: It might be worth taking that right through to the end of the forward estimates because I suspect they are all —

Mr Watt: Rob's staff do the best estimates they can with the grant applicants to get an idea about when they might complete the project or when they need their money. But they are estimates and it requires a bit of crystal ball gazing as well. There is some precision, but there is a bit of —

Hon KEN TRAVERS: Do you get the money appropriated in the year in which it is paid out to the organisation or do you get it in the year in which it is allocated out to the organisation and then you hold it to pay it out?

Mr Watt: We get the appropriation in the year, but we will seek approval to reflow the cash. If we do not get the money out the door at the end of the financial year, we are always looking at reflowing cash into the years we think expenditure is going to occur. We can bring expenditure forwards and we can push expenditures out in terms of those appropriations, and that is why that figure changes in the estimates year to year.

Hon KEN TRAVERS: The next funding round is due in January again, is that right; is that the next round that you expect? You have just had the July small grants, but will the next major grant be in January?

Mr Alexander: Yes.

The CHAIR: Just on the small grants, what were the small grants in total allocated in July?

Mr Didcoe: We have two rounds per annum and each round is \$75 000, so, for the July round we have not —

The CHAIR: I see, that is the total, \$75 000, but the \$150 000 you said before was the total amount.

Mr Didcoe: In the year, yes. We just split it into two. It is sort of like winter and summer because we do not want those sports to have to wait long if they have a small project to like resurfacing a cricket wicket or something like that.

The CHAIR: I was going to say that just buying a set of stumps would just about do each part!

Hon KEN TRAVERS: Does the department have any role in the negotiations between the WA basketball association and VenuesWest or in providing advice to government about the financial relations between VenuesWest and Basketball WA.

Mr Alexander: It is VenuesWest's issue. We have handed over the basketball stadium to VenuesWest, so it is the board of VenuesWest and the CEO David Etherton through to the minister.

Hon KEN TRAVERS: As an organisation, has the minister been seeking advice from you regarding that issue?

Mr Alexander: We do give the minister advice on the possible issue, yes.

Hon KEN TRAVERS: Do you have any views about how that dispute is going to be resolved?

Mr Alexander: Through negotiation with regards to getting down to the numbers and being sure of the numbers. You have issues of moving from a facility that was past its use-by date—the boxing facility for the Empire Games, built in '61 would be 51 years old.

Hon KEN TRAVERS: A lot of good things were built in '61!

Mr Alexander: That is true, but getting 50 years out of it is not a bad exercise. It is moving on to a bigger facility, which requires occupational health and safety, and there are even new changing basketball rules, to have longer run-offs and these sorts of things. It is a completely different facility and so it is generating money, but the debate, I guess, is on what the court hire rate is. And, with regards to funding from the Department of Sport and Recreation, Basketball WA have had record increases in their funding. They have had something like a 107 per cent increase over a five-year period, so that getting particularly good support from both recent governments.

Hon KEN TRAVERS: In terms of quantum, what are those figures? You say 107 per cent, but what is the actual quantum of that figure?

Mr Alexander: From \$132 000 to \$270 000 and that is to support their programs, development officers, staff and those sorts of issues.

Hon KEN TRAVERS: Is there any high-performance funding being withheld from Basketball WA pending the outcome of the agreement about the stadium?

Mr Alexander: Absolutely not. I think sometimes when people put in applications they think funding is just naturally going to come, but when you have had record funding increases and there are other sports that are now on a higher priority because they have not had the same funding increases and there is a finite budget—the money comes out of our sports lotteries account, which is fully subscribed—so there are other issues. We had discussions with Basketball WA yesterday and they asked me that question and I said, “Basically if we actually had to make a decision now, the answer would probably be no, but there is a funding request pending.” One of the things we are interested in doing is keeping it open, because we are not quite sure of the stadium and where they are at with that. But at the moment we do not have a whole lot of money lying around in the sports lotteries account that we do not know what to do with. As I mentioned, there are a range of other sports that have not had the increases that Basketball has had. Sometimes in the funding game people get funded and the term “taken for granted”, I know where it comes from.

Hon KEN TRAVERS: I have to say I think one of the great programs that has been brought in in the last couple of years is KidSport; I congratulate you all on that. Certainly every sporting club I have talked to that have used it—I was out at Belmont couple of weeks ago and the footy club out there was raving about it. My concern is that the income stream for Basketball WA is going to be reduced. As I understand it, it is a \$100 000 increase this year and it is planned to have another \$100 000 increase in the court hire, and they have lost revenue streams. They have lost revenue streams, so their ability to then provide those programs for young people are going to go through the roof. The \$200 a child gets from the KidSport program will all be gone in higher fees being charged by Basketball. How do we resolve that conflict?

Mr Alexander: Some of that is in contention.

Mr Watt: I think it is not breaking any of Basketball's confidences to say that the arrangements they have had at the new centre was a court hire rate of \$8.06 an hour, which Basketball would say was a fair rate for them. The rate that was set for 2012–13, which Basketball agreed to, was \$13.84 per court hour hire. Depending on how many players are on the court—if you had 10 players, for example, although you are probably more likely to have 12—it works out at about at about 50c a player. It is quite a complex issue in that Basketball themselves do provide some free court time for some other activities inside their overall programs and if the cost of those court hours goes up, they need to offset that in other places. So, \$13.84 is the court-hour rate. They do take a bulk amount of hours out of the centre, but compared to what you might perhaps get if you went to another basketball centre anywhere in the metropolitan area and you were playing a junior game, it can range between \$7 an hour per junior to \$8.50 per junior. I think current rate at the state basketball centre for a game for a junior is \$7 per game, per team member, and depending on the district or the club that you are playing in, the registration fee can vary between \$50 to \$170. So, the court-hour rate itself does impact, but in terms of the increase that has happened so far, it is at the lower end, really.

Mr Alexander: One of the things that also occurred was that in the last couple of years that the facility was there, if my memory serves me right, through John Kobelke—I will work back through the years; I may be wrong but I think it was Minister Kobelke—they actually got a holiday from maintenance on the facility, because it was going to be knocked down, so there was not a lot of point. That also increased the net revenue that they had, so those figures get used. Coming to agreement on what the base figure was for the last couple of years is a very slippery beast in determining that, because when you go into the new facility, what is taken care of is maintenance, power, water, cleaning and all of those issues. That is where the debate then lacks some clarity and I guess people assess things from a different perspective. That is some of what we are going through at the moment. But everyone wants basketball to be successful. It is a good sport played by a lot of people and they have been provided with a very good facility. With making it work, making it profitable and making sure also that there is a maintenance level equivalent there, what government tries to do is to pay 60 per cent, if you like, of the commercial rate for the sport and ask them to deliver or, if you like, pay for 40 per cent of the commercial rate. That is part of what is happening at the moment. And, I think, Alex, it would be true to say that currently there is more than the 60 per cent commercial rate being paid for Basketball.

Mr Watt: By government, yes. The commercial rates are determined by VenuesWest and the minister. My understanding is that at 40 per cent of the commercial rate, that would sit around—this is an approximation—\$18.40 per court hour. Currently, Basketball are paying around about \$5 per court hour less than that. That rate is subsidised to 40 per cent of the commercial rate, the commercial rate being \$53 per court hour.

Mr Alexander: I guess one of the things we are charged with is trying to ensure that the sport is well serviced and can wash its face.

[3.45 pm]

In determining a revenue stream for basketball, I guess one of the things we want to ensure too is that people in other centres in Willetton and Cockburn and all these are not necessarily paying a higher court rate than someone in Perry Lakes. So there is a range of equity issues. Whilst wanting Basketball WA to be earning good money, they also get that \$270 000 a year plus from the Department of Sport and Recreation, plus they also got \$300 000 last year from Healthway. So, just from those two organisations, there is \$570 000, which is a pretty good level of funding by anyone's imagination. Now, we checked also what New South Wales and Victoria funded their associations. It is not always apples with apples, but as far as we can ascertain, the state government gives basketball \$60 000 in Victoria and \$55 000 in New South Wales for the similar programs that,

through the sport and rec department, the community gives to basketball. So, it is one of those “after you’ve got it for a while it just seems normal”, but it is pretty good support from the community.

Hon KEN TRAVERS: That \$300 000 from Healthway, that is directly to Basketball WA, not to the Wildcats or anything; that is to actually help Basketball WA, or programs attached to that.

Mr Alexander: The Wildcats, I think, get more than that, as do WA Netball. My understanding is that those two do not now have alcohol sponsorship or fast-food sponsorship, and so, if you like, you could argue that some of their sponsorships have been replaced.

Hon KEN TRAVERS: I guess that then raises the issue—on page 15 as well, you make reference there to the commencement of the State Netball Centre. Have the lease arrangements for the State Netball Centre to Netball WA been finalised, or are they still subject to negotiation?

Mr Alexander: No, no, it has not, but I guess the inference or conclusion you would draw is that there is a carry on of inequity to this —

Hon KEN TRAVERS: And there is the big daddy over at Burswood we can get to in a minute as well, Ron.

Mr Alexander: Yes.

Hon KEN TRAVERS: I am just building up!

Mr Alexander: Yes. Well, you know the game; it is insatiable. Whilst wanting to give people the great things that everyone wants, trying to give the next group the same thing and make it stack up, and also get a commitment and a contribution from the sport, it is like—basketball have not put in any money into this facility, but they would say, “We put lots of money into the old one”, and then we say, “Yes, but the old one is falling down and was a boxing centre.” But organisations do not hear that. The comment—and we get it from football and we get it from basketball and others—is, “But this is our house. We worked hard for this.” “But your house is falling down.” So it is trying to get some contribution for maintenance costs whilst the sport generates some money for, you know, the West Coast Waves, for example. You know, basketball, and trying to support them, is difficult—to have that when they do not necessarily draw the crowds. So that becomes supported by the community to some degree. We make a contribution to the West Coast Waves as well. So you have all those issues of groups wanting to have national competitions, yet they are struggling to be commercially viable. But people want them, and then they look to community/government to support those. You cannot support them all, and you want to. So netball is the next one and the AFL is the next one.

Hon LJILJANNA RAVLICH: What about soccer? Sorry; can I just interrupt?

Hon KEN TRAVERS: Sorry; can I just finish on this, please? Are there negotiations with netball?

Mr Alexander: No.

Hon KEN TRAVERS: Whose responsibility is that? Is that you as the project manager for the State Netball Centre, or is that VenuesWest?

Mr Alexander: We will have initial discussions with them, and there will be some discussions occurring now just inside of a lead-up, but in the end it is VenuesWest’s responsibility. But, you know, you try to make it stack up. Now, netball have not had a facility like this built before, and it has been good to be able to commence with the project. But, no, it definitely has not been done, but we are acutely aware of the consequences. We would like to give Basketball WA exactly what they want, but there are constraints in how much.

Hon KEN TRAVERS: Are we looking at similar court hire fees for netball then? Is that going to be a similar impact for them?

Mr Alexander: I do not know, because it is a training centre for netball, but also for the State Basketball League. It is going to have about a 2 000-seat show court. So it is a great rallying point

for, I guess, our number one women's sport. Whether it has got a similar—each one is different. There are four courts at netball and there are eight courts at basketball. So there will be similarities.

Hon KEN TRAVERS: Have you finalised the total package with the Town of Cambridge for the State Netball Centre now? Is that finalised, the deal with the Town of Cambridge?

Mr Didcoe: There is agreement on who is doing what works, if that is the question.

Hon KEN TRAVERS: Yes, and what you are contributing towards their works, because are they not redeveloping the outside site and you are contributing some money towards that—is that right—as part of the State Netball —

Mr Didcoe: They are doing the reconfiguration of the existing courts, with the exception of what will be within our site, and they are rebuilding the PNA building.

Hon KEN TRAVERS: Is there a part of the package that you will make a contribution towards those works?

Mr Didcoe: Yes. Well, essentially, we were delivering those works previously, so it was in the project budget, and now they are delivering those, so we will give them the grant to deliver those works.

Hon KEN TRAVERS: So what does that work out at? What is the grant going to be for them?

Mr Didcoe: I will take it on notice. I am pretty sure I know the number, but rather than spit it out —
[Supplementary Information No C2.]

Hon KEN TRAVERS: Whilst you are taking that on notice, what is the current estimated cost for the actual centre itself then—the bit that you are doing—the works that you are doing?

Mr Didcoe: It is still the previous budget of around \$23 million, \$24 million.

Hon KEN TRAVERS: Right. So if you are making, say, a grant of \$5 million or \$6 million to the Town of Cambridge for their works, would that not put you above the current budget allocation for that project?

Mr Didcoe: No.

Hon KEN TRAVERS: Have the negotiations, which I think got drawn into it, for the old City of Perth depot site next door, been concluded now?

Mr Didcoe: I could not answer that question. It is a different agency dealing with that; that is Regional Development and Lands.

Hon KEN TRAVERS: But was it not brought in as part of the total negotiations?

Mr Didcoe: No; no, two separate issues.

Hon KEN TRAVERS: That is not what I think you will find the mayor of Cambridge wrote in some of his letters.

Mr Didcoe: Well, all I can tell you is that, from our perspective, they are two separate issues. We are not involved in any of those negotiations.

Mr Alexander: Yes, that is the case. We are not involved in that at all.

Hon LJILJANNA RAVLICH: Can I just ask you about soccer and facilities for soccer? As you might be aware, Western Knights had a very difficult time trying to find a home. I do not know what has happened there, but can you just give us a bit of an update on what is happening with soccer in WA?

Mr Alexander: With Glory in particular or —

Hon LJILJANNA RAVLICH: Western Knights.

Mr Didcoe: Look, I could not give you an answer on that at the moment because I am not any more familiar than you, from the last conversation, where they are at at the moment, but I would be happy to —

Hon LJILJANNA RAVLICH: Could you take it on notice? Thank you very much.

Mr Didcoe: — follow it up as to how they are going.

[Supplementary Information No C3.]

Hon LJILJANNA RAVLICH: I am looking at page 24, which deals with the provision of appropriate sport and recreation facilities. The second last dot point deals with the project definition phase in relation to the Perth stadium. I just want to ask a series of questions in relation to that. Will the new football stadium be run on a cost recovery basis?

Mr Alexander: It has not been determined yet.

Hon LJILJANNA RAVLICH: Has there been any work done to look at that issue?

Mr Hurst: Yes. There was a full financial analysis done as part of the project definition plan. Most of the information was provided by the sporting codes, which is commercial-in-confidence and not included, and identified as commercial-in-confidence in the project definition plan.

Hon LJILJANNA RAVLICH: So there was a full financial analysis done, but it is all commercial-in-confidence.

Mr Hurst: In terms of the financial returns that the sporting codes get from their respective premium, corporate, general admission and memberships, that was provided in confidence, yes, and we have respected that.

Hon LJILJANNA RAVLICH: Okay. What will be the expected commercial rate of return for the venue?

Mr Hurst: Can you clarify “commercial rate of return”? I am not entirely clear what you mean.

Hon LJILJANNA RAVLICH: I am assuming that we are dealing with the profits of the venue. Has there been an analysis of what is the likely —

Mr Hurst: In terms of the returns from the sporting codes, we have identified that certainly there is a significant amount of revenue generated from the sporting codes. I guess to then balance it out, you need to look at the operating costs for the stadium, the life cycle maintenance costs for the stadium. So we know the total revenue. We can budget estimate the total revenue, as we can the operating and life cycle costs. What we have not gone down the road of as yet, because we are not in that part of the process, is how much the sporting codes would then be charged to use the stadium, and that is going to be a process of negotiation around a whole range of issues.

Hon LJILJANNA RAVLICH: When is that work likely to commence?

Mr Alexander: About the middle of next year.

Mr Hurst: Certainly, we meet with the sporting codes on a weekly basis currently. At the moment, though, we are looking to commence that work in detail around the third quarter of 2013.

Hon LJILJANNA RAVLICH: Okay.

Mr Alexander: And some of that information will get more finite when we know what stadium we have got and what properties we have got in the stadium as well, because what we are doing now are estimates.

Hon KEN TRAVERS: One would also depend on things like the amount of on-site parking that is available. As I understand it, the sporting codes’ view about the commercial rate of return that they can get for their premium packages does involve having access to parking.

Mr Alexander: Well, yes and no to that, because we have had discussions with them very recently with regards to alternatives as well, because there are other alternatives of having priority lanes for buses that pick people up from different sites to take them there. So, they are certainly looking for premium customers to be able to get in and out efficiently and be able to sell that in a package. So, yes, cars are an issue, and we are negotiating on that, and the final number has not been determined yet. But there are also other alternatives that are being worked on, and part of what we are going to be asking for from aspirants to be involved with it is some of that thinking as well.

Hon KEN TRAVERS: But, sorry, when you say “priority lanes for buses”, are you talking about priority lanes coming in off the Graham Farmer Freeway onto Victoria Park Drive or coming over the —

Mr Alexander: No. We are looking there —

Mr Hurst: Priority access for buses leaving the stadium precinct. So, the priority will be on the public transport. As currently happens if you park at Mueller Park at Subiaco, you are held there for 45 minutes. So, the estimates, which are still to be determined, and the project definition plan for transport are that around 130 buses will be lined up in and around the precinct. They will be given priority to leave the peninsula, as will other private vehicles, as will, obviously, train access, access across to East Perth.

Mr Alexander: But this is all in progress at the moment, so it is just discussions about what they might be and how they might work and people looking for constructive ideas in getting people in and out of the venue.

Hon KEN TRAVERS: As I understand it, the original study and task force report had it basically breaking even—working it out that you could break even on the cost of the operations. Do we have what that figure is for the Burswood stadium? Is it break even or is there likely to be an ongoing subsidy required from the state for that?

[4.00 pm]

Mr Alexander: We do not have a finite determination on that yet.

Hon KEN TRAVERS: But you did for the major stadia task force?

Mr Alexander: No, we had estimates of what it might be.

Hon KEN TRAVERS: Do you have estimates on this one, or have you not done that work on this project?

Mr Alexander: We have, but we do not have enough information to base it on at the moment; a hard number. Some of that is based on the work that Australian rules, rugby and soccer have given us.

Mr Hurst: And of course the event calendar has moved since the major stadia task force; Western Force no longer plays at major stadiums and the nib development is happening to take care of their needs for anything up to 21 000 to 22 000. Cricket, with the Big Bash, there are smaller, shortened games, and they have indicated that they want to play there, so we have an event calendar of around 32 to 37 major events a year, depending on whether or not there is an international rugby test or international cricket. It varies between 32 to 37 events a year.

Hon KEN TRAVERS: You are giving priority bus access; all the buses will be needing access.

Mr Alexander: They will have, yes.

Hon KEN TRAVERS: All the buses alone are going to basically fill up Victoria Park Drive, unless you give one set of buses priority access over other buses on Victoria Park Drive.

Mr Alexander: That is not the case. It is reasonable to say—I would assume you asked those questions in the last meeting with the Transport people—that we are still working through that, so it

is only a discussion and working out what can happen and creative people bringing some thinking to it, because there is a whole range of entries and exits to the site, and it is making the most efficient use of them. That is why there is a heavy use of public transport.

Hon KEN TRAVERS: In terms of vehicle access, though, there is only one—Victoria Park Drive, but two exits, that I am aware of, unless you are proposing a third one or something else.

Mr Alexander: Yes, but there is talk about having CAT services going into the city and dropping people at Gloucester Park so they can walk across there; all those sorts of things are under consideration to make getting to and from as easy as possible. There is a project definition plan being developed by the Public Transport Authority now. I have not seen it—I do not know whether Ron has seen it—but it is in progress now and I think it will be ready in about six or eight weeks' time.

Hon KEN TRAVERS: It is supposed to be released in December. The issue that I cannot work out is how you make a decision about the site without having some of those things bedded down because a shuttle CAT bus service is going to cost money and that will add to your operating costs. I assume that the user of the stadium will be expected to pay the costs for that.

Mr Alexander: No, there will be plenty of discussions with transport authorities before a decision will be made on sites.

Hon KEN TRAVERS: The cost of running that shuttle service is going to be added in. I do not have a problem with trying to get higher public transport usage, but I assume that the PTA will put those charges onto those people. I accept that that is the PTA's issue, but in terms of the project definition and the site selection, if you do not know those costs and potential impact they will have on the overall operation costs of that site, compared with alternative sites, I am not sure how you can make that decision about the site.

Mr Alexander: I do not think it would be reasonable to say that some of that information was not sought on getting in and out of the site. I know for a fact that there were discussions with all the transport authorities with regards to putting their information forward on what can be done and what can be delivered there. What we are talking now is around the margins and the fine points of premium customers and some of those sorts of things.

Hon KEN TRAVERS: I would have thought we were talking about the cost of operating the stadium, which comes back to the actual master plan for the stadium, not just the transport ideas. It may be possible, but what is the cost of providing it? Was there ever any work done on trying to identify what the cost of all that additional transport infrastructure would be in terms of determining what would then be passed on to the users of the stadium to pay for?

Mr Hurst: There was work identified in terms of the capital costs; the operational costs will always be a process of negotiation, as it currently is with the stadium users.

Hon KEN TRAVERS: Yes but ultimately, if the stadium users do not pick it up, it goes onto the state budget, so it is still in the interest of the state to know what that cost is going to be.

Mr Alexander: I think it would be fair to say that it would be the same level of work was done on this stadium with regard to those issues as was done on the Subiaco site when that was selected a number of years ago.

Hon KEN TRAVERS: But that did not have that problem of — The master plan identified the fact that you needed to provide additional parking on Burswood to meet some of those demands.

Mr Alexander: No, I can remember in the Subiaco site where the Subiaco council had a plan showing 200 buses backed up to Kings Park, so there were —

Hon KEN TRAVERS: And part of the final announcement included a bus station to accommodate those issues.

Mr Alexander: I have not forgotten these things, because they become stoushes and opinions and those sorts of things. One of the issues that the Subiaco council had, of course, was that there was an extra 15 000 people coming into the site on public transport, and part of the solution was buses. The issue was that, even when there was a bus port, as you mentioned, in the north west corner if I remember correctly, where do you stack those buses that are coming in, just like the issues we are having—where do you stack the trains and carriages now?

Hon KEN TRAVERS: I am still not sure where the layout of the port for the buses is in the plan either, yet.

Mr Alexander: Yes, but certainly for trains we have that, so there were similar issues and debates and the same level of planning at Subi. You can only do a certain finite lot of planning before someone says, “Okay, go with this and get it to work.” The advice the government was given from Transport and others was that it does work, and it has done a level on that.

Hon KEN TRAVERS: I am not arguing about whether it works or not; I am interested in what are the additional operating costs of that site compared with other sites. I would have thought that that is a fundamental question that should have been part of the site selection. There is another example of operating costs for that site. As I understand it, you are going to have a perimeter fence. Currently you enter a gate and you are in the stadium. At this site, there will be a perimeter fence around the concourse and you will enter the plaza, but the actual ticketing boxes will be out at the edge of that site. That, I assume, will mean that you will need to have more security patrolling that —

Mr Hurst: No. The only difference is that you are moving the entrance to the stadium from the physical stadium boundary wall out, so you are creating an opportunity for people to enter the stadium through a gate. If we can imagine the stadium as the centre of the table and this is the perimeter here, you have certain access points around the plaza so we will be naturally funnelling people in a safe manner to there, and then we provide entertainment, as a plan, inside that area. So you have actually entered the stadium on the perimeter fence.

Hon KEN TRAVERS: Yes, which means that around that perimeter you are going to have to have fencing, whereas the walls of the stadium act as your barrier at Subiaco.

Mr Alexander: In some of the areas, the plaza is going to act as the barrier because it will be elevated.

Mr Hurst: So there will be natural height variations which you will be unable to scale if your intention is less than pure to get into the stadium!

Hon KEN TRAVERS: Not mine!

Mr Alexander: But one of the good things it does for the stadium is it gives an extended area around it for entertainment—for all sorts of shows, food and beverage and those sorts of things.

Hon KEN TRAVERS: When you say 38 per cent larger, does that include the plaza area?

Mr Hurst: You are referring to the briefing we had last week.

Hon KEN TRAVERS: The Premier’s claim was 38 per cent.

Mr Hurst: That is not my number, but I would suggest that it does include the plaza.

Hon KEN TRAVERS: Other than the Premier, I have not been able to find where that number is quoted anywhere at the moment.

Mr Alexander: It is cabinet-in-confidence!

Hon KEN TRAVERS: That is when all else fails! In light of our earlier conversation about the WA Basketball Centre and the cost recovery there, is it intended that the stadium operate on the same principles?

Mr Hurst: There are three scenarios for the stadium. They are that the government negotiates a fee with the sporting users, which will cover all the costs associated with the centre. Another scenario is that we can put in place an alternative, such as stadium memberships. The government would reserve, as a round number, potentially 5 000 seats where anyone can buy a stadium membership for a premium price that entitles them to go to any event at the stadium; but that is universally disliked by the sporting codes because it compromises their ability to sell those tickets. That is the second scenario. The third scenario is a halfway house; in some way, shape or form, the government will accept that there is an ongoing running cost. These are big facilities and, in the main, they do not make money in Australia, so in some way, shape or form it will be a compromise between what the sporting codes contribute and potentially an ongoing cost for government to maintain the facility in its current shape and form. Given the design, build, fund and maintain model, the maintenance will be wrapped up in a contract for the hard services in the facility. That will be paid as a fee by government for a 25-year period and then it will be a process of negotiation whether or not the quantum of that is then passed on to the sporting users in some shape or form.

The CHAIR: You said that the general rule is that the stadiums do not make money, which means they lose. Before going to general, does Subiaco, for example, make money or not?

Mr Alexander: I guess the quick definition is: we have life cycle maintenance costs and we have normal maintenance costs. What happens sometimes is that to cover life cycle maintenance costs, which is theoretically the replacement of the facility over a 50-year period, if you factor those in, they struggle to wash their face. Depending what maintenance you then factor in and how much goes into life cycle and how much does not in normal maintenance, then it may.

Mr Hurst: The business model does not include replacement of the stadium after 50 years.

The CHAIR: Okay, leave that part of it aside. Just with the normal maintenance we are talking about, and the operating costs, are those covered by the revenues generated?

Mr Hurst: Yes.

The CHAIR: In Subiaco?

Mr Hurst: In Subiaco? Subiaco is run by the WA Football Commission, currently, so I guess they are responsible for the upkeep and maintenance and, of course, they also have the West Coast Eagles and Fremantle Football Club licences as well. Certainly, they would return a surplus on that; the issue is the level of maintenance that is then reinvested back into the stadium. I would not want to offer an opinion on that; I think most people have their own view on the current condition of Subiaco.

The CHAIR: And that is what you call normal maintenance or life cycle maintenance?

Mr Hurst: It is a combination of both. Normal maintenance would be making sure of the cleaning and that everything is operable and then, after five years, you might need to replace 5 000 chairs. After 10 years you might have to replace air conditioners, but it is not about the building increasing the size of the stadium. It is all about the maintenance and upkeep of the stadium and improvement.

Hon KEN TRAVERS: It does not provide for depreciation over the life of the project, effectively. It covers all the operating costs.

The CHAIR: No, but even then, I would have called normal maintenance replacement of chairs after five years, frankly, but you call that something else, or Subiaco stadium calls that something else?

Mr Hurst: How they budget for it is their decision over the life of that.

The CHAIR: Since the government is putting money into Subiaco and these other stadia, on which balance sheet does all that come back onto? It is not on your balance sheet, because I can see from page 84 that property, plant and equipment is \$28 million—I almost said “billion”, because I

thought it should be billion—and when you go to the note about it, it is a small number, relatively speaking, I thought. What are the assets that are in your balance sheet, and then for those stadia that are not included there, on whose balance sheet do they fit when there is government funding involved—of a capital nature, not recurrent?

Mr Watt: The majority of the assets on our balance sheet are the camps—the recreation camps and the buildings associated with the camps.

The CHAIR: Such as?

Mr Watt: We have recreation camps in metropolitan Perth and one in Albany.

[4.15 pm]

Mr Alexander: Woodman Point, Halliday and Point Walter.

Mr Watt: They have various buildings and facilities with assets inside those buildings that make up most of the value that is sitting on their balance sheet. Some other computing assets and so on are a minor composite of that. A lot of the sporting infrastructure in WA belongs to the state on the books of VenuesWest. Patersons Stadium is a leasehold asset to the WA Football Commission. It is on their book as a leasehold asset and they have a 99-year lease, which I think started in about 1998 or 1999. Patersons Stadium does not sit on the Department of Sport and Recreation's books as an asset; it sits on the books of the WA Football Commission as an asset. Given the announcement for a new stadium, they have started a process of diminution of the value of that asset. That is an accelerated arrangement to bring down the value of Subiaco as an asset on their books that generates an ongoing income.

The CHAIR: Do I recall correctly that the government put \$50 million or \$60 million into Subiaco some years ago? My numbers may be off, but the government has put capital in it for a major refurbishment.

Mr Alexander: I think that was \$98 million, from memory. It was \$30 million in capital that the government put in and the Football Commission was paying off the interest too.

Hon KEN TRAVERS: There was some federal money, too, if I remember rightly. Did not Dawkins give some federal money?

Mr Alexander: That was some \$8 million.

Hon KEN TRAVERS: Was there a guaranteed loan to the Football Commission for some of it as well?

Mr Alexander: It was not long ago when that guarantee changed, but the Football Commission was paying off the interest of it. I think that when the loan was \$25 million, the government paid off \$15 million and gave both the capital and interest payments to football.

The CHAIR: For the balance?

Mr Alexander: Yes.

The CHAIR: At least it is paying off part of the capital. I am trying to get a sense of the composite asset that the government has in sporting facilities. For example, Alex talked about the commission reducing the value of its lease because of the stadium being built elsewhere. That needs to somehow be effected on the state's assets, because we do not know that. People do not see it on one balance sheet for a start, or even on notes if there is no balance sheet. Really, there should be a composite balance sheet somewhere, I would have thought, of the government's capital investment into sporting facilities.

Mr Watt: That is in the consolidated financial statements for the state —

The CHAIR: The budget papers.

Mr Watt: The economic reports that are generated each year. The state's entire asset position is on there, including any guarantees and indemnities. The guarantee given to the Football Commission is included in the state's balance sheet.

Hon KEN TRAVERS: But that is a liability.

Mr Watt: That is a liability not an asset, but the valuation of all the state's assets is represented on the state's balance sheet.

Hon KEN TRAVERS: But there would be nothing on the state's balance sheet for Subiaco Oval because it was a grant not a capital investment. In the old days, it might have been put in as a capital works program but today it should be put in as part of the government's current expenditure under grants and subsidies.

Mr Watt: There would be a value represented —

Hon KEN TRAVERS: In the state's books?

Mr Watt: For at least the land.

Hon KEN TRAVERS: I think Subiaco council owns the land.

Mr Didcoe: The City of Subiaco has management of the land.

The CHAIR: But a lease has been sold, and I presume that when the lease expires, something returns to government—I presume it is the state government and not the Subiaco local government.

Mr Alexander: Crown land was vested in Subiaco.

The CHAIR: Is the stadium Subiaco's asset?

Mr Watt: If the stadium sits on the local government land—if we were controlling it, it would be a leasehold asset on our books.

The CHAIR: That is right. You will probably say I can find that myself in the government papers, but I wonder whether it would be easier for you to find it for me as a supplementary question and send it to this committee?

Mr Alexander: Sure.

[Supplementary Information No C4.]

Hon KEN TRAVERS: Will the netball centre sit on the books of the Town of Cambridge or the state government? Do we get freehold for that or are we just leasing the land from them?

Mr Didcoe: It is a 50-year lease.

Hon KEN TRAVERS: So it will be a leasehold asset for us and the actual land asset will be on the books of the Town of Cambridge?

Mr Didcoe: I would think so, yes.

The CHAIR: The lease value will probably give a revenue that will be very deficient from covering anything like the cost of the capital investment the government has made. I would like to encapsulate the assets we have in the sporting area and what the deficit is on recovering a return on that asset. All I would like to know that for is to see what it is but then to justify that in the context of the social benefit it is giving us, because that is the only benefit—when I say only, it is “the” benefit it is giving us, is it not?

Mr Alexander: Similar to libraries and other public facilities. There is a range in different portfolios.

Hon KEN TRAVERS: The majority of the actual sporting assets would be held on the books of VenuesWest not the Department of Sport and Recreation.

The CHAIR: I suspected that. If you can give us whatever composite you can, Alex, that would help.

Hon KEN TRAVERS: Has government money ever gone into the WACA? There was in the past for one of the schemes, I think.

Mr Alexander: Yes, about 10 years ago \$5 million was offered as a loan, which has been converted into a grant in \$600 000 lots. Prior to that —

Mr Didcoe: I do not think there was anything—back in the 1970s or 1980s they had very little and it was \$5 million in 2005.

Hon KEN TRAVERS: The WACA is owned freehold by the WA Cricket Association.

Mr Didcoe: Yes.

Mr Alexander: One of the things we are all trying to achieve is a two-stadia policy, which is an oval stadium and a rectangular stadium, so that the community was putting its money into one of each rather than a number of them.

The CHAIR: That has changed now because you have Perth oval being converted for soccer; so you have three.

Mr Didcoe: That has become our rectangular stadium.

Mr Alexander: You can argue that we have four because we have Subi as well.

The CHAIR: Three are there for the long term.

Mr Didcoe: From the state's perspective we have a two-stadium policy because we can hold one big oval stadium and one rectangular stadium; there just happens to be a private owner that has a venue.

The CHAIR: And the WACA is the third?

Mr Didcoe: Yes.

The CHAIR: A lot of things can be rationalised, can they not!

Mr Didcoe: They are planning a residential development around it to make some money off it.

Hon KEN TRAVERS: Do we have an agreement with the WA Football Commission that they will move to the new stadium when it is built, or is that still subject to further negotiations about them not being worse off?

Mr Alexander: They have indicated that they are fully supportive of the move to the new stadium.

Hon KEN TRAVERS: Do we have an agreement that they will move?

Mr Alexander: We do not have agreement on a range of things, including revenue share and all those sorts of things; they are all alive at the moment.

Hon KEN TRAVERS: Back to more mundane matters, the third paragraph on page 18 under "Regional Services" shows that \$829 000 was distributed to sport and recreation organisations and local governments under the active regional communities grants scheme. Where does the funding for that scheme come from? Is that out of the sports lottery fund or out of the appropriations?

Mr Watt: It is out of the active regional communities grants scheme.

Hon KEN TRAVERS: I assume —

Mr Alexander: Some of it come from different spots. The club development officer scheme comes out of what we call the sports wagering account, which is money we get from racing and gaming for sports betting. From memory, I think we have 44 club development officers around the state. Some of them are covering two or three local governments. What they largely do is help sporting clubs with all their affairs, often after hours, because a lot of people cannot meet during working hours.

That is the sports wagering account. The Sport 4 All initiative was a special allocation from the consolidated fund.

Mr Watt: The active regional communities grants scheme funding is from the sports lotteries account.

Hon KEN TRAVERS: The way I read it, the \$829 000 is not out of the other three funds; it is additional funding.

Mr Watt: It is regional sport. Out of the sports lottery fund, active regional communities got \$829 000; regional sports houses, \$340 000; and the country sport enrichment scheme, \$80 000.

Hon KEN TRAVERS: Is that an ongoing annual allocation out of the sports lottery account? Is it an ongoing commitment from the sports lottery fund, or is an allocation made from the sports lottery account on an annual basis and is the way in which that is spent discretionary?

Mr Watt: Some of the grants are set in place for up to three years and are reviewed again or they might become service funding. Some grants are for one year and others are for up to three years before there is a review, but they could be ongoing after that.

Hon KEN TRAVERS: I assume that these ones would be drawn down on annually. They are not like the CSRFF where there is a risk they may not meet their requirements and therefore would never draw it down.

Mr Alexander: Yes, the only issue is if someone has fallen out of employment or we are hiring someone. They are just around the edges.

Hon KEN TRAVERS: Is it possible to get a breakdown—I think you just gave us a breakdown of where most of it went—of how much money has gone into this scheme over the past couple of years? Has it been a consistent figure?

Mr Watt: The active regional communities grants scheme?

Hon KEN TRAVERS: Yes.

Mr Watt: We can give you a breakdown of that.

Hon KEN TRAVERS: Would money be allocated in the forward estimates for a similar amount for that scheme?

Mr Watt: The forward estimates just contain the expectation of the total pot for the sports lottery fund. That is the contribution to the sports lottery account. In our estimates, we generally have no difficulty expending that each year.

Mr Rosielle: It is fully allocated. There would be an allocation over the forward estimates for each of these schemes.

Hon KEN TRAVERS: I imagine that you would also have contractual obligations for two-thirds of it every year because if you are rolling over three-year contracts, in the main, most people would have two years to run on their next year's contract.

Mr Alexander: We have tried to cut the administration for all the groups we fund. Quite a number of years ago we had one-year contracts with all the sports. Now we have three-year contracts with the ones that are capable and able to do it. That gives them some certainty and cuts their administration and our administration.

Hon KEN TRAVERS: Are you able to give us a breakdown of how much money is expected in the forward estimates from the sports lottery fund and where it is notionally allocated at this stage, based on the past?

Mr Watt: Yes.

[Supplementary Information No C5.]

The CHAIR: Can I just jump in, Ken?

Hon KEN TRAVERS: I cannot argue with the Chair!

The CHAIR: On page 59 is the funding granted. This gets into some of the nitty-gritty. I will go through a few of those. The first general case is that the larger amounts tend to be with the sports; for example, at the very back is Yachting Western Australia Inc, \$155 000; Wheelchair Sports WA Association Inc, \$129 000; and Western Australian Swimming Association, \$401 000. When you are making grants—I see that is 58 per cent of your expenditure; it is a big part of what you do—do you prefer to have applications by sporting associations that then distribute the funds to their various stakeholders or do you prefer to have each of the stakeholders individually apply to you, even for a small amount or a large amount?

[4.30 pm]

Mr Alexander: We would not be able to handle every stakeholder in yachting, for example —

The CHAIR: No; I quite understand that.

Mr Alexander: — wanting to make application. It works in a number of ways because we want to encourage people to be members of sporting associations because they work and there are efficiencies when there are more people. Generally, we fund, for example, a state sporting association or a recreational group—Outdoors WA or whoever it might be—and then sometimes if someone is travelling to the east, they might make a small allocation to a state team or they appoint the development coach who goes around all of Western Australia. In fact, an example of that is when Peter Watson a number of years ago did a tour of regional Western Australia to talk to all regional communities to see whether they thought they were getting fairly treated. There was a view that perhaps—development officers and others—the capitation fees that people paid in regional Western Australia were not good value because they did not get the attendance of development officers in that treatment. What he discovered, and is embedded in the Watson report, is that they got better service than most people in the metropolitan area because they did get some visits, where, given the number of people in Western Australia, that was not necessarily the case.

The CHAIR: I can see merit in all that. I think that is the best way to do it. On a couple of the individual items, I refer to Newcrest Mining on page 53.

Mr Alexander: Sorry, Chairman, can I just make one point. Sometimes in regional Western Australia it is a little bit different, because we have an allocation of money for each of our regions which, in their local associations, might make a contribution.

The CHAIR: Are you thinking of the development commissions in that context?

Mr Alexander: No, sport and rec department. For example, our office in Albany, to pick one, some of the local associations and groups may need something such as travel to Perth or whatever it might be. There is a small amount allocated for that which our regional manager recommends to the minister for funding.

The CHAIR: Does that have to be done on an application via the sporting club to get the travel to Perth or is it discretionary funding available to the officer you have in that regional centre?

Mr Alexander: It is on application to our regional centre.

The CHAIR: In the regional centre. You do not see it; there is an amount there, so the Albany officer will have \$100 000 or whatever it might be allocated.

Mr Alexander: It gets approved out of Perth.

The CHAIR: It still gets approved from Perth.

Mr Alexander: And there is ongoing discussion about doing that potentially a different way.

The CHAIR: Delegating to someone else. That makes sense to me. On page 53 there is an amount of \$96 000 for Newcrest Mining. I know that is not going to evolve to buy shares in Newcrest, but I assume it is some joint venture.

Hon KEN TRAVERS: There are an entrepreneurial department!

Mr Alexander: Actually, it is a joint venture, because I suspect the sport and rec department is not first on the funding list because there are other issues in our community. We look to have partnerships with different groups. From memory, the partnership with Newcrest is for Aboriginal development officers in the Western Desert. Newcrest provides office space, a vehicle, accommodation and some supervision. It works well.

The CHAIR: Nature Play WA sounds pretty interesting to me. That is half a million dollars. What does it do?

Mr Alexander: The sport and rec department is a beast that, when people have a look at it, is much more than stadiums, league sport and sporting clubs. Richard Louv wrote a book called *Last Child in the Woods*. Basically, there are a lot of children and families self-isolating in the home. A lot of the community, particularly young children, learn a lot of their skills—talking, discipline, resilience and that—from not necessarily being in sporting clubs; that helps, but also playing and playing outside, playing in parks and playing in the bush. In Nature Play they talk about children being under protective house arrest because they are not allowed to go a metre past the front gate because someone is concerned the white van will go after them. It encourages people to get out and about in the community. For all the benefit it brings for mental health, physical health and socialisation, we put together Nature Play following that to encourage all those sorts of good things. It has been so successful that we have created a small not-for-profit called Nature Play WA. Griffin Longley is the CEO of that. Seventeen organisations became a partner with us before we set it adrift from the department. Dave Roberts from the college of paediatricians is the chair. The primary school principals' association, Playgroup WA and a range of groups like that are now part of that. Part of the package of funding we got with the Sport 4 All program was \$500 000 a year for Nature Play WA.

Hon KEN TRAVERS: Was the Nature Play at Kings Park all part of that or is it separate?

Mr Alexander: That is Rio Tinto. I think it was about \$14 million to set that up. We are encouraging people to certainly go there and to certainly go into the bush and get many of those benefits that are there, but there is self-isolation in the home, which is having an effect on children's resilience and a whole range of things.

Hon KEN TRAVERS: Did the Kings Park development come as a result of the work you did or was it done separately by Kings Park?

The CHAIR: Is it the Western Power one you are referring to?

Hon KEN TRAVERS: Rio Tinto.

Mr Alexander: It was done separately. I do not know whether they got the idea or they picked up on it.

Hon KEN TRAVERS: Whether it was your bringing Richard out created the —

Mr Alexander: It may. We would like to claim that, but it might be a bit of a long bow. It certainly cast a light. We had the Concert Hall filled up with 1 200 or 1 300—whatever it was—with very little advertising. Robbie just reminded me of a passport scheme that Griffin Longley and his people have started up, which is like a passport. You get stamps, visas and all sorts of things. It is online. You can go online and get your particular passport number with your parent. You get the passport sent to you; it is in a nice little plastic sleeve. It looks like a passport and all those sorts of things and it gives a range of challenges such as to build a cubby house or catch some tadpoles—but put

them back. There are a whole range of those challenges that a lot of children are now not experiencing for one reason or another.

Mr Watt: Kings Park is integrated into that passport.

Mr Alexander: Yes. These are things people have a real passion for. There are a whole range of those things that we can keep going on. It is nice that you have picked those sorts of things out because there is a whole social agenda going through the sport and rec department to use sport and recreation for the social good. I do not want to sound like Pastor Ron, but they are a lot of the very rewarding things that have been done.

The CHAIR: That is terrific to hear. Of course, things to do with social dysfunction need a whole lot of things to be done of which sport has a key part to play. It is how you integrate that into the other programs, which are out there but are going every which way and need to be coordinated to get a consistent thread so it is going through a generation of someone's life until they come out at the other end at 18 or 20 years of age.

Mr Alexander: We think there is an equation there. We are concerned if children are cocooned and do not get the chance to experience some risk and some learning, the older they get without that, when they do get into a situation out in the community, they are sometimes lacking the skills, the discipline, the knowledge and also the resilience.

The CHAIR: The resilience, yes.

Mr Alexander: Part of it is about building knowledge, skills and resilience, and you do that by not necessarily cocooning people, but because of the fear people have in the community of what I call the white van and what might happen, people are so protected that in the end it is, I think, damaging for their health.

The CHAIR: This is an amount for this year; what was the amount last year?

Mr Alexander: It is \$2 million over four years for Nature Play.

Hon KEN TRAVERS: On page 41 you have the list of your advertising costs. What are the main areas on advertising for your agency? Is that mainly employment or is there something else where you have a range of —

Mr Alexander: The major one is the one-off for the KidSport program. I am not sure what page it is—page 11—where there is a pic on part of the project we did in making people aware of the project and the ability to apply for the funds. It was trying to get people out and about and being aware of where it was. It was a project that talked about helping each other. We needed to get people aware of the project and, as I think you mentioned earlier —

Hon KEN TRAVERS: I cannot have a go at you for advertising something that I said was a really good project, can I?

Mr Alexander: I accept that. We had to get it out there so that people knew it was there, particularly people who require a health card or pension card, to be involved. There are a few exceptions to that as well.

Hon KEN TRAVERS: Is that where most of the \$285 000 of advertising would have been spent? How much was for advertising KidSport?

Mr Rosielle: \$210 000.

Hon KEN TRAVERS: I assume the rest would be pretty much advertising for job vacancies and the rest would be on that.

Mr Didcoe: There is that, but we also advertise our grant programs—when they are opening and everything else.

Hon KEN TRAVERS: That would explain why it has jumped over the previous years. That was about \$230 000.

Mr Watt: \$210 000, plus —

Hon KEN TRAVERS: That is advertising that is worthwhile where it is actually informing people.

Mr Alexander: I have got to say that to the group sitting at the table and the people back at sport and rec, a dollar is a dollar. We do work it fairly hard. When we were talking about facilities and trying to ensure the balance between having good facilities and the sport making some money and how much does the community pay for it, sometimes you can get beaten up on trying to drive a bargain that gives you some return on maintenance and those sorts of things.

Hon KEN TRAVERS: Just be thankful you do not have to give any money to the Bigger Picture campaign! Poor old Planning were directed to and they do not even have a project in it.

Mr Alexander: Well, look our way; there was not any money anyway!

The CHAIR: Going back to page 15 where we started off with the CSRFF, is that \$17.25 million for the projects funded from page 61 onwards?

Mr Rosielle: Yes.

The CHAIR: That is 119 facilities. I guess my question really is: How much more is out there if we all had the open book and people wanted to have basically what they wanted within reason? How close are we to meeting what the needs are out there? Are we 60 per cent, 80 per cent or 30 per cent there?

Mr Alexander: I will throw to Rob in a moment. One of the things you get with a limited fund like we have is—if you are building a big aquatic centre, you are talking \$30 million or \$40 million. The biggest grant we have given is \$2.5 million; that is the biggest grant we have given in the fund. So, we try to spread it a long way. I think the last amount of requests was about \$32 million—thereabouts.

Mr Didcoe: Last round was \$27 million.

[4.45 pm]

Mr Alexander: The issue is that because of the size of the fund, a whole range of groups choose not to apply because they are small numbers and their chance of getting the number is not high. That is because there are a lot of applications for it, but the numbers are not big enough and they know they are not going to get it; it is not going to cover what they need, so they do not apply.

Mr Didcoe: There is another aspect to that too. If you look at a council like the City of Stirling, they might apply to us in a round for, say, four lighting projects for playing fields, but they will do another four or five off their own bat and they will not come and apply to us. There are all sorts of things we only hear about anecdotally, so it is hard to measure. In all the time I have been there, the round has always been oversubscribed, but that does not necessarily mean that every application is a good application. Sometimes we deny things so that we can do further planning work, because it is a bit pre-emptive. Sometimes we talk to people and say, “Have you really thought this project through?” Where there are good projects, we want more projects to be successful than unsuccessful. Sometimes people look at the town over the road and go, “We want one of those”, but they cannot economically justify it. All those sorts of things go on. I am sure that the current round will be oversubscribed as well by a reasonable amount, as is the case every year.

The CHAIR: A large need, still, is in the public school system. A classic example is that private schools are good at rowing because they have the capital to buy the boats, but the public schools do not. In a way, there is discrimination in that sport, which I think is just beginning to unfold. I hear that Perth Modern, I think, is now buying some boats for rowing.

Mr Alexander: We now have Champion Lakes in Armadale; so you have a rowing course in, I guess, an area you would not consider there would be too many rowers, down at Armadale. My understanding is that there are a number of schools —

Mr Hurst: We funded Rowing WA specifically to develop rowing in the Champion Lakes area where it is not traditional. Although we do not fund equipment, there was certainly money put in for development officers to go in to work in with schools and to take the boats down there to generate some interest in the sport.

The CHAIR: The trouble is it is not just boys, it is women; so you have got double the numbers you have to build it for these days. Some of the ovals are in such top condition, but mostly in public schools I do not think that they are, but I guess that is not in your purview is it? That is really in the purview of the local government.

Mr Alexander: To do ovals?

The CHAIR: Public school ovals, that is really in the education department, I presume, is it not?

Mr Alexander: It is.

Mr Didcoe: It is, and some local authorities have agreements with schools where they will do the maintenance of those ovals, because that gives a good outcome for the school and also the local authority. That is generally a reciprocal arrangement in which the local authority will be able to program, when the school is not using that oval, for some of their clubs to perhaps train on.

The CHAIR: It is shared use, yes.

Mr Didcoe: Yes, shared use. We are working with the Department of Education at the moment and the WA Local Government Association on developing a shared use guide for Western Australia.

The CHAIR: Terrific. You can obviously see a great opportunity there for that opening up much more and using facilities in a more productive way.

Mr Didcoe: Absolutely. There are a lot of good examples around Western Australia that are not always top of people's minds. There have been quite a few school halls, ovals and swimming pools that have been shared. But there is opportunity to use what is essentially a community asset, and not just an education asset, better. The more people we have moving into Western Australia, the more pressure there will be on places to play.

Mr Alexander: It is quite hard to get consistency, if you like, when the principal is the determiner of what happens. I understand that it is the principal's school, but we can then have a different attitude and a different thing happening in 700-plus schools.

The CHAIR: So this will help to give a bit of a framework to how it will work together.

Mr Alexander: We can only give a framework; it is with the education department and we are just on the sideline waving the flag.

Hon KEN TRAVERS: At page 7 you talk about the development of the state trail bike strategy. Where are we up to with the strategy and have we had any funding allocated to it yet?

Mr Alexander: Cabinet-in-confidence! I do not think I am joking.

Mr Watt: At this stage, we have not got government approval.

Hon KEN TRAVERS: At this stage there has been no announcement of funding for a state trail bike strategy or, for that matter, the completion of it, so even the development of the trail bike strategy is not completed; it is still subject to cabinet decision.

Mr Alexander: No. I think we have issued the strategy. Tony Simpson has been involved in that—you know, working pretty hard on it.

Hon KEN TRAVERS: Graham Giffard was as well; it has been around for a long time.

Mr Alexander: Yes. It is in cabinet at the moment. There are a couple of good things on the horizon.

Hon KEN TRAVERS: At the moment there is no public announcement about funding, so in terms of any public issue there is no money in your budget at the moment for the implementation of the state trail bike strategy.

Mr Alexander: No, there is not; and nothing, in fact, has been approved at this stage that I am certainly aware of.

Mr Watt: I would imagine it might be in the environment and conservation budget, if there were a decision made, I imagine.

Hon KEN TRAVERS: So, you may not be the lead agency on it?

Mr Alexander: We are working together with them, because when you allocate sites there is also ongoing maintenance that is required, so it is not just the capital cost. Because of the nature of what happens with the trail bikes, there is wear and tear, which is substantial.

Hon KEN TRAVERS: The other question relates to page 126, which lists the total number of senior officers. Clearly, a part of it is just a bracket creep, I assume. It does indicate there has been an increase of four senior officers. Is that for particular projects?

Mr Alexander: I know KidSport was one of them.

Mr Watt: The qualification to get on the list is level 7 and above. There is some movement as a consequence of some reclassifications; some of those are in relation to major stadia as well. But the new positions include two new positions in major stadia, new positions associated with the work at nib Stadium, a new level 7 position associated with KidSport, and a temporary position associated with public open space planning. In effect, there are five new positions and a couple of reclassifications.

Mr Alexander: For example, the public open space is fully funded from the Department of Planning, so we are working with them. We have a project up, and we get some planning from the department.

Hon KEN TRAVERS: Why would that not then appear on their annual report and not yours?

Mr Alexander: I would prefer that.

Mr Watt: We are the employer; they are providing the funds and we are providing the body.

Hon KEN TRAVERS: That is the thing that I found interesting. That is about a million dollars more in salaries, but when you go to your employee expenses that does not seem to have increased by \$1 million.

Mr Watt: It is really that qualification to get in the list as well, because a couple of positions of level 6 are not here. If they are reclassified to level 7 some of those reclassifications occur because of the nature of the work that is now occurring, especially with some of the facilities. That can elevate it reasonably quickly as a number. We also had a missed comparative in there at a level 9. We will need to issue an erratum to the annual report to correct that. The 2010–11 comparative figure is actually understated by that. Then there was a change in the way that the leave provision is calculated where there is an accrual of annual leave on long service leave. In the past we had not included some of that. There has been a change in the computational method, as required by the Auditor General, so that has influenced the figure as well.

Hon KEN TRAVERS: Is that also why there has been a big jump in what I assume is the director general's salary in there?

Mr Watt: The director general has not had a pay rise for a couple of years—since 2011.

Mr Alexander: In fact, an interesting one about that is that a determination on my level was made five or six years ago, but you had to wait a three-year qualifying period while it was assessed that you were doing the value of the work, at the same time.

Mr Watt: So there is an incremental step, too.

Hon KEN TRAVERS: I do not disagree you have fairly important areas.

Mr Watt: Then, for those officers who are members of the Gold State super scheme, which is a closed scheme, the percentage of employee salary that we allocate, which used to be 12 per cent, I think is now 15 per cent, so that has changed as well. That is the leave, the calculation of the superannuation component, which is a notional figure, plus then the base salary, cars.

Hon KEN TRAVERS: Where did you get the money from to cover it? For example, with the director general, there is a special allocation but that was still only \$270 million in the budget. Did you get an additional appropriation under the SAT for that?

Mr Watt: For the movement in the super, we received an adjustment to our appropriation. Damian may disagree with me, but my loose interpretation is that we receive an appropriation, we pay the Government Employees Superannuation Board that amount and I think the Government Employees Superannuation Board then returns that to Treasury; and it is to show the full cost of things in the books, so to speak.

Mr Rosielle: That is a fair assessment.

Mr Watt: So we are all writing cheques to one another!

Hon KEN TRAVERS: That should still then show up in your expense benefit, should it not, but they do not seem to have grown by the same amount as the figure in the bottom?

Mr Rosielle: The other point with that million-dollar movement, that \$700 000, is staff employed on capital projects. They are in the remuneration table, but they are not part of our employee benefits because they have been capitalised as part of the projects they are working on.

Mr Watt: They are inside the concrete!

Mr Alexander: Only if it is over budget!

Hon KEN TRAVERS: What happens when the CEO calls you in and says, “You’ve been capitalised!”

Mr Alexander: One of the things that does not sometimes get reported by the press or gets seen is on the athletic facility and the rugby union facility and the basketball facility—Rob was leading that project—we saved \$5.98 million on initial costs.

The CHAIR: Really, congratulations!

Mr Alexander: We have a facilities department which is pretty much on the ball.

The CHAIR: Very good. I have one final question. Is your agency a member of the Crime Prevention Council?

Mr Alexander: Yes, we are.

The CHAIR: Good.

Hon KEN TRAVERS: That has raised another question. What has happened to the Premier’s Physical Activity Taskforce? Has that gone now completely now?

Mr Alexander: Yes.

Hon KEN TRAVERS: It has gone, and there is nothing else; you have not taken on any of the functions of it internally?

Mr Alexander: What we have done is sat down and people have picked up their responsibilities; we still catch up at meetings and chat where necessary, and our officers work together. Part of it is still ensuring that government does not return to its corner and do its thing. So, people still catch up and there are relationships there which they pursue.

Hon KEN TRAVERS: But the work that was previously being done, that is just now finished and gone—there is nothing?

Mr Alexander: No, it is not finished and gone. The work has been allocated to Transport—bike paths and bike path strategies; and to the health department and workforce, and some of those sorts of things.

The CHAIR: If we have any other questions, we will forward them to you via the minister in writing in the next couple of days, together with the transcript of evidence, which will include the questions you have taken on notice. Responses to the questions we have asked, which are about five, will be requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing before the due date, and the advice should include specific reasons as to why the due date cannot be met. If we have any other unanswered questions, we will submit them to the committee clerk at the close of this hearing. On behalf of the committee, thank you for your time and for your information.

Hearing concluded at 5.00 pm
