



4 April 2012

Ms Sophie Dunstone
Acting Committee Secretary
The Senate
Environment and Communications Legislation Committee

Dear Acting Committee Secretary

Thank you for your correspondence received on 22 March 2012 in respect of the Senate Environment and Communications Legislation Committee's Inquiry into the Broadcasting Services Amendment (Anti-siphoning) Bill 2012. Football Federation Australia (FFA) welcomes the opportunity to make a submission addressing issues of relevance to the Inquiry.

Our submission relates specifically to the proposed inclusion of Socceroos World Cup qualifying matches on the anti-siphoning list.

FFA is the national governing body for football in Australia. It has three strategic pillars to its business: national teams and elite player development, the A-League (the national professional club competition) and community (grassroots) football.

As a member of the Asian Football Confederation and FIFA, FFA fields national teams across men's and women's football, senior and junior, that participate in a range of international competitions, including the Olympics, Asian Cups, FIFA World Championships and the pinnacle of events for the Socceroos, FIFA World Cups.

Football has the highest participation base amongst the major team sports in Australia. Like all major sports, the ability of FFA to fund its business and its strategic development programs from the grassroots through to the national team representation level is largely dependent upon securing maximum value from the licensing of its broadcast rights. Revenues obtained from the Socceroos program (including in particular broadcasting revenue) underpins the finances of FFA.

The proposed inclusion of the Socceroos World Cup Qualification matches (Matches) in the anti-siphoning list will seriously impact the commercial return FFA can achieve from broadcasting thereby threatening the viability of FFA's business as a whole and its ability to fund development and advancement of the game in Australia across all levels.

In November 2010 when the proposed inclusion of the Matches was announced by the Minister, his statement noted that the proposed listing was "*subject to final negotiation with rights holders and broadcasters over the detail of the listing, and obligations attached to that listing*".

FFA is in the process of negotiating new broadcast agreement (including the Matches) for the period post July 2013 when its current exclusive agreement with Premier Media Group (PMG) expires. FFA requires certainty and a regulatory framework that enables it to maximise its return from that negotiation.

The current re-negotiation process represents the game's critical opportunity to secure new terms and provide the platform for consolidation and growth of FFA's financial position leading to self-sustainability. A significant diminution in the value that we can obtain for our broadcast rights will jeopardise this. It is our firm belief that this will be the inevitable outcome of the inclusion of the Matches on the list, thereby removing the competitive forces presented by subscription television. In this event it is highly likely that various operations of FFA, from the Hyundai A-League to women's and grassroots football, would require revision with the likely outcome that many programs would simply cease to exist.

The value that FFA was able to achieve from the existing rights deal was only made possible as a result of our events not being on the anti-siphoning list thereby opening the market to PMG. At the time PMG offered rights fees significantly in excess of the value being offered by the free-to-air broadcasters. As we enter this new process, it remains indisputable that removing a key player from the market will significantly affect the competitive forces and FFA's ability to achieve maximum value for the rights. This view of FFA is supported by analysis conducted by independent consultants LEK and detail of this can be provided on a commercial in confidence basis if required.

Given all the above, and consistent with the 2010 rider that listing was "*subject to final negotiation with rights holders and broadcasters over the detail of the listing*", FFA has submitted to the Federal Government that inclusion of the Matches should be deferred until after the 2018 FIFA World Cup. This will provide a period for FFA to work towards financial self-sustainability, negating the need for government special funding to support the game as has been the case in recent years under both the Howard, Rudd and Gillard governments.

The submission for deferral was supported by the Federal Government's commissioned report into the sustainability of football delivered by the Hon. Warwick Smith AM in November 2011. This concluded as follows:

FFA's Financial Plan reflects the current funding subsidy that Socceroos commercial success provides for the other arms of the business. This confirms the importance that the broadcast deal and deferral of listing of Socceroos World Cup qualifiers on the anti-siphoning list makes to FFA's financial capacity to sustain investment in:

- the future of the domestic game, in particular a strong A-League*
- non-revenue generating areas related to the development of the game including W-League and National Youth League.*

Accordingly Recommendation 11 of the Smith Report was as follows:

In light of the centrality of World Cup qualification matches to the value of broadcast rights, as far as possible within the broader context of communications policy, the government should minimise changes to the status quo in the short to medium-term (capturing the current and next broadcast deal), enabling FFA to package World Cup qualification matches with the A-League and other Socceroos matches, thereby decreasing reliance on government support.

More detail on the issues outlined above is available on a commercial in confidence basis. We also remain available to address any questions that may arise.

Yours Sincerely

Ben Buckley
Chief Executive Officer