

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2004–05 budget estimates

Melbourne – 23 June 2004

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr L. A. Donnellan

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr J. Madden, Minister for Sport and Recreation;

Mr Y. Blacher, secretary;

Mr P. Hertan, executive director, Sport and Recreation Victoria; and

Mr S. Gregory, chief finance officer, corporate finance, Department for Victorian Communities.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearings on the budget estimates for the portfolios of sport and recreation and the Commonwealth Games. I welcome the Honourable Justin Madden, Minister for Sport and Recreation; Mr Yehudi Blacher, Secretary of the Department for Victorian Communities; Mr Peter Hertan, executive director, Sport and Recreation Victoria; Mr Stephen Gregory, chief finance officer, corporate finance, Department for Victorian Communities; departmental officers, members of the public and the media.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript early next week. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the Public Accounts and Estimates Committee secretariat are to approach PAEC members. The minister or his chief of staff are welcome to invite people to attend his side of the table. Members of the media are requested to observe the guidelines displayed for the Legislative Council Committee Room. Before I call on the minister to give a brief presentation, please turn your mobile phones off and your pagers to silent. Over to you, Minister, for 5 minutes on overheads. I will draw your attention to the time if necessary. Please appreciate the fact that all this documentation has been presented to us and we can read.

**Overheads shown.**

**Mr MADDEN** — To give a brief overview of the sport and recreation portfolio, members of the committee would appreciate that sport and recreation is located within the Department for Victorian Communities. That is a significant reflection of what sport and recreation achieves more broadly than just delivering or facilitating sport and recreation services. It supports and strengthens communities and works along those lines in terms of the DVC. It plays an important role in delivering social cohesion and community strengthening and provides an avenue for physical activity, participation and social connectedness. It relies on collaborative partnerships between government agencies, community groups, local government and business. The social networks developed through participation in sport and recreation are vital to the strength of communities across Victoria.

In terms of the key achievements for 2003–04, there are a number of significant achievements. Sixteen major sporting events were delivered through the major events cap. During the 2003 Rugby World Cup we hosted seven matches with an estimated economic impact to the state of \$168 million. The 2004 World Track Cycling Championships attracted athletes from 41 nations and the final session was sold out. The world organising body praised the event delivery and was particularly impressed by the sessions being sold out in the manner they were. Future international sporting events secured include the Volvo Ocean Race stopover, the world swimming championships and a commitment to stage the Australian Golf Open in future years. There is work being done on the major redevelopment of Kardinia Park down at Geelong — that project is on schedule and has commenced. The country football grounds assistance program stage 1 has been delivered. The physical activity strategy — the investment framework for further initiatives has been developed in partnership with health, education and senior Victorians and will be announced in the not too distant future. *Sport and Recreation 2005 to 2010 — A Discussion Paper* was launched on 3 May for public comment. I have copies of that here which I am happy to hand out. That is worth members of the panel appreciating in terms of future development in those forthcoming years. A range of research and evaluation initiatives were funded in risk management insurance, women's participation in sport and recreation, and safety to help the industry better manage these issues. In terms of the budget appropriations — —

**The CHAIR** — You have about 1½ minutes.

**Mr MADDEN** — They are relatively obvious and presented there. I am happy to give you further detail on the 2004–05 appropriation later on if need be.

In terms of the strategic directions, there are four major themes: active people and active communities, the details of which are presented there, is about reinforcing participation and cohesive communities; building capacity for tomorrow — the key words there are quality, sustainability and multipurpose; collaboration for development is about reinforcing the development of a cohesive sector based on skill development and enhanced collaboration and partnerships; and a state of achievement is about supporting organised sport and recreation, providing opportunity for Victorians to achieve their goals and recognising sport and recreation as a significant contributor to the Victorian economy. These are done primarily through key programs. Probably the most prominent in terms of

profile in the community and at a local government level is the community facilities funding program with \$16.9 million worth of grants being awarded in the latest round. Since 2000 more than \$86.5 million has been allocated to help develop some 1100 projects. That is worth recognising; sometimes it is not fully appreciated as an output. State facilities developed or in the process of being developed include Commonwealth Games infrastructure, the national ice sports centre, Kardinia Park and the state volleyball centre. There are a number of major events, as I have mentioned previously, and some obtained as well. Other key programs include building capacity and elite athlete training. There are a number of priorities, but I think that is probably sufficient at this point in time.

**The CHAIR** — Thank you very much, Minister. I noticed a couple of our Queensland public accounts people came in, and we welcome them. I will not mention what happened at Kardinia Park last weekend! I should have asked to you to expand on that. Perhaps you might like to go to budget paper 3, pages 247 and 249. Under ‘Quantity’ are the number of projects assisted under the community sport and recreation facilities categories, and aquatic facilities, regional and suburban planning and development are listed. Could you please provide us details on funding allocated to community sport and recreational facilities in 2004–05 and how you plan to assess those?

**Mr MADDEN** — Certainly. As I mentioned in my introduction, probably the most significant output not only as a measure but certainly outcome in terms of the community are the community sport and recreation facilities grants. These are particularly important because they are done in partnership with the broader community. We bring funds to the projects but it is certainly the project funds that come from within the community that validate what the community does. While that is part of the process and part of the funding model it is also particularly important to appreciate that that partnership also builds upon and reflects the capacity of those respective communities, so it is worth appreciating that the formula in itself and the process of delivering on that formula are as much part of the outcome as is the actual facility.

In terms of the total pool across the state, a notional \$16.5 million per annum was allocated, and this funding pool includes the government’s commitment of \$8.5 million to be distributed across suburban and regional Victoria and \$8 million to be available through the Better Pools fund. In previous years the funding was provided under general categories which did not significantly identify funding for either regional or suburban communities, but it is also appreciated that in terms of the Better Pools funding predominantly much of the funding goes to rural communities, so that is in many ways to the advantage of rural communities. In previous years all the funding was provided under general categories, as I mentioned, and last month I announced the government’s contribution of \$16.9 million towards 165 community projects that will see the development of a range of important community and recreation places and spaces across the state.

I mentioned in the introduction that since coming into office we have allocated over \$86.5 million to assist the development of over 1100 projects. When you appreciate that just under 60 per cent of that has been contributed to rural and regional Victoria that is a fairly significant amount. It averages as just under 60 per cent, and this obviously is well received by the broader rural community as well as the metropolitan community and communities in general. Certainly this year’s allocation is slightly more favourable than the 57 per cent allocated to rural and regional communities in the 2003–04 rounds of the funding. A key reason for the high percentage being allocated to regional and rural Victoria, and this is also worth reinforcing, is the changed funding ratios that we introduced when we came into government. Those funding ratios have made funding more accessible to rural and regional Victoria. For instance, in the minor facilities rural councils are funded on a \$2 from the state government to \$1 local arrangement, whereas in metropolitan councils it is \$1 state government to \$1 local on average. There are slightly different ratios for the other metropolitan areas. In the Better Pools programs rural councils receive \$1 for \$1, whereas metropolitan councils receive \$1 per \$3. The assistance under the Better Pools program has enabled major regional centres to develop indoor aquatic centres, and that is particularly important when those sorts of facilities are a key factor in attracting skills and a skills base when they are trying to grow those communities. So as well as schools and roads and other facilities, among the key criteria for families who are looking to change their lifestyle by moving to a regional centre are the sporting, aquatic or recreational facilities that those communities provide. Over the last four years we have funded and facilitated indoor aquatic centres in Hamilton, Warrnambool, Swan Hill, Wangaratta, Leongatha and Gisborne. In this particular year we are pleased to announce funding for pools at major facilities in Horsham, the Robinvale leisure centre and the Wodonga pool. No doubt they play an integral part in developing communities across the state.

**The CHAIR** — Given that we have half an hour on sport and recreation, can I ask you to take on notice the question about what leverage the state has been able to obtain from local government, given the state’s

contribution? You quickly ran through 2 to 1 and 1 to 1. If the department happens to have that figure, could it be forwarded to the secretary? It would be useful to identify the extra.

**Mr MADDEN** — Yes. We would certainly be happy to give you more of a breakdown on this.

**The CHAIR** — I might have misheard what you said in one of your answers. Initially I thought you said \$16.5 million. It is \$16.9 million, isn't it, according to the overheads?

**Mr MADDEN** — On average it is \$16.5 million notional, but depending on the shift from year to year. This particular year it is \$16.9 million, so it is really on average 16.5.

**The CHAIR** — I thought I had noted it incorrectly. Good.

**Mr CLARK** — I would like to ask about the national ice sports centre. The budget provides \$9.6 million towards it over three years, and I understand from your media release of 26 May that tenders will be called for it in July. Can you tell the committee what form the government's contribution towards the centre will take? Will it be a grant, a loan or will it be provision of capital facilities in kind? Will there be ongoing government support for the centre beyond the \$9.6 million that is currently budgeted for? What role do you expect the private sector to play, what benchmarks do you expect them to meet and what is the timing for the project? When you expect it to be open?

**Mr MADDEN** — All those questions are quite pertinent in relation to the delivery of the ice sports centre. We as a government have made a decision on allocated funding for the development of the national ice sports centre and that has been based on comprehensive planning over the last four years. The need for an international standardised ice sports facility has been identified in the Sport and Recreation Victoria state facilities master plan for almost a decade, so it has been one of those centres we have been progressively working to, which is often the case — a fair bit of interim work is done before we even make the funding allocations. In May 2000 a feasibility study was done to determine the likely demand, the likely cost and the possible location for a new sports facility in a central Melbourne location. That was undertaken by Sport and Recreation Victoria and the City of Melbourne. The study was updated in 2001, and following extensive discussion between the government and the ice sports community — quite a number of sports are involved in that — we as a government made a commitment of \$10 million in a Labor financial statement as part of the election policy towards the development of an ice sports centre as a public-private type of partnership project. That is where you no doubt want to hear more detail.

In May 2001, \$400 000 was allocated in the 2003–04 financial year towards the development of a business case for the centre, so again developing up a body of work. Gateway reviews 1 and 2 were undertaken in September of 2003 to recommend that the project continue to procurement stage. Early this year Bovis Lend Lease Consulting undertook a detailed premarket analysis to review the following prior to proceeding to tender — patronage, demand and commercial viability issues; the depth of investor developer market interests in the project, which is particularly relevant; the risk landscape, which no doubt you are particularly concerned with, and the extent to which these risks can be mitigated; the potential commercial arrangements option between the developer, the builder, financier and operator party and the government; and the recommended transaction process. So they undertook to review many of those question marks that you had. On the strength of the advice, we as a government decided we would conduct a tender process over the next 12 months with the aim of securing a consortia that would build, own and operate the centre. That is part of the answer to your question.

The forthcoming key milestones in terms of the progress will be an open advertisement calling for expressions of interest for a suitably qualified consortia in the next month; a formal tender to be issued to those who meet the pre-established criteria — that is, financial strength, capability, consortia mix, location and other key arrangements — before the fourth quarter of 2005; submissions of proposals will be received by the end of this year; a review by an expert panel is proposed notionally in early 2005; a detailed negotiation with one or more consortia will be conducted during the first half of 2005; and there will be a selection of the preferred consortia if they meet all the government requirements in mid-2005. That predominantly answers most of those questions. That will basically identify the most appropriate arrangements, given that allocation we have indicated. The project is to be developed by the private sector. The private sector is to be responsible for the development, construction and most importantly — the one you are no doubt concerned about — operational risk. It is anticipated that private sector development would include the centre as part of a broader development. It might be a commercial development such as a shopping centre, a retail precinct or other recreational–commercial facility to bring together

a critical mass and make the facility itself an attractor to that mix. The premarket analysis we have conducted has found there is strong interest from a number of investors, developers and operators across the Melbourne metropolitan area, and that an ice sports centre providing the requirements of government can potentially provide adequate returns to the private sector and be viable.

Given the information I have given you, the final commercial arrangements have not been yet set, therefore the exact form of the government's funding towards the project will not be known until tenders are reviewed and a preferred proponent has been selected. A small part of the \$4.5 million allocation in the 2004–05 year will be used to cover the costs of the project team that will prepare the tender, review the submissions and prepare the commercial and legal documentation. The remainder will be for the government's contribution towards the project. The commercial arrangements could take any number of forms, from an up-front capital investment or a capital contribution over the life of the project to an availability payment each year the service is provided, but, again, externalising the risk. The commercial arrangements will be developed such that there will be a guaranteed continued delivery of the services and required standard by the private sector; an adequate investment security arrangement will be obtained from the proponent; an effective risk transfer will be contracted, which is the issue you have indicated you are interested in; and the state's involvement following financial close will be limited, appreciating it will be at arm's length. I think I have covered the vast majority of those questions, if not all of them.

**Mr CLARK** — Did you mention an expected opening date for the facility?

**Mr MADDEN** — Again, given that process, there may well be a degree of negotiation with a limited number of tenders to get that right mix if need be. We do not have a final time set yet, but it would be in accord with the rollout of that program, which is probably in the order of 2006 — in that 2006 year.

**The CHAIR** — Minister, you mentioned \$400 000 to prepare the business case, and there is \$4.5 million allocated to the project. Is the \$400 000 in addition to or part of that \$4.5 million?

**Mr MADDEN** — That has already been allocated in a previous financial year. That was allocated in the May 2003 budget, and that was allocated for the 2003–04 financial year towards the development of that business case.

**The CHAIR** — So we are looking at \$4.9 million of state funding in this current financial year and the next?

**Mr MADDEN** — Yes.

**The CHAIR** — And then ongoing?

**Mr MADDEN** — Just to qualify that again, Chair, in the 2003–04 year we allocated \$400 000; in the 2004–05 year it is \$4.5 million; and in 2005–06 it is something in the order of \$4 million, but all those are indicated in the budget papers.

**Ms ROMANES** — Minister, on page 32 of budget paper 3, a key strategy is outlined under the heading 'Promoting Victoria's businesses to the world', and that is Victoria's capacity to support major sporting and tourism events of significant economic benefit to Victoria. In your presentation you mentioned 16 major events supported in the past year and a suggested economic benefit of \$168 million to the state. Could you tell us more about some of the major sporting events that have been secured for future years and what economic impact is expected from those events? Could you also tell the committee whether you assess which events to support only on economic impact or whether you assess them on other criteria? How do we move to a situation of supporting new events — which ones are in and which ones are out for the future — under the cap you mentioned?

**Mr MADDEN** — We are very fortunate that we have developed quite a significant culture of major sporting events across the state, but as well as that we have a vast array of skills in relation to not only acquiring those events but also delivering them, and that has been built up over more than a decade of investment in major sporting events. The primary focus of the facilitation of funding for major events is to maintain the recognition of Victoria as a premier sporting state, which we believe we are, and this includes the attraction, planning and retention of major national and international sporting events that raise the profile of Victoria nationally and internationally.

In August 2000 we as a government announced a cap of \$40 million per annum on major events expenditure, placing a ceiling on the maximum amount the government would expend on attracting and conducting major events. The events funded from the cap in the 2004–05 year include the 2004 Commonwealth Youth Games; the 2004 IDSF 10 Dance World Championships, which is slightly different from the norm but will no doubt be a fantastic event; the 2005 Women's World Cup Cycling; the 2004 World Hot Air Balloon Championships, which I understand are about to commence this weekend; the 2005 FIG World Artistic Gymnastics Championships; the 2006 World Lifesaving Championships; the 2004 FINA Swimming World Cup; the 2005 Heineken Classic golf; the 2005 World Cup triathlon; the 2005 Sail Melbourne International Regatta; the 2004 Moto GP; the 2005 Australian Formula One Grand Prix; the 2005 World Superbike Championships; the 2005 Volvo Ocean Race stopover, which is a slightly different event but which will be a fantastic event and quite a significant attractor of international profile; the Rip Curl Pro; and the 2007 FINA World Swimming Championships. You will notice some of those events are continuous or held over a number of years and others are one-off events. The one-off events allow a degree of flexibility within the cap to bring events in and out. Some of those events are only acquirable as a one-off event because the international bodies that you seek to acquire them from like to rotate them around the world for their own profile.

There are a number of criteria. One of those is the likely promotion and profile of Melbourne in terms of the event and international media coverage; the other is the economic benefit and the economic multipliers. There are other instances where there may be more than just those considerations, and some of the regional events are a better fit for a regional centre or regional city. They are considerations as well and the 2004 Commonwealth Youth Games is a good example. It is a perfect fit for a centre like Bendigo, but it might get lost in the wash-up if it were held in a bigger city.

The other issues we have to take into consideration include calendar timing, because we do not want to have too many events at one time; the regions and the dynamic for the sport itself, because it is important that the local organisations in sport support and endorse the events, because volunteers are often called upon to help support an event. Even the likes of a huge event like the grand prix has a significant number of volunteers who help make it work. We will refer to the Commonwealth Games later, but they could not be delivered without volunteers. Whether it is just a community volunteer capacity or sport-specific official-type volunteers, they are also a consideration, and we have a great sporting sector that helps to deliver that. We also consider things like employment and environmental impact as part of the mix. So there are a range of considerations and they are all part of the mix in terms of determining whether they are worth bidding for and then how they will be delivered. But the process is approved by cabinet and delivered from the major events cap.

In terms of the 2003–04 year, the economic impact of major events to Victoria is estimated at over \$1.08 billion, which represents more than 0.5 per cent of the GSP, so it is fairly significant economically, but it is also important that those other considerations form part of the overall mix of delivering events. The \$168.9 million is the economic impact just from the Rugby World Cup alone, which delivered a greater than expected economic impact than might have been anticipated based on the success of that event. Considering tourism contributes more than 5.2 per cent of the GSP with events like these, it is a key contributor to tourism benefits but also to the profile in terms of the city and branding of the city internationally as a sporting destination. It is very significant.

**Ms ROMANES** — Thank you for that comprehensive answer.

**The CHAIR** — By way of supplementary question, could you outline which of those is a female sport?

**Mr MADDEN** — Yes. The women's world cup cycling — —

**The CHAIR** — I got that one!

**Mr MADDEN** — That is a particularly important one. The others are not necessarily women's events on their own, but the vast majority — —

**The CHAIR** — I think you get the drift!

**Mr MADDEN** — Absolutely. The motor racing events have an impressive representation of women, but it is also worth appreciating that the world artistic gymnastic championship is likely to have a greater profile of women than men.

**The CHAIR** — Did you mention the Deaf Olympics in your list?

**Mr MADDEN** — I am not sure if I mentioned the Deaf Olympics, but again that is another one of those events which is worth appreciating — —

**The CHAIR** — And you funded that, did you not?

**Mr MADDEN** — Yes. That is worth appreciating, not only in terms of the economic benefit but also the significant social benefit that will come from that event.

**The CHAIR** — So do women or people with disabilities figure in the criteria in any way?

**Mr MADDEN** — It is always worth considering that social mix. It is certainly not left out as a consideration — —

**The CHAIR** — Good.

**Mr MADDEN** — And later on when we talk about the Commonwealth Games I might have an opportunity to give you further details of how we are looking to make that — —

**The CHAIR** — Accessible.

**Mr MADDEN** — Accessible.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about your appropriation for this year, the \$95.5 million, which is roughly a 15 per cent increase on the current financial year. Can you please explain to the committee the breakdown of that? How much will go to grant programs? How much to VIS? How much is departmental overheads et cetera, so we have an idea of exactly how those funds will be acquitted. You may like to take that on notice. Also a comparison with the current financial year of \$82 million.

**Mr MADDEN** — I am happy to give you a relatively extensive breakdown of that, to a degree, without prolonging the answers that will take up too much valuable time — —

**The CHAIR** — Extensive to a degree? It is up to you, Minister, but we only have 30 minutes, so if Mr Rich-Phillips wants an extensive answer, we can — —

**Mr RICH-PHILLIPS** — I am happy for the minister to take it on notice.

**Mr MADDEN** — Let me refer to a few figures, and then if you would like some more detail I am happy to take the rest on notice, not that I do not have it, but rather than taking up the time of your other colleagues here at the table today.

The total budget 2004–05 recurrent funding allocation breakdown is \$95.5 million. The employment costs make up in the order of \$6.9 million, operating expenses are \$4.3 million, the major events breakdown is in the order of \$28.6 million, the sport and recreation grants program is \$9.5 million, the MCG redevelopment contribution is \$38.5 million, capital charge and depreciation in the order of \$2.4 million and miscellaneous — which includes ERC-approved programs, rights for sports, spectator sport event, ticketing legislation, injury prevention and women's participation is in the order of \$0.8 million. Then there is a figure of \$4.5 million for the national ice skating centre. So that should total \$85.5 million, but I can give you a further breakdown. Appreciate too that what is not included in that are the number of grants which come out of the Community Support Fund which are not under this budget but form part of our expenditure because we administer them on behalf of the Community Support Fund in terms of sports facilities.

**Mr RICH-PHILLIPS** — Again, you might like to take this on notice but are you able to give a comparison with the current financial year so we can see where the extra costs are?

**Mr MADDEN** — I am happy to give you some of those details now. Basically, it is an increase in major events with new funding in the order of \$11.8 million and the net increase in the national ice sports centre allocation which I mentioned previously. Those figures roughly increase that appropriation.

**Mr RICH-PHILLIPS** — Does that represent an increase in the cap?

**Mr MADDEN** — No, I understand it does not reflect an increase in the cap per se in terms of the number of sports events that come out of the cap. You will appreciate that some of the funding for these events is not delivered in any one specific year; it is allocated over a number of years and so there are allocations for events that will not take place this year but the allocations are made in this particular year.

**Mr RICH-PHILLIPS** — So they are timing changes?

**Mr HARTAN** — No, it is just different changes.

**Mr RICH-PHILLIPS** — Do you mean they are timing changes, or timing differences from what was previously budgeted?

**Mr HARTAN** — No, there are no timing changes. It is just different events each year, and if there are more sports events in one year as opposed to business events or arts events, then there is more money in the sport budget.

**Mr MERLINO** — I refer you to page 247 of budget paper 3 and the quantity measures in regard to the Victorian Institute of Sport, which include things such as the number of athletes on VIS scholarships and the percentage of VIS scholarship holders on national teams and squads. Could you outline for the committee the role of the VIS and its impact on the performance of Victoria's elite athletes?

**Mr MADDEN** — I suppose in an Olympic year the Victorian Institute of Sport's profile is raised significantly because there is an interest in some of those sports which may not necessarily have the profile or kudos generally; but in the lead-up to the Athens Olympic Games it is worth appreciating that the VIS has a significant input into the successes at the likes of the Olympics. The Victorian Institute of Sport was established in 1990 by the Cain Labor government. The mission of the VIS is to provide an environment in which talented Victorian athletes have the opportunity to achieve at the highest levels. What is very impressive about the VIS also is that it recognises that sport is part of a person's life. Its motto is 'Success in sport and life', and that is part of the culture — that is, that sport alone is not enough and it wants to develop the elite athletes holistically. You only have to speak to some of those athletes to not only appreciate their ability as sportspeople but also be impressed with them as individuals in a number of ways.

The VIS utilises a full range of support services in developing the capabilities of individual athletes. These include psychology, nutrition, medicine and coaching as well as career counselling. As a government we currently provide \$4.5 million per annum to the operation of the VIS. This represents an increase of \$1.5 million over previous years. The funding now includes assistance to regional sports assemblies and those assemblies are in Bendigo, Gippsland, Ballarat and Warrnambool, which form part of a network coordinated by the VIS. These regional academies provide an accessible pathway for regionally based athletes. That is particularly handy because it means that many of those aspiring or developing the young athletes in rural or regional areas on occasions do not necessarily have to travel long distances to at least set themselves on that pathway. That can only be good for those individuals and for their families and the communities. It also helps raise the profile of the VIS in those local communities and brings skills into those communities with VIS coaching and support staff and their links to those academies as well. So that dynamic has been handy for regional areas and particularly impressive in terms of the willing support that regional areas want to give to those academies.

I appreciate that with the Commonwealth Games approaching the VIS is now able to offer support to athletes in all of the 17 Commonwealth Games sports, and this additional funding has meant that scholarships to individual athletes have increased by more than 5 per cent across all programs, with more than 500 athletes currently on VIS scholarships. If you reflect on that, you will note that before the VIS commenced only 12 Victorians had ever won an Olympic gold medal; a further 20 athletes have now achieved that honour. Since 1990 the VIS has produced 96 world champions, 48 at an open level, 21 in sport for the disabled and 27 at a junior or youth level. With 25 per cent of the national population, Victoria makes a disproportionate contribution to Australia's Olympic success. In Atlanta Victoria contributed to 18 of 41 medals won, including 3 gold medals. In Sydney Victorian athletes won 28 of the 58 medals won, including 8 gold medals, which was half of Australia's gold medal tally. So they are doing a particularly good job.

Recently the VIS relocated to its new athlete training centre and administration base at the remodelled Sports and Entertainment Centre — that is, the old Olympic pool down in the Melbourne Olympic Park Trust precinct — as a co-tenant with the Collingwood Football Club. It was a successful launch, because we had a significant number of



athletes. Given that they are preparing for Athens it was good to have them there for an informal send-off. A number of our Paralympians were there, and our special Olympians were there. Not only were they quite excited about the new facility but also it was great for those athletes to have their profile raised in the lead-up to the Athens Olympic Games, particularly when a number of the athletes — although quite a number of them are particularly well known and have a high profile — may not have the profile or the kudos. All that helps in terms of them developing as athletes but also in getting support from their own local communities and potentially individual or collective sponsorships that might come from raising the profile of the VIS and individual athletes.

**Mr CLARK** — I understand going back to the 2001–02 budget papers that the government sets a funding limit of \$35 million a year for government financial support for major sporting and tourism events. The 2001–02 budget papers provided \$24.6 million for 2004–05 to fund that cap. Can you tell the committee whether you expect the government will be able to keep within the \$24.6 million funding allocation for 2004–05; if not, what sources will the government draw on for the additional funding; and will it keep within the overall \$35 million funding cap that was referred to?

**Mr MADDEN** — Thank you for the question in relation to the major events cap. You will appreciate that the cap is there not only to indicate the costs of the events but also to reflect on the fact that because of the ongoing competitive nature of acquiring these events many of the organisations that we seek to acquire the events from do not necessarily want their specific figure mentioned because it may well impact on their potential commercial return in future years when other cities bid for those events. I suppose they would expect that they could increase the commercial return from those events being acquired by respective cities.

In August 2000 the introduction of the major events expenditure cap was put in place as a ceiling on the maximum amount the government would spend on attracting and conducting events in Victoria. The cap relates to all major events, including the sport and recreation events which are part of that. As I mentioned, the budget papers do not provide separate estimates for sport and major event facilitation; rather, this expenditure is funded as part of the sport and recreation expenditure estimate and includes expenditure on the Sport and Recreation Victoria contract managed events only. As the Victorian Major Events Company operates continuously, seeking and maintaining events for Victoria, funding from this output can fluctuate from one year to the next, dependent on the cost and number of events conducted and the term of each event. As I said, some are ongoing, others are specific from year to year. The estimate included in the sport and recreation output estimate provided each year in the budget papers represents the precommitments approved by the government for the following year at the time the state budget is delivered. The estimate also does not include the final approved budget for the Australian Grand Prix Corporation, which is not settled until July in each year, and as a result the estimate is generally below the agreed cap. The final expenditure depends on what events are approved during the course of the year as well as the final approved budget for the Australian Grand Prix Corporation. I am heading in the direction of the information you are seeking, Mr Clark.

As there is approval for a new event, funding within the cap is provided by cabinet. Further funding is transferred by Treasury from the overall cap allocation to the sport and recreation sector output. The target in the 2004–05 budget papers for sport and major event facilitation is included as part of the overall sport and recreational sector expenditure, which we anticipate is a total output cost — and I have mentioned that before in terms of the overall sport and recreation output — which is \$95.5 million. This includes commitments from the \$40 million major events cap but excludes allocations subsequently approved since the preparation of the budget papers, because there may be from time to time inclusion of other events, so that estimate for this year may change.

**Mr CLARK** — Did you mention the estimate for 2004–05 as yet for the major events funding?

**Mr MADDEN** — Yes, I said the target in the 2004–05 budget paper for sport and major event facilitation is included in the overall sport and recreation sector expenditure, which I mentioned in terms of those outputs.

**Mr CLARK** — You have not given us the actual figure for the — —

**Mr MADDEN** — That is right. The estimate within the expenditure on sport and recreation events, as opposed to the arts and some of those other conference-type events, is \$28.6 million. I understand the cap was originally \$35 million, but as mentioned that has been increased to \$40 million. That was an election promise going into the last election to increase the cap by \$5 million for each of the next three years. As I mentioned, the \$28.6 million is only the sports component. Other events which are included in the overall \$40 million cap include

the business-type events, which are the fashion festival and other business events like the airshow, which is a particularly significant one, appreciating that that is every second year and that you do have a bit of movement from year to year in terms of that. Tourism support to *The Producers* as an event in terms of the marketing for that event, and then the arts with the Winter Masterpieces at the gallery is also an event that comes into the overall \$40 million but sits outside the \$28.6 million which is part of the expenditure on sport and recreation events.

**Ms GREEN** — Minister, I refer you to page 248 of budget paper 3 and note the progress of the development of Skilled Stadium at Kardinia Park, which you referred to briefly in your presentation. Could you please provide for the committee an outline of this project, its current progress and importance to the Geelong community and economy?

**Mr MADDEN** — Thank you for the question. As a government we have committed \$13.5 million towards the upgrading and provision of increased football amenities and new community-oriented facilities at Skilled Stadium within Kardinia Park, Geelong, and the upgrading of the facility ensures that AFL football is retained in regional Victoria, providing a great community focus for the Geelong region. The funding is being provided to the City of Greater Geelong, which is responsible for the project delivery, in conjunction with the state government, the Geelong Football Club and the Australian Football League. Part of our funding is being provided from the Community Support Fund, which is \$6.75 million, and the other \$6.75 million is from the Regional Infrastructure Development Fund.

The total project cost is anticipated at \$26 million, with financial contributions as follows: \$13.5 million from the state government, \$6 million from the City of Greater Geelong, \$2 million from the AFL and \$4.5 million from the Geelong Football Club. That includes \$2 million revenue that they have been handed by the AFL. The redevelopment of Kardinia Park will include a new eastern grandstand. As well as incorporating 6000 patron seats, it will also have a 650-seat function centre, which is particularly good for the region over and above sporting events themselves. It will have AFL standard change rooms, umpire facilities and a sports house that hosts 33 sports administrators. That is particularly significant because it will assist community sports organisation with the management and promotion of sport in the Greater Geelong area. That will benefit the wider community in the region. There will also be a gymnasium accessible to Geelong's elite athletes. In addition, the new stand will ensure that the stadium has approximately the overall capacity that currently exists, but with much improved spectator amenity, and appreciating that the other venues used for those sorts of events around the state have improved or are in the process of improving their amenity, there is the need to bring those up to standard.

The construction project is boosting local business and creating around 70 jobs in terms of flow-on effects, and the flow-on effects from the project are in the order of \$42 million. It is estimated that each home game in Geelong generates in excess of \$2 million to the local economy. The demolition of the eastern terrace and the site preparation commenced late last year. The project is on schedule, and the first major milestone of the construction phase has been achieved with the Geelong Football Club's home game played at the stadium on 2 May this year. The overall project is proposed to be finished by the Geelong Football Club's first home game in the 2005 football season. It is a great partnership arrangement and one which has significant benefit, not only in terms of the outcome of the facility, but also the process of delivering the facility as well.

**The CHAIR** — Thank you for that comprehensive answer, and to those who organised Antarctic conditions when we had Brisbane as our guests, the Lions I am sure appreciated the Antarctic conditions when they lost last week. Minister, thank you to you and your departmental officials for their attendance here this afternoon. To those who prepared the comprehensive documentation for PAEC, we appreciate that. There will be a follow-up letter going out with transcript and questions; and on those you have taken on notice, we look forward to receiving them.

**Mr MADDEN** — Thank you very much, Chair. Can I also put on record my appreciation for the substantial work that comes from the department in terms of preparation for this, particularly those officers in Sport and Recreation Victoria who have put an enormous amount of effort into bringing together the advance information you have received and the information I am able to provide you with today. It is always good to put that on record so that those who support us gain the recognition they deserve.

**Witnesses withdrew.**