

## CHAPTER 1.8: SUSTAINING THE FUNDING BASE FOR SPORT

Does sport need more money, or does it just need to use the existing pool of funds better? More money can fix most things in sport. However, transparency of priorities and more innovation in the development of funding opportunities will have greater lasting effects on the sector.

Throughout the review process, the call for increased funding for sport and better co-ordination of the funds currently available was consistent. Stakeholders want greater investment on areas as varied as facilities, elite sports identification and development, grassroots participation, pathways for coaches, officials and volunteers, sports science and medicine.

The call for more funding was loud but suggestions for innovation, identification of new sources of revenue and better targeted investment were muted. A few submissions did, however, argue that the sports system has enough money in total but that it is not well distributed, poorly managed and often not linked to long term sustainable investments.

The Panel was unable to ascertain the total level of funds spent by Australian Government Departments or agencies on sport or sport related matters. There is no central registry of amounts spent on sport and no requirement to inform any central agency. Sports related payments identified included subsidies, infrastructure, tourism, trade, education, welfare, Indigenous affairs and so on.

The Panel is not in a position to suggest firm proposals and budgets for funding but it makes the following points.

There is a strong case for increased Australian Government funding of sport. Given the importance of sport to the nation and its potential to contribute to improving health and community outcomes, the Australian Government's identified direct sport budget does not appear large at present (at around \$200 million per year).

How much more should be spent on sport will largely depend on consideration of issues beyond the Panel's scope. The justification for government funding lies largely in achieving elite success in international events and in the health and community inclusion benefits that derive from community participation in sport.

The Panel has expressed a view on elite spending but the amount that might best be spent on community sport will rest on judgements that will be made by others about the relative contribution of sport to achieving social objectives. For example, the Panel has heard a great deal about the obesity issues facing Australia but also understands that sport is but one way of addressing the issue. Similarly, sport is one way to tackle Indigenous disadvantage—but not the only way. The Panel is confident that increased spending on sport programs that are targeted at these social issues will be part of the mix but cannot state by how much.

The Panel has expressed its view on requests for increased funding to sustain a ‘Top Five’ position in the Olympic medal count. The Panel does not believe that the medal count is an appropriate measure of Australian performance or that ‘Top Five’ is a sensible target. The Panel’s judgement, after hearing all of the submissions and looking at the data, is that if another \$100 million per year is invested in sport it would better directed to other priorities.

The Panel is convinced that increased investment in community sport infrastructure is important. Community sport underpins elite sport by deepening the talent pool but also directly contributes to the social agenda. The Panel has proposed that the community infrastructure investment announced by the Australian Government (\$1.02 billion) be supplemented with an annual contribution of around \$250 million for community sports facilities. Furthermore, the Panel is convinced that some selective investment in supporting volunteerism—such as reimbursement of mandated courses for coaches and officials—would be beneficial.

The Panel is convinced that investment through the national sporting organisations (NSOs) in targeted programs aimed at marginalised groups will be beneficial. But these should be framed in concert with other initiatives to ensure that the effort isn’t wasted.

Targeted investment in the NSOs—and to support the sharing of resources between sports organisations—is also attractive.

The Panel agrees with the calls for a more balanced proportion of the total spending to be committed to community sports participation and the pathways from junior to elite level involvement.

There has been an ongoing debate in Australia regarding the introduction of a Higher Education Contribution Scheme (HECS) for professional athletes. Under the system, once athletes have created an income stream from sport, they would be asked to reimburse some of the money spent by the taxpayer on their development.

There is not universal support for imposing a HECS style payment on elite sportspeople with many citing the time-limited nature of a sporting career and saying the imposition of a HECS style payment would be a disincentive for elite sportspeople to participate at the highest level of competition. As well, the costs of collection would appear to outweigh the benefits of such

a scheme. At this point, the Panel sees no reason to introduce such a scheme although the Australian Sports Commission (ASC) should ensure that the case against it is a strong one.

There was widespread support for the introduction of a sports lottery, similar to the current United Kingdom (UK) model. The NSOs and in particular the non-professional sports were strong advocates for such a lottery. Many organisations saw the introduction of a sports lottery as a way of raising funds for elite and community sport without placing an additional burden on the Australian Government budget. However, the Panel is not attracted to this. It understands that there are constitutional obstacles because lotteries are a state and territory responsibility. But as well, the Panel observes many opportunities already exist for gambling in Australia and sees little merit in promoting another one.

It has been stated earlier in this report that better use could be made of the Australian Sports Foundation (ASF). There were calls for the ASF to receive a direct appropriation from the Australian Government so that all donations to the ASF can be distributed back to local sporting organisations.

It was also suggested that opportunities for corporations to donate funds through the ASF to benefit grass roots participation could be better promoted and the rules surrounding administration made much simpler. The ASF was also considered to be a suitable vehicle for raising the level of support for disadvantaged groups to enhance a more inclusive opportunity for those in need.

Attendees at the community forums were generally aware of the ASF but most did not understand its role, or the way in which it could be successfully utilised in their communities.

The ASF needs to be much better promoted across the sporting system. Its administration needs to be reviewed to ensure ease of access, and consideration be given to the means by which it can be made more accessible to disadvantaged communities.

The topic of sponsorship was consistently raised during the Panel's investigation.

It was noted at most of the community forums that sponsorship support and government funding programs were more available to those sporting organisations that have the expertise and resources to pursue funding strategies. Conversely, organisations and clubs with little expertise in this area tend to expend much time and energy chasing funds, often unsuccessfully.

The Panel believes that there is room for improvement in this regard, and that there is a need for government, and national and regional sporting bodies to provide expertise and advice to local sporting organisations.

Sponsorship has played a critical role in providing money to many sports but submissions identified growing objections to certain types of sponsorship.

Typically, these concerned sponsorship from brands and businesses perceived to be contributing to health and social problems; alcohol, gaming and fast foods were specifically identified. Many submissions commented on the inappropriateness of certain partnerships forged between sport and commercial interests and suggested that certain categories should be banned from being able to sponsor sport in Australia.

The Panel believes this is a legitimate and growing community concern. Sport is seen to be a vehicle for the promotion of a healthy and active lifestyle and plays a key role in the preventative health arena. Sports organisations need to be conscious of this shift in community attitudes and begin to build alternate forms of corporate relationships for the future. A time may come when alcohol, gaming and fast food relationships with sport will not be sanctioned.

An indication of the Australian Government's intent can be seen in the Minister for Health and Ageing's announcement of a \$25 million fund to replace some types of sponsorship. In September 2009, The Minister told Parliament, the government had created the fund out of additional revenues created by the 'Alcopops' excise. The money is for sporting and cultural organisations and other community activities, as an alternative to sponsorship from alcohol companies.<sup>31</sup>

Consistent with the views of the Panel about the need for better governance of our NSOs, the Panel believes that the identification of new forms of commercial opportunities and relationships should be a key strategic priority for all sport. The ASC should assist the NSO community with strategic planning support in this area as a priority.

The Panel also believes that the NSOs must position themselves to take every opportunity to increase sponsorships for their sports. As argued previously, some sports have neglected their grassroots participants and are losing the commercial opportunities that come with them. Others have governance structures that impede development of other sources of income and these need to be challenged.

The Panel has noted the complex financial relationship between the Olympic sports and the Australian Olympic Committee (AOC). Work needs to be done by the ASC to establish whether the contractual arrangements that limit NSOs securing their own income around the time of the Games and the amount contributed by the AOC to the Olympic sports can be improved.

Financial barriers to sports participation was a strong and common theme throughout the review process. The cost of fees, insurance, equipment and uniforms are all posing a barrier to growing the participation base. This has been discussed in other areas of this report.

Overall, the Panel understands that the economic environment will be tight and that funding increases will have to be strongly justified. The Panel believes that significant gains can be made at

<sup>31</sup> Commonwealth of Australia, Parliamentary Debates, House of Representatives, Questions in Writing, *National Binge Drinking Strategy*, Question No 886, pp. 9686.

low or no cost. For example, the merging of the state and territory institutes and academies of sport (SIS/SAS) and the reform of the ASC should yield net benefits. Investment in increasing the capacity of the NSOs will not be large and should be partly funded by some savings from more aggressive sharing. The Panel is not proposing large increases in investment in elite sport—but rather that it be maintained and spread around a little differently. There is a big request for funding for community sport infrastructure—but this will contribute to a social agenda that is much wider than sport itself.

### Recommendations:

- 8.1 The Australian Government should maintain sport funding at current levels and should consider supplementing this funding on the basis of the agreed targets for high performance and participation outlined in the national sports policy framework.
- 8.2 The Australian Government should provide to the new Australian Institutes of Sport (AIsS) at least the existing level of funding allocated to the Australian Institute of Sport by the Australian Sports Commission and the combined allocation of state and territory governments to the state and territory institute and academies of sport.
- 8.3 The Australian Government should not introduce a HECS style contribution scheme for graduates of the existing Australian Institute of Sport, state and territory institutes and academies of sport or the new Australian Institutes of Sport (AIsS), but rather it should introduce a scheme that requires graduates from these institutions to donate time and or expertise to the Australian sport system.
- 8.4 The Australian Government should not introduce a national sports lottery at this stage but should negotiate with state and territory governments to provide a share of existing lottery revenue for sport and recreation facilities and programs.
- 8.5 The Australian Government should review the governance, structural and operational arrangements of the Australian Sports Foundation to raise awareness within the community of the opportunity offered by the Australian Sports Foundation for fundraising and to provide easy access to the Australian Sports Foundation by community groups.
- 8.6 That the Australian Sports Commission in conjunction with the Department of Health and Ageing should explore the viability of tax rebates, voucher or another system designed to reduce the cost of participation, and the likely contribution of such schemes to increasing participation levels.