

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2020-21 (Spence)

Melbourne—Thursday, 3 December 2020

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallence

WITNESSES

Ms Ros Spence, MP, Minister for Community Sport,

Mr Simon Phemister, Secretary,

Mr Andrew Abbott, Deputy Secretary, Creative, Sport and Visitor Economy,

Mr Peter Betson, Associate Deputy Secretary, Sport, Recreation and Racing, and

Ms Georgina McCann, Executive Director, Community Sport and Recreation, Department of Jobs, Precincts and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2020–21 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

We note that witnesses and members may remove their masks when speaking to the committee but must replace them afterwards.

We ask that mobile telephones be turned to silent.

All evidence taken by this committee is protected by parliamentary privilege. Comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

We welcome Minister Spence and officers of her department, many of whom have been with us during the course of the day. Minister, we invite you to make a 5-minute statement in relation to the community sport portfolio. This will be followed by questions from the committee.

Visual presentation.

Ms SPENCE: Thank you, Chair. Before I begin I would like to acknowledge the traditional owners of the land on which we are meeting and pay respects to elders past, present and emerging.

Thank you to the committee for the opportunity to report on the status of the Victorian community sport and recreation sector. Can I say that it has been a challenging time to take on the portfolio of community sport, but I have greatly appreciated the really strong spirit of collaboration and cooperation that has been present across the sector during this period.

The sport sector as a whole contributes an estimated \$9.2 billion in gross value-add to the Victorian economy and supports approximately 71 000 full-time jobs. There are approximately 10 000 community sport and recreation facilities across Victoria, and more than 580 000 Victorians volunteer to support their associations, leagues and clubs. Participation in organised sport provides an estimated \$1.4 billion in broader benefits to Victorians, including an estimated \$130 million in broader health benefits per annum.

The COVID-19 pandemic has had a major impact on the sector throughout this year. It was estimated in March 2020 that the 12-month loss of revenue in the sector through to March 2021 as a result of the pandemic would be \$359 million, with an estimated 16 000 jobs lost since March. And the cancellation of seasons has impacted participation numbers across the state. As a result, the impact of the pandemic required a really strong, targeted response from the government, and we have delivered that.

A number of key achievements are listed on this slide. I will not talk to all of them, but I would like to highlight three investments. We delivered the \$40 million community sport short-term survival package, which has provided more than 6500 grants to date to Victoria's sport and recreation clubs, leagues and associations to support them to maintain their financial viability. We provided \$68 million in funding to deliver a first round of the community sports infrastructure stimulus program, supporting shovel-ready community sport infrastructure

projects, and this will further support Victorian jobs. We launched Get Active Victoria, a new initiative building on the Premier's Active April to encourage communities to stay active, and we continued to deliver our ongoing programs.

The 2020–21 budget builds on this continued commitment to support the sector with \$164 million in new investment in community sport. This includes \$110 million for a second funding round of the community sports infrastructure stimulus program; \$21 million for the Victorian government's first Get Active Kids voucher program—that will provide around 100 000 vouchers to support Victorian families with the cost of participating in sport; an additional \$27 million for ongoing local sports and active recreation infrastructure, including stadiums, new lighting and scoreboards, support for Victorian seniors and continuing to deliver the country football and netball program; and \$6 million to expand the 2020–21 sporting club grants program to provide further support to Victoria's sports clubs, including ensuring that clubs have access to equipment and other support to assist them to operate in the new COVID-normal environment as restrictions lift.

The Victorian government remains committed to supporting the community sport and recreation sector, and I look forward to continuing to work with our stakeholders to ensure that all Victorians are supported in accessing, utilising and benefiting from the wide array of opportunities to participate in physical activity across the state, whether that be suiting up for their local club or suiting up for Australia and everywhere in between. Thank you, Chair. I will leave my comments there.

The CHAIR: Thank you, Minister. I will pass the call to Mr Richardson, MP.

Mr RICHARDSON: Thanks, Chair, and thank you, Minister, for joining us today, and the department representatives, especially DEDJTR, who have gone through all day with us today. Minister, I want to take you to your presentation around the Get Active Kids vouchers, if that is possible. I refer you to budget paper 3 at page 84. Are you able to explain for the committee's benefit the \$21 million Get Active Kids voucher program and how that will get more children participating in community sport?

Ms SPENCE: Thank you, Mr Richardson, and thank you for that question. Can I just say at the outset that I am incredibly proud to be implementing a state government community sports vouchers system in Victoria for the first time. The Get Active Kids voucher program will be a \$21 million investment into participation in community sport. We all know that 2020 has been an incredibly challenging year and community sport has seen no participation since March, and that is why this program is so sorely needed. The Get Active Kids voucher program will provide up to 100 000 children with vouchers that will create opportunities to participate in community sport, and that will take the financial pressure off those families. A \$200 voucher per child will be provided to eligible recipients. These vouchers will be available to reimburse eligible applicants for costs associated with participation in sport and recreation activities, and that includes memberships, sports equipment and uniforms.

This program will lessen the burden on parents having to make tough decisions due to their financial position. Whilst this is really important in normal times, it has become an even greater imperative during this particular year where we have experienced COVID-19 and where financial stresses have really increased on households. We do not want families excluded from participation due to financial circumstances, and this program is intended to address that. We know that this is a reality for some families. I know that when I was raising my son, as a single parent, these are the tough decisions that you do not want to make—you really hate having to make that decision—and the reality is that if you do go ahead with a decision to participate in sport, something else is cut from the budget. So this program means that that decision can go ahead and the financial impost is not on the household.

Another benefit of this program design is that by including uniforms and equipment we are really considering the equity aspect of participation. The program recognises that there is more to providing access to participation than just membership or registration fees; you also need to be able to access those other aspects—uniforms and equipment—to be able to equitably participate. So this program aims to remove the financial barriers and that will then get many more young Victorians participating in sport.

Although the guidelines are not yet announced, I see this program being implemented on a continual basis so that participants of seasonal sport can always access these vouchers.

Mr RICHARDSON: Thank you, Minister. For the committee's benefit, what are the benefits to community sport that you are expecting from this investment—the Get Active Kids voucher program, if I can get that out?

Ms SPENCE: It is a bit of a mouthful, but we will all get used to saying it; that's for sure.

Mr RICHARDSON: We will.

Ms SPENCE: There are a number of benefits to this program, both to families but also to the sector. Firstly, it will reduce those participation barriers and provide that targeted support to families who are faced with the greatest cost pressures to participation in sport and rec, as I have just discussed. I will not go back over those; I think we have been there. Secondly, clubs and participants and volunteers face new challenges in delivering activities with the changed community expectations and the new COVID-safe requirements around the use of shared equipment. So the delivery of a voucher program that provides for the reimbursement for eligible equipment and uniforms reduces that burden on clubs to provide new or additional equipment that would have been required to operate in a COVID-safe way, and it ensures that individual participants are able to access the equipment they need to participate. So essentially, the more participants that are providing their own equipment means that there is less equipment required for a club to provide to have that COVID-safe shared equipment in the new club setting.

In addition to providing that direct support to families and individuals in need, the program will also benefit by providing additional revenue to sport and recreation providers, and this is incredibly important. These vouchers will provide an incentive to those sport and rec providers to both re-engage with past players and to also engage with new players. For participants that were at risk of not coming back because there may have been cost pressures as a result of the strains of this year, it is an opportunity to re-engage with them. Essentially this is a great incentive for many membership drives for clubs to get involved in so that we can get many more young people participating. Given that approximately 26 per cent of the sector's income is derived from membership fees, this additional support will be really important to ensure that Victoria's sport and recreation sector—the clubs—can maintain their financial viability.

Mr RICHARDSON: Minister, I note that you were saying before that the guidelines have not yet been finalised, but who are you anticipating will be able to access those vouchers?

Ms SPENCE: Thank you for that question. Whilst the guidelines have not been established yet and the eligibility criteria is yet to be finalised, I can provide an assurance that the vouchers are going to go to those that need them most—children aged between five and 18 who come from families with a healthcare card or equivalent concession. That is our best starting point. I suspect that the greatest take-up of the program will be from LGAs such as Casey, Greater Dandenong, Hume, Yarra Ranges and regional areas such as Greater Shepparton, Greater Geelong, Colac Otway, Latrobe and the broader Gippsland region. They will be, I suspect, the areas where we would have the greatest take-up.

Mr RICHARDSON: And looking down the track, Minister, how do you see the program being administered to deliver those vouchers? Obviously there will be significant interest in this, but to those kids that need it most?

Ms SPENCE: Sport and Recreation Victoria will administer the program, and they will do this by implementing and setting the guidelines that will include an assessment framework to make sure that all of the recipients are those who do need them most. Sport and Rec Victoria have got a great track record of implementing grants that come with really strict guidelines, and I have got no doubt that their experience will be demonstrated in administering the Get Active Kids voucher program. The guidelines will consider the individual circumstances of the child and their family and the intended purpose of the vouchers. They are also modelling the program design based on what has proven successful or challenging in other jurisdictions around Australia to ensure that the design of the program best meets the needs of families and their kids and to ensure that the most effective operation of the program is here.

We do have the luxury, I suppose, of being able to look at other jurisdictions and seeing what has worked well and what has not and being able to draw upon that experience elsewhere, and we will be making sure that that happens during this process. There is no other jurisdiction—or no other state, sorry, the Northern Territory as a territory has vouchers at \$200, but the other states do not. We are very fortunate that here we are going to have the \$200 vouchers, and that is going to be warmly welcomed by families across Victoria. But we can most

certainly draw upon the experience of other jurisdictions in making sure that the guidelines that are developed, the eligibility criteria and the administration of the program are all based upon learnings and knowledge from the other jurisdictions in Australia.

Mr RICHARDSON: Thanks, Minister.

The CHAIR: Thank you, Minister. I will pass the time to Mr Danny O'Brien, MP.

Mr D O'BRIEN: Thank you, Chair. Good evening, Minister. Welcome to the graveyard shift. I do not know what you did to deserve this, but you must have just got lucky. I am glad you talked about participation in sport, because as you will be aware Football Victoria received COVID support funding from the government but is still charging local clubs registration fees and insurance fees despite there not being one game played this year. So the question is: what conditions were placed on that support to ensure that there was not double dipping of both getting government support and charging players and clubs?

Ms SPENCE: Thank you, Mr O'Brien, for your question. There was support funding provided through the \$40 million sports sector short-term survival package to Football Victoria, and that was a really important package, absolutely. We were very proud to be able to support the sector through that package. It supported all levels, from clubs, leagues and associations as well as the state sporting associations. Indeed more than 6500 support packages were provided through that, and it supported operations and ongoing viability. On the question of refunds to clubs for cancelled or suspended seasons as a result of the pandemic, I should note that earlier this year the Australian Competition and Consumer Commission did write to all state sporting associations via Vicsport and outlined its expectations that appropriate remedies be provided to consumers impacted by the cancellation of sport seasons. The ACCC noted that it expected that if sporting seasons were cancelled, consumers should receive a refund or other remedy such as a credit note or voucher for a future season in most circumstances.

Mr D O'BRIEN: The question, Minister, though, is what did you do and what will you do to ensure that Football Victoria is not double dipping?

Ms SPENCE: Well, I do not know that 'double dipping' would be the appropriate term to use.

Mr D O'BRIEN: Well, charging players and clubs for registration and insurance while also taking money for viability for a season that did not happen from the state government.

Ms SPENCE: Sorry, I will just hand to Mr Betson.

Mr BETSON: Thank you, Mr O'Brien. With our funding, the experience economy COVID funding, the \$40 million, as part of the funding agreement each sport association prepared their forecasts based on their expected income from memberships. And as the minister indicated previously, there was an expectation that memberships would fall. As part of that, in the funding agreement the department will and has outlined that the expectation there is that to the extent to which those organisations are assuming a reduction in membership—and that was determined to calculate the solvency payment for those associations—then appropriately the department has the ability to ask the question of the organisation that where that funding has been provided and those assumptions were made in calculating the solvency payments that we can go back and check that the income and the forecast align with the expectations and the actual payments.

Mr D O'BRIEN: So could I ask then, Minister, have you gone to Football Victoria and asked for a 'please explain'?

Ms SPENCE: Well, I can say that my office has met with Football Victoria in regard to this matter. It is an ongoing matter, and I have asked that they keep working with the clubs. We would hope that this matter can be resolved. I would hope that it does not come to an intervention; I would hope that this matter can be worked through. It is certainly not at that stage. We are asking clubs to continue engaging with Football Victoria, and I would hope that it can be resolved.

Mr D O'BRIEN: You said your office did. Have you had any conversations yourself directly with FV?

Ms SPENCE: Not on this matter.

Mr D O'BRIEN: Do you expect that you will?

Ms SPENCE: If I need to.

Mr D O'BRIEN: Okay, all right. I might move on to another matter. Budget paper 3, page 84, outlines the community sports infrastructure stimulus program. I am interested: there is \$108 million listed there for 2020–21, which would suggest that you are going to get \$108 million out the door by June. Do you already have a list of projects in mind that you will be funding?

Ms SPENCE: Yes, we do.

Mr D O'BRIEN: Will any of the projects be Labor government election commitments from 2018?

Ms SPENCE: Just bear with me for one moment, Mr O'Brien.

Essentially the \$108 million—yes, there is quite a lot there obviously to get out the door. What this builds upon is round 1 of the stimulus that you may be aware of—the \$68 million stimulus program. Essentially that was heavily oversubscribed—incredibly oversubscribed. To the tune of around \$513 million in applications came through to that.

Mr D O'BRIEN: That all met the criteria?

Ms SPENCE: That was funding requested. No, I am not making any comment as to whether or not they met the criteria. If you want to ask a supplementary on that, we can go to that, but I will continue answering your first question. Given how oversubscribed that program was, this \$108 million goes to programs within that first round that will meet the criteria, are shovel ready and are able to be delivered in accordance with the criteria of needing to be delivered expediently.

Mr D O'BRIEN: So will those applicants have to apply again or will they just automatically find out that they are going to get it?

Ms SPENCE: No; they will need to resubmit. It does involve the department going back to the applicants and checking whether or not they want to proceed, whether or not it is still on foot if you like, and they will need to resubmit, and if that is the case, then that is how the process will continue.

Mr D O'BRIEN: Okay; thank you.

The CHAIR: Thank you, Mr O'Brien. I will pass the call to Mr Sam Hibbins, MP.

Mr HIBBINS: Thanks, Chair, and thank you, Minister and your team, for appearing this evening. My question, and I have asked this at previous PAECs, comes from my perspective, from an inner-city electorate where the pressures on our community sports infrastructure—they just do not have enough grounds, basically, and I am sure that is the case in various means across the state. I just look at the Infrastructure Victoria recommendation about developing a stronger evidence base and more transparent decision-making processes to support investment in community sport and recreation infrastructure. The government's response to that was to say that the government would develop a community sport and recreation facility strategy. Has that strategy been developed?

Ms SPENCE: What I do know, Mr Hibbins, is following the Infrastructure Victoria 30-year plan—and there was the recommendation in there to develop the stronger evidence base and the more transparent decision-making—my department of Sport and Rec Victoria engaged KPMG to undertake some work to outline the value, the demand and the investment options for community sport infrastructure. If you like, I can tell you some of the key insights of that work.

Mr HIBBINS: Yes.

Ms SPENCE: It was determined that the annual value supported by community sport and active recreation infrastructure in Victoria was more than \$7 billion, that by 2038 Victoria would be required to facilitate approximately 1.5 million more—or 42 per cent more—regular participants to physical activity. To meet this demand it was estimated that more than 5000 new sport and active recreation facilities would be required. And

to plan for this increased demand long-term investment options should be considered that increase overall capacity through new infrastructure development or redevelopment of existing facilities and focus on under-represented groups and disadvantaged communities where greater benefits of investment can be realised. I am sure that is no real surprise to you.

Going to the other part of that, where you asked about more transparent decision-making, I can also let you know that whilst the community sport infrastructure investment programs are supported by a rigorous multi-stage assessment process that does encompass eligibility review, local intelligence insights, assessment against selection criteria and a review by a moderation panel consisting of senior officers from Sport and Rec Vic, input is also obtained from other areas of government operating community infrastructure investment programs. These processes are regularly reviewed and refined to ensure fairness, rigor and alignment with best-practice grant-making principles. In 2019–20 these assessment processes were strengthened through the development of comprehensive assessment plans including clear roles and responsibilities, probity and conflict-of-interest requirements, and this included another layer of assessment by centrally based program officers, with place-based officers providing a local intelligence perspective. An assessment criteria matrix was also developed for programs to support more consistent scoring of projects. Sport and Recreation Victoria will undertake further work throughout 2020 and 2021 to strengthen the outcomes framework to enhance existing outcome reporting and analysis. And to promote transparency a list of funded projects and grant recipients for each program is published on the SRV website as well as in the Department of Jobs, Precincts and Regions annual report.

Mr HIBBINS: So when you say local officer intelligence, I presume that means staff or a public servant who is on the ground and knows what is going on within each community and you have got some good understanding of what that community's needs are: 'They have got pressures here; they need particular facilities for certain cohorts'.

Ms SPENCE: That is correct, Mr Hibbins.

Mr HIBBINS: Okay. All right. Thank you. Great.

The CHAIR: Thank you, Mr Hibbins, and thank you, Minister. That concludes the time we have allocated for consideration of the community sport portfolio.

We thank you for appearing before the committee in this capacity today. The committee will follow up on any questions taken on notice in writing, and responses are required within 10 working days of the committee's request. The committee also thanks officials that may not be with us after now that have been with us all day, so thank you for your time.

The committee will now take a short break and then resume with you for consideration of the youth portfolio.

Witnesses withdrew.