



Department of  
**Local Government, Sport  
and Cultural Industries**

# Strategic Funding Review



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# Strategic Funding Review





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# Minister's foreword

At its heart, the Strategic Funding Review is about creating opportunities for all sports to grow grassroots participation and be sustainable into the future.



Launching this review to the industry in early 2018, I made clear my priorities: increasing collaboration between government and industry, and the need for a balanced, value-based distribution of State Government funding that transparently reflected the work done by SSAs. All sports matter, and all deserve to be valued for the work that they do to keep people active and engaged in our communities.

Following on from this review, the Industry Investment Program will be more transparent — with clear funding bands and rationale for incremental increases.

The journey that has led to this final publication is a fantastic example of how the Department of Local Government, Sport and Cultural Industries and the sporting industry can work collaboratively to solve issues facing the sector.

I want to take this opportunity to thank the industry for driving this review, and for providing your insight into how government can more effectively support the work you do delivering sport and recreation outcomes we can all be proud of.

My thanks must also go to the members of the external reference group and to the department, particularly Steve Humfrey, for facilitating this significant review.

The McGowan Government believes all sports have an important role to play in growing grassroots participation, and ensuring a social and healthy future for our State. The changes this review will bring will empower all sports to grow and drive their own future — and provide a clear and open process on how the Government will support them to do so.

**Hon Mick Murray MLA**  
**Minister for Sport and Recreation**



# Executive summary

This document outlines the findings of the Strategic Funding Review involving WA's sport and recreation industry that was initiated in March 2018 by the Department of Local Government, Sport and Cultural Industries (DLGSC).

The review had been flagged by Sport and Recreation Minister Mick Murray in his *Sport and Recreation Sector Briefing* where he pointed out that government funding of sport should focus on essential areas that provide sport and recreation with the greatest value.

The review is the result of considerable industry consultation over the past 12 months.

It aims to ensure funding decisions will be objective and fair, and there will be increased transparency in the decision-making process.

The review contains 22 findings and 12 recommendations to try to ensure the department's funding programs are effective in supporting the industry. These findings and recommendations were endorsed in feedback from the industry at a breakfast briefing attended by the Minister in late March 2019.

The new funding model outlined by the review is more equitable, more transparent and it will ensure that smaller sports will not be overlooked or unfairly treated in the funding process.

The review's findings and recommendations are due to be implemented in 2019-20.

In a nutshell, some 43 sports are likely to have their funding increased by a total of \$756,000 in 2019-20. Another 19 sports will have their funding unchanged. A further 25 sports face a potential decrease in funding in 2020-21. However, with the opportunity for a further review process in late 2019, in some cases those sports facing a possible decrease might instead have their funding unchanged.



# Background to the review

The Strategic Funding Review commenced in March 2018 following the release of the Minister's Sport and Recreation Sector Briefing.

The table below summarises the milestones of this project.

Date	Milestone
<b>Oct 2018</b>	Common Ground discussion paper released — this document summarised the results of early discussions between industry and the department. Visit <a href="http://www.dsr.wa.gov.au/CommonGround">www.dsr.wa.gov.au/CommonGround</a>
<b>Oct – Dec 2018</b>	Consultation process
<b>Jan 2019</b>	Preliminary Findings document released — this document provides a detailed summary of the consultation and feedback process following the release of the Common Ground document in October 2018. Visit <a href="http://www.dsr.wa.gov.au/PreliminaryFindingsReport">www.dsr.wa.gov.au/PreliminaryFindingsReport</a>
<b>Jan – Mar 2019</b>	Consultation Process Summary of Findings document.
<b>May 2019</b>	Finalisation and release of the Strategic Funding Review





# Findings and recommendations

Through the development of the Common Ground document, there were 22 findings developed in the following six themes:

1. Are the department's funding programs appropriate?
2. Defining and delivering the core business of industry and the department
3. Customisation of approach
4. Simplifying processes and minimising effort
5. How can the sport and recreation sector engage with the health and education sectors in a more meaningful way?
6. Participation in a changing environment.

Associated with these findings are a total of 12 recommendations — 10 relating to the department's existing funding programs and two relating to new initiatives.

The details surrounding these are available at [www.dsr.wa.gov.au/PreliminaryFindingsReport](http://www.dsr.wa.gov.au/PreliminaryFindingsReport)

The highest supported findings were:

% of Strongly Agree responses	Finding
66%	The industry's view of itself is to provide participation opportunities, build the capacity of the sport and to ensure it is well governed.
66%	There should be transparency and accountability in how the funding for the Industry Investment Program (IIP), the largest individual source of funding, is allocated.
61%	The department and the industry need to engage more effectively with the health and education sectors.
58%	The department needs to continue to build the capacity and capability of organisations, recognising there is significant variation within the industry. How this occurs may require a different approach and relationship with the industry, including greater engagement and partnerships.
56%	The investment in sport and recreation organisations has made a difference to the industry either to ensure that operations continue or to improve the professionalism of an organisation.
56%	Local government is a major player in community sport and recreation and needs to be factored into the traditional delivery model.

The highest supported recommendations were:

<b>% of Strongly Agree responses</b>	<b>Finding</b>
<b>93%</b>	<p>Rec. 2: The Industry Investment Program to have three-year funding blocks, with an annual assessment. Each organisation will be determined to fit within a category based on its capability and capacity.</p>
<b>82%</b>	<p>Rec 11: A mid-tier events strategy will be developed to fund metropolitan and regional sporting events.</p> <p>Rec 1: The department to publish the Industry Investment Program categorisation criteria for State Sporting Associations (SSAs) for review by the industry before implementation in 2019-20 — this will include an SSA's eligibility to apply for other funding programs and will outline other policy requirements, i.e. gender targets.</p> <p>Rec 8: The department will implement a pilot to trial alternative models of support for kids to access sport in targeted regional and remote locations where the KidSport model is not suitable.</p>
<b>76%</b>	<p>Rec 4: Regional Organisation Grants (ROG) and Regional Servicing Grants (RSG) will be consolidated within the Industry Investment Program.</p> <p>Rec 6: The department will develop an implementation strategy for Every Club (including stakeholder consultation and communications plan) based on the previous work undertaken by the department which examined the roles and responsibilities for club development in Western Australia.</p> <p>Rec 9: The department will undertake a review of the KidSport program in 2019-20 to examine the impact of policy changes that were introduced in 2017 and 2018.</p> <p>Rec 10: The Active Regional Community Grants program to be more widely promoted and an increase in funding to the pool is being considered</p>

# Implementation strategy

## Key Deliverables

Key work that the department has committed to immediately includes:

- Delivery of three-year funding agreements for the Industry Investment Program with funding increases resulting from categorisation commencing as of 1 July 2019 and no funding decrease occurring before 1 July 2020
- The department working with organisations over the next 12 months to reduce any potential impact a decrease in funding in 2020/21 may have
- The department working with Sport Australia and the industry on issues relating to national governance review and the One Management change process (with identified SSAs)
- Regional delivery involving expanding the Active Regional Communities (ARC) grants initiative, plus a review of the Regional Servicing Program (RSG and ROG funding) process.

Further, by the end of 2019, the following will also be delivered:

- An event strategy and funding program developed in consultation with the industry will be launched and implemented
- Annual Organisation Performance Assessments will be completed
- Engagement Strategy with Sport Australia will be developed
- A review of the categorisation of Industry Representative Organisations, peak bodies and Sport and Recreation Agents, will be completed and implemented
- The department will have hosted local government, state government and state sporting association symposium on club development
- Evaluation of the Targeted Participation Program will be completed
- Development of the outcomes of the KidSport pilot projects will have occurred, and
- The Every Club review implementation strategy will be developed and progressed for implementation.

## Implementation Strategy by Recommendation

A summary of the Implementation Strategy by recommendation is available for viewing at [www.dsr.wa.gov.au/StrategicFundingReview2019](http://www.dsr.wa.gov.au/StrategicFundingReview2019)

## Status of the Findings

A summary of the Implementation Strategy by findings is available for viewing at [www.dsr.wa.gov.au/StrategicFundingReview2019](http://www.dsr.wa.gov.au/StrategicFundingReview2019)



# Funding implications

Some of the 12 recommendations in the Strategic Funding Review have funding implications.

At the commencement of the review process, the anticipated outcome was a decrease in the availability of traditional funding sources. However, a net increase in funding of some \$855,000 is now expected for the Industry Investment Program (IIP). While the review will result in an increase in investment into the industry, the fundamental requirements of the review were to focus on *essential areas that provide sport and recreation with the greatest value and a greater balance in the funding of, exposure for and promotion of all sports big and small.*

In summary:

- The funding bands and increments for the IIP will be published (Table 1)
- The 2019-20 allocation for the IIP will increase from \$8.3 million (\$7.69 million for IIP and \$600,000 for regions) to \$9.15 million (\$8.55 million for IIP and \$600,000 to continue the regional servicing program). This increased amount of \$9.15 million will allow for additional incremental increases through to 2020-21. The result will be:
  - 43 SSAs will share an increase in funding to a total value of \$756,000
  - Funding to 19 SSAs will remain unchanged, and
  - 25 SSAs face a potential decrease in funding taking effect in 2020-21 totalling \$395,000. But with the opportunity for a further review process in late 2019, the final extent of any change may in some instances be nil.
- A separate allocation of \$150,000 will commence in 2020-21 to contribute to the cost of Women's National League teams, which is currently 'rolled-in' to sport's IIP allocations
- A further \$300,000 will be allocated in 2021-22 for additional IIP increment increases, recognising that some SSAs will achieve re-categorisation, making the total program \$9.45 million.
- The current provision of \$600,000 per annum for Regional Servicing is maintained. However, there is ongoing work to ensure that there is no opportunity for a 'double-up' of funding to occur and that it is being optimised across all SSAs.
- There will be subsequent work carried out relating to the Industry Representative Organisations (IROs), which will need to be reviewed to determine if they are peak bodies or Sport and Recreation Agents. There are currently 13 IROs that receive IIP. The value of the agreements is \$2.18 million a year and comprises \$1.725 million from Lotterywest's Sports Lotteries Account (SLA) and \$450,000 funded from its Sports Wagering Account (SWA).
- There is a proposed increase the Active Regional Community Grant program from 2019-20.
- There will be the creation of a new Event Program; and
- The department is continuing to partner Healthway in the delivery of the Targeted Participation Program.

There is also a parallel process for the consideration of the future funding of WAIS, which is also funded from the SLA.

Table 1 compares the existing IIP baseline ranges (white columns) to the proposed bands and increments recommended by the Strategic Funding Review (coloured columns).

Table 1 – Industry Investment Program funding bands

Category	Existing OSP/IIP - Baseline		Proposed changes			
	Min	Max	Step 1	Step 2	Step 3	Step 4
<b>SS</b>	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
<b>A</b>	\$300,000	\$400,000	\$350,000	\$385,000	\$420,000	\$450,000
<b>B</b>	\$200,000	\$300,000	\$225,000	\$250,000	\$275,000	\$325,000
<b>C</b>	\$100,000	\$200,000	\$150,000	\$165,000	\$180,000	\$200,000
<b>D</b>	\$50,000	\$100,000	\$80,000	\$95,000	\$110,000	\$125,000
<b>E</b>	\$30,000	\$50,000	\$40,000	\$50,000	\$60,000	\$70,000
<b>F</b>	\$10,000	\$30,000	\$10,000	\$17,500	\$25,000	\$30,000
<b>P</b>	-	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000

The following section provides an overview of the funding Implications by existing Funding Program.

## Industry Investment Program

### Overview

The Industry Investment Program has two distinct recipients — State Sporting Associations (SSA) and Industry Representative Organisations (IROs). State Sporting Associations can be funded entirely from the Sports Lotteries Account but as a result of some of the IROs being ineligible for this funding, the Industry Investment Program is funded from a mix of the Sports Lotteries Account and the Sports Wagering Account.

Previously the funding for IIP was based on a minimum and maximum value per band and the value an organisation received was based on a combination of base funding and the value of 'roll-ins', agreed with the department.

Roll-ins were amounts for specific projects that were in addition to the base funding and could have been for a one-off project or allowances to help develop participation and high-performance initiatives.

In terms of the overall implementation strategy of the funding review, the key factor and risk is properly explaining the funding bands and increments that make up the IIP. This is the largest source of funding and this information (the categorisation tables and funding bands) has not been shared with the industry.

The recommendation of the review is to effectively stop the roll-ins and to 're-set' the baseline funding levels. This provides a clear and open process and allows the recipients to understand what the next increment would be.

For sports facing a possible funding decrease, the release of this information will result in responses that will need to be addressed in a short period of time. This is best achieved by having department staff contact the Chair and CEO of the affected sport to arrange a face-to-face briefing to outline the reasons for the change and what improvements can be made. This is to maximise the sport's opportunity to be considered for an increment increase in 2020-21.

## State Sporting Associations

Categorisation Tables and Funding Bands:

- Table 1 summarises the value of the existing bands and the proposed changes and will reduce and simplify the number of available funding amounts from more than 50 currently, to only 26.
- The value of the bands has been determined to provide a wider breadth of funding within the band and for the steps to have a standardised distribution.
- As part of the analysis of the cost impact of the bands, organisations were rated against each criteria in the 'Categorisation Matrix' to determine value score. This process indicated that many organisations are currently performing well above the requirements of Step 1 and as a result some will be recommended to start at Step 3 of the band, thus making them eligible for more funding via a higher ceiling.
- The value of Provisional Sports funding has decreased but this reflects that the funding system is now much simpler.
- The value of Category A funding has increased because of many previous roll-ins and the opportunity for 'double-ups' have been removed.
- In summary, the re-categorisation will result in 43 organisations having an increase in potential funding; 19 remain unchanged and 25 facing a potential decrease. The final result will depend on whether the organisation moves to a different step, as part of the review process, in the next 12 months.

## Industry Recognised Organisations (IRO) and Peak Bodies

Classification/determination:

- There are currently 13 IROs that receive funding from the IIP. The value of the agreements is \$2.18 million a year and consists of \$1.725 million from the SLA and \$450,000 from the SWA.
- Some of the IROs are clearly peak bodies — WA Sports Federation; Outdoors WA; Leisure Institute of WA (Aquatics); Parks and Leisure Australia (WA). However, an assessment is required for the balance to confirm whether they are a Peak Body or should be classified as a Sport and Recreation Agent (SRA) or as a SSA.
- A separate process for determining SRAs will occur through 2019, however, the likely outcome would be that SRAs would not be eligible for IIP.
- Following this determination, a subsequent process will be implemented where the department would call for proposals from Sport and Recreation Agents for the delivery of outcomes, instead of providing IIP funding. The funding of these proposals would be commensurate to the value of the IIP funding no longer provided to those IROs that are determined to be SRAs.

Overview of the changes:

- 2019-20
  - The current level of funding would remain as is, with notification of the process to occur for the determination of SRAs or peak bodies.
- 2020-21
  - Following the completion of the SRA process, the value of the IIP investment with peak bodies would be reviewed
  - There may also be a potential reallocation of funding for SRA-based initiatives.



## **Inclusion of Regional Servicing and Regional Organisation Grants**

- In 2016, an amount of \$600,000 was moved from the IIP program to provide Regional Servicing Grants and Regional Organisation Grants. This change required SSAs to apply to the regions for funding of up to \$10,000 per region to deliver services to that region. There is also funding available for regional sporting organisations to assist with their operations.
- It was set up as a separate program with State Sporting Associations then required to apply to each region and, in some instances, sports were able to receive supplementary funding to deliver outcomes that they were already funded to deliver through the OSP/IIP program.
- Ideally, these regional grants could form a schedule within the existing Industry Investment Program funding of State Sporting Associations which would lead to better efficiencies in staff time and better alignment of the department's funding schemes
- In the 2018-19 allocation, there were 12 sport recipients.

Overview of the changes:

- 2019-20
  - No change to the allocation. However, a review is required to reduce the potential opportunity for double-ups and to look at the optimal investment of this fund. This may result in the value being retained at the \$600,000 amount or stepped down in value in 2020-21 or 2021-22.
- 2020-21 and 2021-22
  - The findings of the review are implemented and the funding allocation within SLA remains at the 2019-20 level.

## **Targeted Participation Program**

The department will continue to partner Healthway for the ongoing delivery of the Targeted Participation Program. The value of the request is commensurate with the current grant of \$500,000 making for a \$1 million program.

The completion of the register of Sport and Recreation Agent process will increase the level of competition among applicants for Category 1 funding, which is currently \$50,000 - \$150,000 per application.

## **Regional Based Grants**

Active Regional Communities (ARC) grants aim to increase the opportunities for regional people to participate in sporting and active-recreational activities in regional Western Australia. It is tailored to meet the ever-changing demands and challenges of sport and active-recreation groups. It is aimed at the club level or for those groups which are not participating in the department's Regional Organisational Grants or Regional Servicing Grants programs

The current allocation is \$120,000 per annum. The proposal is to increase this to \$180,000 a year.

## **Event Based Program**

An events funding program is being developed. The funding implications of this program have been considered within the recommendations of the Strategic Funding Review. However, the development of the details of this program will require extensive engagement with the industry.

The program is proposed to be funded for the next three financial years over 2019-22.

## **Innovation Initiatives**

The funding allocation for these will need to be reviewed following the SRA process indicated above.

## **Every Club and KidSport**

The funding allocation is within existing resources.

# Acknowledgements

The development of the Strategic Funding Review has involved the commitment of several individuals over the last 12 months. The department would like to thank the members of the Strategic Funding Review External Reference Group:

Rob Thompson, CEO WA Sports Federation

Leith Fradd, Executive Officer PLA (WA)

Simon Taylor, CEO Netball WA

Peter Leaversuch, CEO Royal Lifesaving WA

Robyn Kuhl, CEO Volleyball WA

Griffin Longley, CEO NaturePlay WA

Rosalie Evans, Executive Officer, Paddle WA

Steven Rose, CEO Diving WA

Megan Fardon, President CroquetWest

Gary Thomas, CEO Golf WA

James Curtis, CEO Football West









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