

**Division 61: Sport and Recreation, \$80 862 000 —**

Mr I.M. Britza, Chairman.

Ms M. Davies, Minister for Sport and Recreation.

Mr R. Alexander, Director General.

Mr R.D. Didcoe, Director, Facilities and Camps.

Mr E. Stewart, Principal Policy Advisor.

Mr R. Hurst, Project Director, Perth Stadium.

Mr A. Watt, Director, Business Management.

Mr G. Brimage, Director, Strategic Policy and Regional Services.

Mr J.A. Nyman, Senior Policy Advisor, Office of Hon Mia Davies.

Mr R. Mann, Director, Strategic Projects and Asset Sales, Department of Treasury.

[Witnesses introduced.]

**The CHAIRMAN:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. It will greatly assist Hansard if members can give these details in preface to their question.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 3 June 2016. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

I give the call to the member for Albany.

**Mr P.B. WATSON:** I refer major spending changes since the 2015–16 midyear review on page 150 of the *Economic and Fiscal Outlook* and the line item "Perth Stadium—Football User Arrangements". There is no amount of money listed and a little footnote states "subject to commercial negotiations". Could the minister tell me where the commercial negotiations are up at to this time?

**Ms M.J. DAVIES:** The minister's question is essentially about where we are up to in terms of the commercial negotiations with the key users; is that correct?

**Mr P.B. WATSON:** That is what it is, if the minister looked it up—the line item is "Perth Stadium—Football User Arrangements".

**Ms M.J. DAVIES:** I do not have that particular budget paper in front of me. We are not very far away from executing final agreement with the operator. At that point the operator will commence its discussions with the two key user groups: football and cricket. We as a state government have agreed commercial principles with cricket. There are still some ongoing discussions with football. We will be party to those once the operator agreement is executed. We would hope that they will commence relatively quickly after we have finalised and executed the agreement with our preferred operator, which is Stadium Australia.

[8.40 pm]

**Mr P.B. WATSON:** Does the minister recognise how difficult it is for the West Australian Football Commission to not know its future one year out from the stadium being finished? There is talk about it going to the Western Australian Cricket Association ground and it has had discussions with the WACA about joining it. But the minister mentioned that talks are still going on with the WACA. We have been briefed by the WACA and it said that its things have been organised and it is set. Football, which is probably a lot bigger than cricket in Western Australia and has a lot more people involved, seems to have been pushed by the wayside. The \$15 million that the WA Football Commission gets now looks after all regional and local football. If that is not sorted out, our base will fall out from underneath and the whole thing will fall down.

**The CHAIRMAN:** Is that a question?

**Ms M.J. DAVIES:** I can respond to that. I think the member is pointing out that the West Australian Football Commission is concerned that it does not have any certainty at this point with the new stadium. It has certainly had conversations and negotiations with the state government. They were put on hold while we reached an agreement with the operator and the operator will recommence those negotiations once that contract is executed.

I hope that the member for Albany of all people understands that there needs to be a degree of goodwill and understanding that this state government has invested a significant amount into football. Our track record should be taken as it stands; we have done an incredible amount to support football in this state. We have invested \$36 million through the community sporting and recreation facilities fund to support grassroots and community football; \$3.4 million through KidSport; \$3 million in direct support to the WA Football Commission so that it can run development for the industry; and \$29 million to upgrade three West Australian Football League clubs so that they are on a viable commercial footing and can support grassroots football. We have provided significant investment for both the City of Cockburn and the Town of Victoria Park. That is a contribution towards the public and community amenities and supports the move by the Fremantle Dockers and the Eagles by creating new headquarters for them. I am sure that Ron Alexander can provide further details on the financial agreement that was made with the WA Football Commission many years ago when Domain Stadium was gifted to it.

**Mr P.B. WATSON:** My question is: what will happen when the Dockers and the Eagles go to the stadium? I know all these other things. I do not know whether the minister is just trying to get it on the record.

**Ms M.J. DAVIES:** That is right; so there should be some goodwill and an understanding that we have a strong history of investing in and supporting football. I am very confident that we will reach an agreement and that the West Australian Football Commission will be no worse off. That statement has been made and we will reach a commercial agreement with the stadium operator for the key users, cricket and football, once that final stadium operator agreement has been executed.

**Ms R. SAFFIOTI:** What does “no worse off” mean in dollars per annum?

**Ms M.J. DAVIES:** We have done a detailed analysis in consultation with the football commission and, as part of those negotiations, we know what it has been able to generate out of Domain Stadium. That has been factored into our modelling to anticipate what the revenue of the stadium will be, and that statement is exactly as it stands. It will be no worse off than —

**Ms R. SAFFIOTI:** The minister said “no worse off”, so what does that mean? How much is the West Australian Football Commission making at the stadium, and what does “no worse off” mean in dollar terms?

**Ms M.J. DAVIES:** We have just had a conversation about the fact that we have not finalised those negotiations yet. I am not going to put a figure on it. I know that question was asked of the Treasurer and the Premier. I do not want to put our position at risk in this negotiation. We are negotiating on behalf of the taxpayer, so we will not be revealing that figure. Provision has been made in the special purpose account in Treasury, and it is not in anyone’s best interests for that figure to be revealed before we have signed the contracts or completed negotiations.

**Mr P.B. WATSON:** Why?

**Ms M.J. DAVIES:** As the Treasurer explained previously, it will put the state and other stakeholders at a significant disadvantage as we negotiate that outcome. The member needs to understand that the figure that has been arrived at was modelled and the information was acquired in conjunction with the West Australian Football Commission to determine what it is generating from Domain Stadium.

**Ms R. SAFFIOTI:** This is not commercially sensitive information. The football commission and the government have agreed on a number for what is “no worse off”. It is not as though someone else is bidding for that same amount. It is not commercially sensitive. I do not understand how the minister can hide it behind commercial sensitivity. Both the commission and the government agree what the number is. It is not as though someone else is trying to seek that money. It is a number that both parties agree on, so why can the minister not disclose it?

**Ms M.J. DAVIES:** The advice that I have been provided is that all parties have signed a confidentiality agreement. I am happy to pass to Richard if he would like to provide more information.

**Mr R. Mann:** The details of the state’s commitment are provided on page 153 of the *Economic and Fiscal Outlook*. As the minister indicates, negotiations are ongoing, but the financial modelling undertaken by the state and shared in this case with the West Australian Football Commission incorporates the football commission’s historical revenue derived from Subiaco Oval. As the minister has also indicated, in providing that information—which has been independently audited—the West Australian Football Commission and the state agreed that

those details would remain confidential and executed a confidentiality agreement, together with other members of the joint football working group that has been responsible for negotiations with the state; that is the Australian Football League and the two Western Australian AFL clubs. I reiterate that the details of how the state has committed to ensuring that the Football Commission's historical revenue is kept whole, effectively through revenue generated from the new stadium, is detailed in budget paper No 3.

[8.50 pm]

**Mr P.B. WATSON:** Were the conditions the same for cricket? Cricket is quite open about what it is doing, so why is football so different?

**Ms M.J. DAVIES:** I was not involved in the personal negotiations. I am happy to defer to Ron Alexander.

**Mr R. Alexander:** I am chairing the negotiations. There is certainly the numbers that we are talking about, but also to some degree the landscape has changed. Football was given the ground in 1989 when football was broke. The West Australian Football League had \$2 750 in the bank and the West Coast Eagles owed \$13 million. It has now morphed into a situation in which, in 2016, the AFL will make \$626 million in revenue. The Fremantle Football Club and the West Coast Eagles have \$70 million in cash and investments currently in their bank accounts and they will be making money on sponsorship, merchandise, games takings et cetera. One of the things we are looking at is how much money the AFL and how much the football parties who are making a lot more money than previously are going to put into the total amount required to look after the West Australian Football Commission. The honourable member for Albany is keen to understand that number, which will certainly look after the WA Football Commission, the West Australian Football League and football development in this state. We are also looking at who has the ability to pay. The commercialisation of the sport has somewhat outgrown government policy so, on behalf of the community, it is worth looking at the ability of the AFL parties to contribute.

**Mr J.E. McGRATH:** The minister made an interesting comment earlier when she said that the stadium operator and the government would be involved in the negotiations. It was announced some time ago that it would be left to the stadium operator to start working with the football working groups. The minister indicated tonight that the government will also be involved in these negotiations. Could the future funding of football also be intrinsically linked to what happens to Subiaco Oval, which is crown land and basically a government asset?

**Ms M.J. DAVIES:** There are a couple of questions in there, member. The government has always said that it would take a step-by-step approach in dealing with Perth Stadium and Subiaco Oval, and be methodical about that. There are conversations to be had around the future of Subiaco Oval. Although there have been some preliminary discussions, there is certainly nothing in great detail. Ron Alexander may like to expand on that. Sorry, I have forgotten the member's question.

**Mr J.E. McGRATH:** There was a perception that it would be left to Stadium Australia to do the deal with the football clubs, but the minister indicated tonight that the government will also be involved.

**Ms M.J. DAVIES:** Yes. I do not think the state government intends to walk away. It is a significant asset for the state. The government thinks the stadium operator will bring a level of expertise. It deals with stakeholders like this on a regular basis. Our preferred operator already runs a significant stadium and has great expertise in maximising opportunities not only for itself as the operator, but also for the users. The government thinks the preferred operator will bring some innovation to those discussions. The state will remain involved most certainly because, as I have explained before, it has a real interest in making sure that key users and all activities that they support, right down to the grassroots, remain sustainable and viable and continue to grow.

**Mr P.B. WATSON:** Reading the budget, money will be generated by the stadium. Many Treasury people were at budget estimates yesterday. There are so many parties interested to get their fingers in the pie. How can we be sure that \$15 million, or whatever the amount may be, will come out of stadium profits? There are quite a few people looking at what is to be taken out of the stadium profits or out of the stadium money. I am a bit concerned about where all this money will come from.

**Ms M.J. DAVIES:** The government has stated that the revenue generated by Perth Stadium will cover not only the operational component of the design, build, finance and maintain contract, but also the payments that it anticipates making to the Football Commission and VenuesWest—governance and operator costs. Obviously it does not come under this particular estimates level, but because they are interrelated I do not mind. I will ask Ron to explain how there will be security for the Football Commission when we reach the conclusion of those negotiations.

**Mr R. Alexander:** Part of splitting up the pie, if you like, is we are incentivising both Stadium Australia and the clubs. The clubs talk about Subiaco being the best deal in Australia for football clubs, and it must be because

they have \$70 million cash in the bank and investments; so it is good. Basically we believe that we will be replicating that deal somewhat at the new stadium and having a chance of some upside. That requires good businesses to be run. Clubs need to run good businesses to have good football teams. Part of what the state and the community want is good football teams. To have good football teams requires reasonable money in football departments. We believe that will happen. From what we have laid out with the football parties, we are not that far apart.

**Ms R. SAFFIOTI:** I want to go through the numbers yet again in relation to the new Perth Stadium. I am also referring to the fact sheet that was supplied with the budget paper. Can we go through the numbers that were released in this year's budget—just the 2017–18, 2018–19 and 2019–20 numbers? Can I just confirm —

**Ms M.J. DAVIES:** What is the member referring to?

**Ms R. SAFFIOTI:** The spending changes. It relates to the fact sheet that was provided; the *Economic and Fiscal Outlook*. These numbers are spread through eight different places. This relates to the new annual impact that is shown in the budget. Can I confirm that for 2017–18 depreciation is \$10.6 million and it moves to \$21.267 million?

**Ms M.J. DAVIES:** The member is actually talking about VenuesWest's budget. I appreciate there is a fact sheet but the figures the member is talking about are the new spending changes in VenuesWest's budget. All that is in the Department of Sport and Recreation's budget is the construction costs to the state.

**Ms R. SAFFIOTI:** Can we go to the capital costs?

**Ms M.J. DAVIES:** The member can go to the capital costs that are the state's component in the —

**Ms R. SAFFIOTI:** I want to find out the total cost of the stadium. Please, can we do the total cost of the stadium? Honestly, if the minister again tries to hide the total cost, it will be incredible. Can we go to the total cost of the stadium? Referring to Perth Stadium, can we go through the components? Can the minister confirm that the DBFM contract is worth \$1.21 billion?

**Ms M.J. DAVIES:** The value of the contract is worth \$1.21 —

**The CHAIRMAN:** Excuse me, minister; I need a page number.

**Ms R. SAFFIOTI:** Perth Stadium is on page 669.

**Ms M.J. DAVIES:** It is not in the budget.

**The CHAIRMAN:** I need a page number and a line.

**Ms R. SAFFIOTI:** Page 669, the dot point commencing "The Perth Stadium is in its second year of the project delivery phase."

**Ms M.J. DAVIES:** Member, can I run through what I have?

**Ms R. SAFFIOTI:** No; can I just get some numbers confirmed?

**Ms M.J. DAVIES:** Yes, okay.

**Ms R. SAFFIOTI:** Is the value of the DBFM contract \$1.21 billion?

**Ms M.J. DAVIES:** The value of the contract with Westadium is \$1.2 billion. It is net present value.

**Ms R. SAFFIOTI:** NPV.

**Ms M.J. DAVIES:** Yes.

**Ms R. SAFFIOTI:** Does that include the total capital cost plus all the finance lease charges and other associated costs over a 25-year period?

**Ms M.J. DAVIES:** That includes construction and life-cycle upgrades and maintenance.

[9.00 pm]

**Ms R. SAFFIOTI:** On top of that, the government has a non-design, build, finance and maintain component which is directly within the minister's budget and which is approximately \$159 million.

**Ms M.J. DAVIES:** No; now the member is going from the value of the contract to the value of the asset.

**Ms R. SAFFIOTI:** No; I am going the total cost of the project. There is the DBFM, which is the construction and 25-year maintenance contract, then there is the non-DBFM, which is the other associated works like the plaza and the precinct works, which are not part of the DBFM, but is a cash cost. That is in the minister's budget.

**Ms M.J. DAVIES:** The value of the asset, the DBFM component, is 60 per cent capital contribution from the state in the Department of Sport and Recreation budget of \$489.5 million.

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 26 May 2016]

p504b-516a

Chairman; Mr Peter Watson; Ms Mia Davies; Ms Rita Saffioti; Mr John McGrath; Mr Vincent Catania; Mr  
Brendon Grylls

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**Ms R. SAFFIOTI:** I know that. I am trying to separate the three components, the DBFM, which is the contract with Westadium for 25 years—28 including construction, is covered; that is \$1.2 billion. That is the net present value of the construction, which includes the state contribution plus the private sector contribution.

**Ms M.J. DAVIES:** Yes.

**Ms R. SAFFIOTI:** That is the fine.

**Ms M.J. DAVIES:** Plus 25 years of maintenance life cycle.

**Ms R. SAFFIOTI:** I just said that, including the interest rate of 7.7 per cent. We have covered that.

**Ms M.J. DAVIES:** That is not right.

**Ms R. SAFFIOTI:** Yes it is. It is an answer provided by the Treasurer.

**Ms M.J. DAVIES:** It is not right.

**Ms R. SAFFIOTI:** Is the Treasurer wrong?

**Ms M.J. DAVIES:** The 7.7 per cent that is in the budget papers is an accounting treatment and I am happy for Richard to explain that, but it is not the actual financing amount.

**Ms R. SAFFIOTI:** I do not want to debate that point at the moment; I am just trying to get the cost of the project.

**Ms M.J. DAVIES:** You are putting numbers on the paper that are not correct, member, so I will correct you; 7.7 per cent interest is not correct.

**Ms R. SAFFIOTI:** I am quoting the Treasurer. That is the DBFM —

**Ms M.J. DAVIES:** You can quote whoever you like, but 7.7 per cent is not the interest rate that is being charged. I am happy to ask Richard to explain.

**Mr R. Mann:** The implicit interest rate of 7.7 per cent applies to the back calculation of the finance lease calculation, which is different from the net present cost of the DBFM contract payments. The former is a mechanism that is used in determining the budget reporting. The second, the DBFM contract value, is the contract value; it is not reflected in the budget reporting, so they are different things. The interest rate that is implicit in the DBFM values is very different.

**Ms R. SAFFIOTI:** You just confirmed exactly what I said. The non-DBFM is \$159 million, so there is the DBFM of \$1.2 billion, then the non-DBFM asset investment of \$159 million.

**Ms M.J. DAVIES:** I have \$151.1 million.

**Ms R. SAFFIOTI:** I am not going to argue over \$8 million, so it is \$151 million. That is fine.

**Ms M.J. DAVIES:** Let us not be fast and loose with taxpayers' dollars.

**Ms R. SAFFIOTI:** Seriously!

**Ms M.J. DAVIES:** This is what has happened, member, over the last three days. You have thrown various numbers out into the public and they are actually not accurate.

**Ms R. SAFFIOTI:** They are your budget numbers.

**Ms M.J. DAVIES:** No; the numbers that you are adding up —

**Ms R. SAFFIOTI:** They are your budget numbers; they are actually in your budget, if you can read them. It is in your budget.

**Ms M.J. DAVIES:** I am very well aware of what is in the budget, member.

**Ms R. SAFFIOTI:** Now we are going to public transport.

**Ms M.J. DAVIES:** Let us be accurate \$151.1 million in non-DBFM costs, which is the sports precinct, the stadium, the plaza, Department of Sport and Recreation, and stadium projects team costs and pre-construction costs.

**Ms R. SAFFIOTI:** I will just have to check this because \$159 million is one of your numbers. I will take \$151 million; I am really not that concerned about the \$151 million. Public transport capital cost is \$336 million.

**Ms M.J. DAVIES:** I am not the Minister for Transport, member.

**Ms R. SAFFIOTI:** It is on your fact sheet.

**Ms M.J. DAVIES:** You have had the opportunity to ask the relevant minister. Yes, public transport costs are associated with the project, but we are here doing Department of Sport and Recreation estimates.

**Ms R. SAFFIOTI:** I am trying to get to the total cost of the project, which you are trying to hide; it is quite obvious.

**Ms M.J. DAVIES:** No; we are not trying to hide anything.

**Ms R. SAFFIOTI:** Yes, you are.

**Ms M.J. DAVIES:** We are actually providing a significant amount —

**The CHAIRMAN:** Sorry, members! You are not achieving much here. Minister, complete your answer.

**Ms M.J. DAVIES:** Sure.

**Ms R. SAFFIOTI:** I will keep going.

**The CHAIRMAN:** Member for West Swan, when you refer to a question, can you give us a page number.

**Ms R. SAFFIOTI:** Sure; it is page 669—the Perth stadium.

**The CHAIRMAN:** Thank you.

**Ms R. SAFFIOTI:** The amount of \$1.21 billion is the net present value of the DBFM, \$151 million is the non-DBFM; \$336 million is for public transport, then there are depreciation costs, which currently are not in vogue, then there are public transport subsidies, plus the outstanding issue with the WA Football Commission. Is that correct?

**Ms M.J. DAVIES:** I am not responding. You are pulling numbers out of parts of the budget that are not in the budget estimates section. You talked about public transport. That has been confirmed; there is a public transport component.

**Ms R. SAFFIOTI:** It is your fact sheet.

**The CHAIRMAN:** Order! The minister is responding.

**Ms M.J. DAVIES:** I was trying earlier to run through the figures and demonstrate to the member that more information is being provided on this project. We have been incredibly open and transparent. You can see interest payments, capital payments on the finance lease, the non-DBFM costs, the capital contribution from the state, the pre-operational costs, which are not in this estimates section but in VenuesWest, and you talked about depreciation, which you added to the cost of the —

**Ms R. SAFFIOTI:** It is in your budget.

**Ms M.J. DAVIES:** Absolutely, but the way you have talked about that in public —

**Ms R. SAFFIOTI** interjected.

**The CHAIRMAN:** Order member; allow the minister to finish, please.

**Ms M.J. DAVIES:** You are actually pretty good at this. I understand you used to work in Treasury.

**Mr P.B. WATSON:** That is personal.

**Ms M.J. DAVIES:** Oh! Carry on!

**Ms R. SAFFIOTI:** What is this about?

Several members interjected.

**The CHAIRMAN:** Order members!

**Ms M.J. DAVIES:** The member is confusing the value of the contract for Westadium with the value of the asset. I understand it is not the easiest of books to understand because it is spread across Treasury, VenuesWest and DSR. The costs we have associated with constructing the asset have not changed. The value of the asset is \$1.06 billion and that is reflected in the DSR budget, which is what we are currently discussing, and the VenuesWest budget. The value of the contract, which includes the maintenance, lifecycle upgrades and the operational components, is included in the \$1.2 billion of the value of the contract with Westadium.

**Ms R. SAFFIOTI:** What is the total obligation to taxpayers of this project?

**Ms M.J. DAVIES:** You are talking about the value in this budget.

**Ms R. SAFFIOTI:** No; the total obligation to taxpayers.

**Ms M.J. DAVIES:** The construction cost of the 60 per cent capital contribution from the state, which is \$489.5 million.

**Ms R. SAFFIOTI:** What is the total obligation to taxpayers of this project?

**Ms M.J. DAVIES:** Well, member, we have talked about this previously.

**Ms R. SAFFIOTI:** You do not know.

**The CHAIRMAN:** Order!

**Ms M.J. DAVIES:** The value of the contract in net present terms is \$1.2 billion.

**Ms R. SAFFIOTI:** What is the total obligation to taxpayers? It is a simple question.

**The CHAIRMAN:** Order! Member for West Swan, if you want to hear the answer it is best if you remain quiet while the minister is responding.

**Ms M.J. DAVIES:** She does not want to hear the answer. The answer is not going to change, member. The value of the contract with Westadium is \$1.2 billion. We are \$324 million better off, having gone down the path of doing a public-private partnership with Westadium. The operational costs, which you will have the opportunity to discuss in VenuesWest, will be covered by the revenue. We have done detailed modelling for the first 10 years. You can see the interest payments in real terms in the VenuesWest budget. You can see the capital payments in real terms in the VenuesWest budget. You can see exactly what the taxpayer will be up for.

**The CHAIRMAN:** I will go to the member for Albany to a new line of questioning.

**Ms M.J. DAVIES:** \$1.2 billion —

**Ms R. SAFFIOTI:** Further question.

**The CHAIRMAN:** No; you have had nine questions in this line of questioning, so we will move to —

**Mr P.B. WATSON:** The other Chair let us have these because he said it was a very important issue.

**The CHAIRMAN:** We will move to the member —

**Mr V.A. CATANIA:** I have a question.

**The CHAIRMAN:** Thank you, member for North West Central.

**Mr P.B. WATSON:** That is lovely.

**The CHAIRMAN:** No; if you insist on arguing with the Chair, you can expect me to respond that way. Member for North West Central.

**Mr P.B. WATSON:** This is not on; I will report you to the Speaker.

**The CHAIRMAN:** Feel free.

**Mr V.A. CATANIA:** Thank you, Madam Chair. I want to talk about something that is really changing kids' lives and that is KidSport. It has been marvellous in allowing kids to participate in sport, especially those who are disadvantaged, in a lot of towns in my electorate where the participation rate by Aboriginal kids is extraordinary. It is great to see that involvement with the Department of Sport and Recreation. Unfortunately, the Shire of Carnarvon cannot share that same sense of ownership given it is not displaying the Aboriginal flag on its shire building. Anyway, I will put that aside.

**The CHAIRMAN:** Get to your question, please member for North West Central.

**Mr V.A. CATANIA:** Can the minister explain the effect KidSport is having on kids participating in sport throughout regional Western Australia?

**Ms M.J. DAVIES:** The KidSport program under the —

**Ms R. SAFFIOTI:** What page?

**Mr V.A. CATANIA:** It is the second dot point under "Significant Issues Impacting the Agency" on page 669.

**Ms M.J. DAVIES:** The KidSport program comes under Sport for All, which is a program allocated \$5 million in the current expenditure and we will continue to fund this program. KidSport is one of the flagships under that particular banner. It was initiated by this state government and has since been adopted by every other state in one form or another. Essentially, it provides assistance to kids from lower socioeconomic areas or families who are unable to afford the fees to join their local organised sporting club or pay for their uniform. It goes towards their club registration and uniform fees. We know from the statistics—we can provide them for every local member's area—that about 65 per cent of kids making use of KidSport are becoming involved in sport and recreation for

the first time. Anyone who has been involved in organised sport can well understand the value of not only the discipline, but also the teamwork and the role models involved. There are many benefits, and 65 per cent of the kids—there have been 55 000 across the state—have engaged in all sorts of sport for the first time through KidSport. We talked about football; that is obviously one of key beneficiaries of KidSport, but there is also netball, basketball and hockey. In communities that do not have organised sporting activities—I know this happens in some of the member for North West Central’s towns—there are organisations that bring kids together to participate in sport. There might not be an association or club, but we have worked with those people to try to provide that opportunity.

[9.10 pm]

**Mr V.A. CATANIA:** I have a further question. The opposition is not very interested in this, but it has a great impact in my electorate. Does the minister have a figure for the number of kids who have become part of KidSport? It would be interesting to see how many kids have become involved since the program was established and in this financial year.

**Ms M.J. DAVIES:** Over 90 000 vouchers have been issued; obviously, there are returning kids. Around 55 000 unique kids have signed up through the program, 10 000 of whom identify as being of Aboriginal or Torres Strait Islander descent. There are 23 000 kids in regional WA, and 21 500 —

**Mr V.A. CATANIA:** Is this over the life of the program?

**Ms M.J. DAVIES:** Yes, up to this point. There are 21 500 females involved. Again, footy is a great beneficiary of young women getting involved.

**Mr V.A. CATANIA:** Well done, minister.

**Mr P.B. WATSON:** I refer to the second dot point on page 669, which states, “Sport and recreation provides a positive pathway for children and young people.” Will the state plug the hole left by the federal government pulling out \$700 000 per annum for the regional Aboriginal sports initiative?

**Ms M.J. DAVIES:** I thank the member for the question. It is really disappointing that it has come to this; there certainly has been significant funding for this program. I have some statistics somewhere on where the current employers are. The challenge, member, is that if we were to pick up all the programs moved out of by the commonwealth, we would simply not have the funding to do that. We have worked with the commonwealth so that we have additional funding. Ron Alexander might be able to provide some additional information. We have worked with the commonwealth to extend for another, I think, up to 12 months, so that we can work with those officers who are currently employed. We are also doing a review within the department to see how we can deploy the resources we have to try to offer the same or better services. It is disappointing. It was a significant investment that will not continue, and we recognise it could be challenging because they have been delivering good outcomes. Does Ron want to make a comment on that?

**Mr R. Alexander:** Yes. We are told that the federal government will put that money through Aboriginal corporations to do similar work, so one presumes that will happen. We are looking at our budgets and different ways we can help. There is not a lot of money around at the moment, and replacing \$700 000 is extremely difficult. Perhaps that might be picked up again by the federal government, one would hope.

**Mr P.B. WATSON:** I have a further question. Did Mr Alexander say that the commonwealth is thinking of putting it through Aboriginal corporations?

**Mr R. Alexander:** We are told that is what it is doing.

**Mr P.B. WATSON:** That concerns me a bit. I know the Aboriginal corporations in a lot of regional areas are family-run, and that people not in that family do not get anything. It would concern me if it went to those corporations.

**The CHAIRMAN:** We need to ask the question through the minister each time.

**Ms M.J. DAVIES:** Sure. I guess we do not have a lot of say in what the commonwealth does —

**Mr P.B. WATSON:** No; I just wanted to make that comment.

**Ms M.J. DAVIES:** We will identify where that funding is intended to go, so that we can try to put some strategies in place. In February this year, to follow up that, we commenced a stakeholder engagement survey to better understand some of the future requirements.

**The CHAIRMAN:** Does the member for West Swan have a question?

**Ms R. SAFFIOTI:** My question relates to page 669 and stadium memberships. How many stadium memberships will there be, and what is the expected cost of each stadium membership?

**Ms M.J. DAVIES:** A decision has not been made on stadium memberships. All bidders for the operators submitted bids that included stadium memberships. It will be negotiated once the stadium operator has finalised its contract. All the modelling we have done, member, has not included stadium memberships, so if they are delivered—they can only be delivered in agreement with stakeholders and the state government—there will be, presumably, upsides. The modelling we have done is not reliant on us having stadium memberships on offer.

**Ms R. SAFFIOTI:** I have a further question. The minister said she will be concluding her discussions with the operator soon, and then it will talk to the users. Will that decision on stadium memberships be made before the discussions with the users? Also, how can an agreement with the operators be concluded if part of it is not the number of stadium memberships?

**Ms M.J. DAVIES:** It is up to the operators to negotiate with the key stakeholders. My understanding is that they may be able to deliver a better outcome and more upside for those key stakeholders. In terms of how they put an offer in together, they need to come back to state government. We have been very clear that the stadium is about making sure that people can access it and it is affordable. Obviously, the stadium operator will want to maximise stadium memberships. I think the Premier is on record as saying he would prefer a smaller number, but no number has been decided on and it will have to be discussed with the key stakeholders. I want to be really clear: none of the modelling we have done on the revenue we are expecting to generate from operator includes stadium memberships, so there can only be an upside to that.

**Ms R. SAFFIOTI:** I have a further question. Is the minister saying that the modelling shows that without stadium memberships, the entire operating costs, plus \$15 million per annum to the West Australian Football Commission, can be covered?

**Ms M.J. DAVIES:** I have never said that \$15 million will go to the football commission. I do not know where the member got that number from.

**Ms R. SAFFIOTI:** From the football commission.

**Ms M.J. DAVIES:** The football commission has a view, and we are still in negotiations. The negotiations have not concluded, and I cannot fathom why someone would want to potentially jeopardise the outcome when we as a state government are negotiating on behalf of the taxpayer. I have already outlined that we have entered those discussions in good faith, to deliver an outcome, like we have for all the other funding we have provided to the football commissions and football in general.

**Ms R. SAFFIOTI:** The minister has said that all the modelling shows there is enough revenue to cover all the operating costs. Those operating costs, as per the fact sheet, include the subsidy to the football commission.

**Ms M.J. DAVIES:** Yes.

**Ms R. SAFFIOTI:** Is the minister saying that without stadium memberships, there will be enough revenue —

**Ms M.J. DAVIES:** Yes.

**Ms R. SAFFIOTI:** — to cover the \$15 million to the football commission, and all the operating costs?

**Ms M.J. DAVIES:** We have done 10 years of very detailed modelling, and the revenue that will be generated from the operator will cover the design, build, finance and maintain operational component, which are the life cycle and maintenance costs, the WA Football Commission payment, VenuesWest governance costs, and operating costs.

**Ms R. SAFFIOTI:** I have a further question. Is the minister saying that the revenue currently anticipated through the stadium will cover \$15 million per annum, plus all those other costs?

**Ms M.J. DAVIES:** No, member. The member is putting that number into the public. We have said —

**Mr P.B. WATSON:** The football commission has put that in.

**Ms M.J. DAVIES:** The football commission has signed a confidentiality agreement, so it is very disappointing if that is the conversation it has had with the member.

**Mr P.B. WATSON:** No, I am chairman of regional football. I am on the board, so I know that is what we need each year to survive.

[9.20 pm]

**Ms M.J. DAVIES:** Excellent. The number that has been agreed was modelled in consultation with the West Australian Football Commission. I am not confirming that it is \$15 million because we are still negotiating that outcome, but I am telling the member that the revenue we have modelled to be generated from the stadium will cover the four components that I just listed. I cannot actually be any clearer, member.

**The CHAIRMAN:** Member for West Swan —

**Ms R. SAFFIOTI:** Oh, come on. The cheer squad?

**The CHAIRMAN:** Member for West Swan, I am speaking. This can be your last further question because we are just going around in circles and I have other people wanting to ask questions. Thank you.

**Ms R. SAFFIOTI:** If the minister has not concluded negotiations with the football commission about what revenue it is going to receive, how can she guarantee that the income is going to cover the expense if she does not know what the expense is?

**Ms M.J. DAVIES:** We have done modelling with the football commission and we understand very well what it requires going forward. We have done detailed modelling for 10 years for the revenue we expect to generate. I have said numerous times that the revenue that is modelled for the first 10 years of the stadium will cover the DBFM operational component, the West Australian Football Commission payment and the VenuesWest governance costs along with the operator's costs. We have again and again stated that football will be no worse off.

**Mr B.J. GRYLLS:** Can the minister just run through those numbers again because I did not get them!

I refer to page 673 and the line item “State Netball Centre—Construction” under the heading “Asset Investment Program”. The netball centre has been open for just over a year. I think netball has done remarkably well to grow its profile and role in the community, and now with television deals and the new teams coming forward, it will continue to grow. Can the minister explain to the committee how the netball community in Western Australia has benefited from this new centre, which, given the growth in netball, can be only just in time?

**Ms M.J. DAVIES:** I thank the member. I would like to acknowledge my predecessor, Tuck Waldron; he played a key role in delivering this venue and the Western Australian Institute of Sport facility that this government has delivered. I am sure members have visited the new State Netball Centre, and if they have not, I am positive that they would be welcomed down there. It is a fabulous centre. For a long time netball received very little attention, and this state government has worked very closely with Netball Western Australia to deliver a first-class venue. I was at a West Coast Fever game a couple of weekends ago and the staff there pointed out just how beneficial it is for them. Netball is able to attract both international and national travelling teams to use the facilities and, of course, being just around the corner from WAIS affords them the opportunity to train at a world-class venue as well. Netball is an incredibly important participation sport across the state. Obviously, being without a home—it formerly operated out of a number of smaller venues across the state—made it very difficult to continue to grow the sport. This state government took a really strong position on providing infrastructure for state sporting associations so that they can continue to grow their sport and increase participation rates.

**Mr P.B. WATSON:** I refer to the third dot point under “Significant Issues Impacting the Agency” on page 669. The dot point refers to “SilverSport”. I think there are a couple of members over here who could be involved in this; participants have to be over 60 years of age and on either a Seniors Card or a pension card!

**Mr J.E. McGRATH** interjected.

**Mr P.B. WATSON:** I do not need it, but looking at those blokes, I think they might!

I just want to know what the selection criteria were for the communities that were chosen: Belmont, Kwinana, Northam, Kalgoorlie–Boulder and Coolgardie. Can the minister tell me what criteria the Department of Sport and Recreation used to pick these areas? While I am asking that question, was Albany originally on the list but taken off?

**Ms M.J. DAVIES:** Albany? Not to my recollection. Ron Alexander could probably clarify that.

**Mr P.B. WATSON:** I just wondered because there are so many National Party and Liberal Party seats there!

**The CHAIRMAN:** Order! Can we just allow the minister to answer, please.

**Ms M.J. DAVIES:** For this program I will pick Northam as an example. Northam has the highest rate of obesity in the state, bar none; Karratha is second. Unfortunately, the wheatbelt has the dubious honour of having the highest rates of obesity, chronic heart disease and diabetes—all of the conditions associated with inactivity. The selection process was around a high population of seniors matched with their socioeconomic indexes. It was based on the KidSport model, so it is for areas with a high proportion of lower socioeconomic populations and a relatively high percentage of overweight or obese adults. It is not actually something that I would have thought is a particularly attractive thing to say to one's community; nevertheless, the Department of Sport and Recreation is trying to target lower socioeconomic areas with older populations.

**Mr P.B. WATSON:** Could I have the figures to show that these were the top ones?

**Ms M.J. DAVIES:** Yes, I am sure the department has the criteria and we can provide the member with the list.

**Mr R. Alexander:** We can certainly do that. The minister asked us to look at this program but did not particularly direct where the program should happen. When we do a pilot, we look for —

**Mr P.B. WATSON:** The department did not tell them where the program should go; the minister made that decision.

**Mr R. Alexander:** No; it was the opposite, and then we put our suggestions to the minister.

What we look for when we are doing a pilot are outer growth metropolitan councils in areas that are appropriate—ones that have a large proportion of older people—and areas in regional Western Australia, so that we get a mix, see what works, research that and then determine whether the program is worthy and doing what it is required to. It was a reasonably simple process.

**The CHAIRMAN:** Is the member for Albany asking for some supplementary information here?

**Mr P.B. WATSON:** Yes, if I could have that list. If my guys are up the top, I can get a program to get them all fit! Could I have that as supplementary information, please?

**Ms M.J. DAVIES:** I am happy to provide that information, bearing in mind that it is a trial, so if it is successful —

**Mr P.B. WATSON:** Can I just ask a further question?

**The CHAIRMAN:** I will just get the minister to define exactly what she is providing and then I will come back to the member for Albany.

**Ms M.J. DAVIES:** We can provide a list of the criteria we used to prioritise the areas—is that what the member for Albany is after?—and a list, cross-matching that.

**Mr P.B. WATSON:** It is just so I can get a broad idea of where all the sick people are.

**Ms M.J. DAVIES:** Where Albany fits, essentially?

**Mr P.B. WATSON:** Yes. I bet those two would be amongst it!

[*Supplementary Information No A93.*]

**Mr P.B. WATSON:** How long is the trial going for?

**Ms M.J. DAVIES:** Off the top of my head, one year. We would then hope, similar to KidSport and subject to budget discussions, to be able to expand it.

**Mr P.B. WATSON:** How much is it for each person?

**Ms M.J. DAVIES:** It is \$200, so it is the same as KidSport.

**Mr J.E. McGRATH:** My question relates to an item on page 672 under the subheading “Explanation of Significant Movements”. I was interested to read that the variation from the 2015–16 budget compared with the 2015–16 estimated actual and the 2016–17 budget target was due to the further consolidation of grants in the department’s sport and recreation development grant programs. It states in the third paragraph that a reduction in available grant funds—for example, the sports wagering account—in 2015–16 and 2016–17 will result in greater concentration on priority projects and fewer small grants, thus impacting on total grants to be managed. What is the reason for that?

**Ms M.J. DAVIES:** I will hand over to Ron to clarify that. The member is talking about the sports wagering account, which is linked to the funding we get from the TAB. I will hand over to Ron to answer that.

[9.30 pm]

**Mr R. Alexander:** There is a lot of competition in the betting arena and there are a lot of new players in the game. Those players are largely giving back to the punter in excess of 96c in the dollar. They are trying to get more and more people to bet with their particular agency, so they are giving back more money to the punter. Previously, we received in the vicinity of \$5 million, and it now looks as though we will receive just under \$3 million, simply because they are giving more of the returns back to the punter.

**Mr J.E. McGRATH:** Is Mr Alexander saying that it is because the TAB is giving more of the returns back to the punter—such as when it guarantees that if their team leads at half time, for up to \$50 they will get their money back—or is it because of the competition that the TAB is getting from other betting agencies?

**Ms M.J. DAVIES:** I think we are straying into another minister's budget estimates at the moment. However, obviously it impacts on our budget estimates. As to the reason why that is occurring, Ron may have an understanding. I certainly am not going to try to unpick what happens in the racing and gaming industry.

**Mr R. Alexander:** I am no expert either, but what I am told from that portfolio is exactly what the member for South Perth has said. They are operating in a competitive world, and they are competing to retain customers; therefore, they have to give back more cents in the dollar to encourage people to bet with them. That is the reason for the overall reduction in what we are getting back through racing and gaming.

**Mr J.E. McGRATH:** Is the minister able to explain—for the benefit of members of the public who may not understand—how this works? When sports betting was introduced in Western Australia, there was an act of Parliament that provided that some of the proceeds would go to sport and recreation. Racing and Wagering WA advertises that it is putting a lot of money into sport throughout Western Australia. Can RWWA select the sports that it wants to target, or does the money go through the minister's agency and it selects the sports that will receive this funding as a result of people betting on football and all that sort of stuff?

**Ms M.J. DAVIES:** No. I understand that is not the case, but Alex Watt would be able to answer this question in great detail.

**Mr A. Watt:** The sports wagering account is a trust account in the Department of Racing, Gaming and Liquor. The funds are at the direction of the Minister for Sport and Recreation. The minister directs which sports will receive the funding.

**Mr P.B. WATSON:** Volunteer groups get money from that fund too, do they not? It is not only sporting groups.

**Ms M.J. DAVIES:** The department has discretion about what is funded. I guess the discussion in this space is around the potential sale of the TAB, and certainly the industry has raised with me concerns about the income stream for the sporting and recreation sector. I have raised that concern with both the Minister for Racing and Gaming and the Premier, and they are aware of that. We need to make sure that there is some kind of accommodation for the industry, however we may do that. There is certainly an awareness that this is a valuable income source for the sector.

**Mr P.B. WATSON:** I refer to page 668. The funding for the community sporting and recreation facilities fund was originally \$20 million. Last financial year, the funding was cut to \$3 million. This financial year, the funding has increased to \$12 million. When will the funding get back to \$20 million after that severe cut in funding last year?

**Ms M.J. DAVIES:** This is an interesting debate, because the opposition criticises us for spending too much money, and when we do make adjustments across our budgets, we are criticised for that.

**Mr P.B. WATSON:** It is not what you have spent. It is where you have spent it.

**Ms M.J. DAVIES:** We have spent a significant amount through the community sporting and recreation facilities fund. The member's electorate has been a beneficiary of that program. The funding did go down to around \$7 million, and it has gone back up in the forward estimates to \$12 million. We will make a decision on a year-by-year basis about the allocations going forward. I do not think anyone could criticise this state government's investment in sport and recreation, from elite sports to the community level. In all honesty, I know there is significant demand from the community and local government sector for new facilities. However, this government's record has been quite substantial in delivering outcomes through this fund.

**Mr P.B. WATSON:** The point of the community sporting and recreation facilities fund is that one-third of the funding for a project is put in the club, one-third is put in by the local government and one-third is put in by the government.

**Ms M.J. DAVIES:** Correct.

**Mr P.B. WATSON:** That creates jobs in the regions. It encourages people to get off their backside and get their one-third of the money—instead of being in a National Party seat and having the money dumped on them and they do not know what it is for. It encourages a real community effort in regional areas. The government cut the funding for the CSRFF to \$7 million, and it has now put it up to \$12 million.

**Mr V.A. CATANIA** interjected.

**Mr P.B. WATSON:** What was that? I am talking to the organ grinder, not the monkey, please.

The minister said that the government has put a lot of money into the regions. I have spoken to sport and rec people in the regions, and they were bitterly disappointed when the government cut the funding to \$7 million. The government has now put the funding up to \$12 million. However, it was originally \$20 million, and that fund was very successful.

**Extract from *Hansard***

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 26 May 2016]

p504b-516a

Chairman; Mr Peter Watson; Ms Mia Davies; Ms Rita Saffioti; Mr John McGrath; Mr Vincent Catania; Mr  
Brendon Grylls

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**Ms M.J. DAVIES:** I would be very surprised, member, if there are concerns in the regions, given that they also have the opportunity to leverage funding from royalties for regions to deliver some of their projects. That includes facilities that the Department of Sport and Recreation does not fund, because the department predominantly funds, as the member knows, facilities that are for activity; it rarely funds clubrooms and things like that. The department has spent \$156 million in the regions, and the flow-on for jobs has been significant. I accept that it is not \$20 million, but \$12 million is more than \$7 million. I do not think anyone could criticise our commitment to sport and recreation since we have come into government.

**The appropriation was recommended.**