



Our Ref: 59-030801

Premier of Western Australia

Standing Committee on Community Affairs
PO Box 6100
Parliament House
CANBERRA ACT 2600


Dear Senator Siewert

Inquiry into the future of rugby union in Australia

Thank you for the opportunity to provide a submission relating to rugby union in Australia.

The McGowan Government is committed to developing a comprehensive, strong and diverse sport and recreation system in Western Australia, inclusive of rugby union. The decision of the Australian Rugby Union (ARU) to revoke the Western Force's license in the Super Rugby competition blindsided Rugby WA, the Western Australian Government and the people of Western Australia. It appears that the confidence that the Western Australian Government took from the ARU's continued assurances relating to the Western Force's future was misplaced.

The Western Force provided significant benefit to the community of Western Australia which underpinned the State Government's investment into Rugby WA and associated facilities. The revocation of the Western Force's license will have financial implications for the State and it is unclear how the ARU will continue to support the game in Western Australia.

The attached submission to the Inquiry further details the concerns of the Western Australian Government including over the decision making process that led to the revocation of the Western Force's licence in the Super Rugby competition.

The level of trust Western Australians have in the ARU is lower than the State of Western Australia has experienced before in sport.

If more information is required, the Federal-State Relations Unit at the Department of the Premier and Cabinet would be happy to assist on [REDACTED]

Yours sincerely

Mark McGowan MLA
PREMIER

Att.

1 Parliament Place, West Perth, Western Australia 6005

Telephone: +61 8 6552 5000 Facsimile: +61 8 6552 5001 Email: WA-Government@dpc.wa.gov.au

www.premier.wa.gov.au

20 OCT 2017

Term of Reference 1:

The Australian Rugby Union Board deliberations leading to the decision to reduce Australian teams from five to four in the national competition.

From the Western Australian Government's vantage point through its interface with Rugby WA and the Australian Rugby Union (ARU), the following observations are made:

- The deliberations of the ARU throughout this process appear to lack transparency and veracity. The Western Australia Government is yet to see any substantiation that due process was undertaken in identifying the reduction of one of Australia's Super Rugby teams. The Western Australian Government and the people of Western Australia remain at a loss as to what basis the decision was actually made.
- The Western Australian Government wrote to the ARU (including numerous board members) on several occasions requesting advice on the process. The Western Australian Government has yet to receive a response on the matter.
- The ARU's representations to the Western Australian Government to the effect that they were committed to the continuing participation of the Western Force in the Super Rugby competition were, with the benefits of hindsight, patently not the case.
- The Western Australian Government took confidence in its multi-faceted investments to support the Force and more broadly rugby union development in Western Australia from the ARU's assurances that the Western Force had a long term future. It appears that confidence was misplaced.

Term of Reference 2:

Whether there continues to be a truly national rugby union footprint in Australia.

A 'truly national footprint' should be about representation from both sides of the country and a fair and equitable financial arrangement that allows each state to be successful.

The Western Australian Government, through Sport and Recreation (WA) a division of the Department of Local Government Sport and Cultural Industries, supports nearly 90 State Sporting Associations to develop their sport in Western Australia.

Prior to the establishment of the Western Force, the Western Australian Government had partnered with Rugby WA to support growing community and school participation in rugby union.

Participation, talent and elite development pathways were evolving over the previous decade, however had been limited without an elite team based in Perth.

During the time of the Western Force, rugby in WA grew four-fold in numbers and spread into new communities in Western Australia. A complete pathway was established from grassroots through to national and international competition through the Western Force and the Wallabies.

The cessation of the Western Force fundamentally and fatally discredits any semblance of the ARU purporting to comprise a 'truly national rugby union footprint' hereafter.

Term of Reference 3:

The role of national and state-based bodies in encouraging greater national participation in rugby union.

Since 2001, the Western Australian Government has invested approximately \$2 million into rugby union participation (players, coaches, officials, volunteers, education programs).

The Western Australian Government, provided support for the following international rugby events in Perth through the Australian Rugby Union;

- 2001 – South Africa v Australia;
- 2002 – NZ Maoris v Australia;
- 2003 – Ireland v Australia;
- 2003 – IRB Rugby World Cup games;
- 2004 – South Africa v Australia;
- 2005 – South Africa v Australia;
- 2006 – Ireland v Australia;
- 2007 – Fiji v Australia;
- 2008 – South Africa v Australia;
- 2009 – South Africa v Australia;
- 2010 – England v Australia;
- 2012 – South Africa v Australia;
- 2013 – Western Force v Lions;
- 2013 – Argentina v Australia;
- 2014 – South Africa v Australia;
- 2016 – Argentina v Australia;
- 2017 – South Africa v Australia; and
- 2019 – New Zealand v Australia (Bledisloe Cup).

The Western Australian Government has not only contributed to support the growth of rugby in Western Australia to increase participation and its associated benefits, every investment in the Western Force or a Wallabies game in Western Australia is also an investment in local jobs and businesses. The Western Force directly employed players, coaches, administrators, and sport scientists. This also led to many local businesses providing services such as food and drink and physiotherapy and every game that was held in Western Australia employed people, for example bartenders, ushers and security staff, that will no longer flow into the Western Australian economy.

In contrast to other national codes where the approach is to underwrite expansion states to support financial viability during the development stage, there has been a paucity of investment from the ARU to encourage participation growth in Western Australia. The profound imbalance in support provided by the ARU over recent years to various state rugby union franchises in Australia has made it more challenging for the Western Force to grow both participation in Western Australia and attendance at events and thus achieve the benefits described above. Even with these challenges, the Western Force games on average attracted 8392 patrons during the 2017 season in comparison to the average Super Rugby crowd of 11,197.

Term of Reference 4:

The corporate governance arrangements and composition of national and state-based rugby union bodies, including community representation on those bodies.

There is no 'one size fits all' governance model for sport organisations. Each sport must evolve a 'fit for purpose' model. Greater focus is required on aligned behaviours in sports, rather than on structure.

The Western Australian Government Investment policy (refer **Attachment 1** to this submission) includes a series of characteristics being evident in operations to determine the States investment, this includes:

- National Sporting Organisation (NSO) and State Sporting Association (SSA) have worked collaboratively to develop current strategic plans, albeit emphasis on objectives will vary at the different levels.
- Meaningful input to national strategy and business model development occurs from WA.
- The Western Australian economy (i.e. employment and investment) is supported and vibrancy added to our community.
- NSO support is forthcoming to build capacity to their Western Australian SSA in Western Australia.
- WA should derive fair and reasonable financial support from NSO commercial arrangements, including national sponsorship.

The ARU has a bespoke governance model that reflects the nuances of the sport ie it incorporates board representation by state based unions that acknowledges those heartland jurisdictions and emerging jurisdictions. It also shares decision making with Super Rugby teams acknowledging their important role and investment scale. Rugby WA has a governance model that achieves stakeholder breadth in strategy development relevant to Western Australia.

The Western Australian Government has no fundamental issue with the ARU governance model. Its concerns are directed at the transparency and veracity of the ARU's decision making.

Term of Reference 5:

The impact of the decision to reduce the number of Australian teams on national participation in rugby union

The Western Australian Government invested into Rugby WA and the Western Force based on the many benefits that the sporting team provided for the community.

Increased participation in rugby union.

- Participation numbers in comparison pre and post the Western Force has seen a marked increase in the reported categories which is outlined in Table 2 below.
- Elite sports people and successful elite teams play a role in raising the profile of a sport and potentially attracting new participants.

Table 2 – Participation numbers comparison pre and post inception of Western Force¹.

Category	Pre Western Force	Post Western Force inception
Members ²	7,738	8,835
Accredited Coaches	203	972
Accredited Officials	149	186
School-based participation	7,114	31,076

¹These are self reported figures from Rugby WA.

²Full playing members as outlined by community rugby clubs' constitutions' that are affiliated with Rugby WA.

Development pathways.

- Optimising the development of the athlete pathways is essential to growing Western Australia's, and Australia's talent pipeline and ensuring sustainable sporting success. Competition is an important consideration in the development of an effective high performance system and must support athlete development.
- In late 2016, Rugby WA underwent an independently facilitated review of its talent development and high performance systems in order to ensure WA athletes, coaches and officials had clearly defined pathways to the elite level of the sport.
- The Western Force and its associated programs (e.g. Future Force) provided a local pathway which was in reach of WA athletes.

Role modelling

- High profile athletes are often portrayed as providing positive messages such as good behaviour, commitment to goals, good health attitudes, community engagement, and sport participation. The Western Force through Western Australian Government sponsorship have widely promoted positive health messages across TV, print and social media.
- Rugby WA has successfully removed unhealthy promotions from all levels of the sport and created a culture that supports the responsible consumption of alcohol and healthy behavior.

Benefit for local businesses in Western Australia.

- The Western Force on average attracted 8392 patrons to nib Stadium during the 2017 season with an average spend per head of \$21.88 (combined spend of retail and corporate area) of which the retail component is \$11.23.
- Every investment in the Western Force or a Wallabies game in Western Australia is also an investment in local jobs and businesses. The Western Force directly employed players, coaches,

administrators, and sport scientists. This also led to many local businesses providing services such as food and drink and physiotherapy. And every game that was held in Western Australia employed people – for example bartenders, ushers and security staff that supported the Western Australian economy.

- Increased exposure for businesses in Western Australia through sponsorship, branding and game day advertising opportunities resulting in a benefit for the Western Australian economy.
- Increased exposure for Perth domestically and internationally through visitors to the State as well as broadcast coverage.

A high profile team in the State has been removed, which inevitably will have a profoundly detrimental flow on effect to pathways, development programs for coaches, officials, administrators and volunteers.

Category	Western Force	Perth Western Force
Members	1,257	8,827
Accredited Coaches	323	375
Accredited Officials	112	188
School-based participation	2,114	41,076

but all members are not...
 Optimising the development of the athlete pathways is essential to growing Western Australia's and Australia's talent pipeline and ensuring sustainable sporting success. Competition is an important consideration in the development of an effective high performance system and must support athlete development.
 In late 2016, Rugby WA underwent an independent review of its talent development and high performance systems in order to ensure WA athletes, coaches and officials had clearly defined pathways to the elite level of the sport.
 The Western Force and its associated programs (e.g. Future Force) created a local pathway which was in reach of WA athletes.

High profile athletes are often portrayed as providing positive messages such as good behaviour, commitment to good health, fitness, community engagement, and sport participation. The Western Force through Western Australian Government sponsorship have widely promoted positive health messages across TV, print and social media.
 Rugby WA has successfully promoted and widely promoted positive messages across all levels of the sport and created a culture that supports the positive connection of alcohol and healthy behavior.

The Western Force on average attracted 80,000 spectators to its program during the 2017 season with an average spend per fan of \$11.9M (combined spend of total and corporate) in which this total investment of \$11.25.
 Every investment in the Western Force or a Western Force game in Western Australia is also an investment in local jobs and business. The Western Force directly employed players, coaches,

Term of Reference 6:

Any other related matters.

The Western Australian Government has been committed to developing a comprehensive, strong and diverse sport and recreation system in Western Australia inclusive of rugby union.

The decision of the ARU to revoke the Western Force's license in the Super Rugby competition blindsided Rugby WA, the Western Australian Government and the people of Western Australia. It appears that the confidence that the Western Australian Government took from the ARU's continued assurances relating to the Western Force's future was misplaced.

There is no precedent for the Western Australian Government's interactions with a National Sporting Organisation where such trust has been so misplaced as has occurred with the ARU.

Key points.

- The Western Australian Government has financially contributed a significant amount to the development of rugby union in Western Australia.
- **The Australian Rugby Union (ARU) had "consistently confirmed its commitment" to the Western Force and the development of rugby union in Western Australia.**
- The Western Force provided significant benefit to the community of Western Australia which underpinned the State Government's investment into the franchise, Rugby WA and associated State Government facilities.
- The State of Western Australia and the Western Australian Government will be impacted financially following the decision of the ARU to revoke the Western Force's license in the Super Rugby competition.
- The ARU decision making process resulting in the exclusion of the Western Force from the Super Rugby competition lacked transparency, credibility and ultimately integrity.
- Following the decision by the ARU to remove the Western Force from the Super Rugby competition, it is unclear how the ARU is going to continue to support the development of the game in Western Australia.

Western Australian Government's financial contribution to rugby union in Western Australia.

The Western Australian Government has financially contributed a significant amount to the development of rugby union in Western Australia.

Facility Development

- **Perth Stadium - \$1.2 billion**

Perth Stadium will be a world class multipurpose venue capable of hosting a range of sporting and entertainment events including rugby union. In its rectangular playing field configuration it has a potential capacity of 65,000 seats with the design meeting the International Rugby Board's standards.

Perth Stadium will include two 340sqm super screens, over 1,000 IPTV screens, over 70 food and beverage options, accessibility to all levels, a wide range of seating and hospitality options and 4G coverage throughout. The Stadium parkland will be publicly accessible and host a wide variety of events. Perth Stadium is anticipated to open in January 2018.

- **nib stadium - \$95.14 million**

The stage 1 redevelopment of nib Stadium provided a home venue for the Western Force to host Super Rugby fixtures.

The redevelopment consisted of a new roofed eastern grandstand with ancillary food, beverage and patron toileting facilities, a barbecue terrace, additional corporate boxes, an unroofed permanent southern grandstand, two large video replay boards, digital pitch perimeter signage, new stadium wide CCTV and public address systems, new sports lighting and a new playing pitch.

- **WA Rugby Centre - \$17.2 million**

The WA Rugby Centre accommodates the administration of Rugby WA and the Western Force and is the high performance centre for rugby in Western Australia. The Centre consists of administration offices, high performance strength and conditioning facilities, player medical, recovery and rehabilitation facilities, match strategy planning area, multi function space and merchandise outlet. The Centre opened in July 2011.

This also included a \$1 million access agreement to UWA Sports Park (McGillivray Reserve) for training purposes. The agreement is for 15 years (commencing 2012) and allows The University of Western Australia to invest the funds in upgrading infrastructure that is beneficial to the sporting community at UWA Sports Park.

- **Community Rugby Facilities - \$8.7 million since 2001**

The Western Australian Government has contributed to the development of a number of community level facilities that support the development of rugby union in Western Australia.

- **Facility Management**

The Western Australian Government through VenuesWest manages and operates nib Stadium. The WA Rugby Centre is owned by the State and leased to Rugby WA through VenuesWest.

- **Facility Subsidies**

Rugby WA receives a 86.4% subsidy for the lease of the WA Rugby Centre. The lease has been in place since June 2011 with an expiry date of 30 June 2031. Rugby WA is the governing body of rugby union in Western Australia and it is expected that they maintain a lease on the building for the term agreed.

As part of the Western Force's user agreement for home fixtures at nib Stadium a subsidy of \$13,800 per fixture was applied to the full commercial fee for Western Force fixtures based on 10,000 persons at the event.

Financial support

The Western Australian Government has invested;

- \$2 million since 2001 invested into the development of Rugby WA to improve management and governance, participation and sustainability.
- \$3.5 million in interest free loans financially supporting the sustainability of the Western Force.
- \$3.99 million in partnerships with the Western Force and Rugby WA promoting positive health and road safety messages across Western Australia.
- Financial support for the following international rugby events in Perth through the ARU;
 - 2001 – South Africa v Australia;
 - 2002 – NZ Maoris v Australia;
 - 2003 – Ireland v Australia;
 - 2003 – IRB Rugby World Cup games;
 - 2004 – South Africa v Australia;
 - 2005 – South Africa v Australia;
 - 2006 – Ireland v Australia;
 - 2007 – Fiji v Australia;

- 2008 – South Africa v Australia;
- 2009 – South Africa v Australia;
- 2010 – England v Australia;
- 2012 – South Africa v Australia;
- 2013 – Western Force v Lions;
- 2013 – Argentina v Australia;
- 2014 – South Africa v Australia;
- 2016 – Argentina v Australia;
- 2017 – South Africa v Australia; and
- 2019 – New Zealand v Australia (Bledisloe Cup).

Statement of Commitment by the Australian Rugby Union.

Historically the Western Australian Government has been assured that the Western Force's position in an elite level competition such as the Super Rugby has been supported by the ARU and SANZAR/SANZAAR.

Provided in **Attachment 2, Attachment 3 and Attachment 4** to this submission are full copies of relevant correspondence between the ARU and the Western Australian Government outlining the ARU's commitment to the Western Force and the development of rugby union in Western Australia. The relevant passages from each of these is outlined below.

On 1 May 2009, the then Managing Director and Chief Executive Office of the ARU Mr John O'Neill provided the following advice to the Minister for Sport and Recreation Mr Terry Waldron supporting the Western Force and its position in the Super Rugby competition.

"From the perspective of Australian Rugby Union (and we are able to say from our ongoing discussion with both our SANZAR partners) there is total commitment to a team based in Perth being included in the next iteration of the Super Rugby competition or a successor competition."

On 24 March 2016, Chief Executive Officer Mr Bill Pulver further conveyed the ARU's commitment to the Western Force.

"The ARU is committed to maintaining the Western Force in Western Australia."

This was further confirmed by correspondence to Mr Peter Conron Director General, Department of the Premier and Cabinet and Mr Ron Alexander Director General, Department of Sport and Recreation in which Mr Pulver advised the following.

"I would again stress that the ARU is committed to ensuring that the Western Force continues to be based in Western Australia"

Key milestones for rugby in WA.

A timeline outlining key milestones relating to investment by the Western Australian Government supporting the development of rugby union in Western Australia is provided in Table 1 below.

Table 1 – Key milestones for rugby union in Western Australia.

Milestone	Date
Rugby WA Super 14 Bid (Western Force).	November 2004
State Government approves a \$1.5 million interest free loan to pay key management, coaching and playing personnel.	24 November 2004
Launch of the Western Force.	2005
Rugby WA commence home games at Subiaco Oval.	2006
Major Stadia Taskforce 'The Stadium and the City Report' Released. The Report outlines the two stadia policy, ie the recommending the State invests in one oval and one rectangular stadium.	May 2007
Following assent of the Perry Lakes Redevelopment Act 2005, the Perry Lakes Redevelopment project is approved comprising of replacement facilities for athletics, basketball and rugby.	May 2007
State Government announces \$82.5 million to redevelop nib Stadium.	May 2009
ARU confirms its "total commitment to a team being based in Perth being included in the next iteration of the Super Rugby competition or a successor competition."	May 2009
Rugby WA decide to relocate Western Force games from Subiaco Oval to nib Stadium. State Government provides a \$2 million loan to assist in upgrades.	2010
nib Stadium master plan endorsed and \$88 million approved to redevelop the eastern grandstand.	November 2010
WA Rugby Centre opens.	July 2011
State Government announces a further \$7.14 million to the nib Stadium redevelopment to include incorporate additional corporate facilities (requested by Rugby WA) to increase the viability of the sporting codes using the facility taking the total of the project budget to \$95.14 million.	August 2011
Burswood announced as the location for the Perth Stadium.	June 2011
Planning work commences for Perth Stadium.	August 2012
nib Stadium stage 1 redevelopment opens.	March 2013.
Construction commences for Perth Stadium.	December 2014
ARU take over the Western Force Super Rugby license from Rugby WA.	July 2016
ARU announces the Western Force license will be revoked.	August 2017
Perth Stadium opens.	January 2018

Financial Impact on the Western Australian Government.

- In 2017/18, with no Western Force matches, the Western Australian Government will see a reduction in net return of \$685,000.
- The Western Force's user agreement for home fixtures at nib Stadium was for a period from 1 January 2016 until December 2018. There will potentially be a significant impact to nib Stadium's revenue as a result of the Western Force no longer playing at nib Stadium.
- The current naming rights sponsorship agreement with nib (\$528,648) will expire on 30 June 2018. With the likelihood of Western Force not being part of the future teams playing at the stadium it is expected that the future value of Naming Rights Sponsorship may be reduced significantly.
- In addition to naming rights sponsorship, catering commission revenue at nib Stadium is also expected to be significantly affected at the venue.

- Whilst there is no venue hire agreement beyond the 2018 season, the loss of Western Force is expected to see a reduction in net return of between \$1 million and \$1.5 million per annum from 2018/19 onwards.
- In addition to the impact on nib Stadium, the potential (albeit unlikely) cancellation of the Western Force lease over the WA Rugby Centre may cause further revenue shortfall for the State in excess of \$150,000.

The decision of the ARU to revoke the Western Force's license in the Super Rugby competition was an extremely disappointing outcome for rugby union and sport in Western Australia. As detailed in the submission, the Western Australian Government has invested significantly with continued assurances from the ARU to ensure rugby union continues to grow in Western Australia.

In light of the decision made by the ARU, there has and will continue to be significant impact to rugby union in Western Australia. Since the decision there has already been unnecessary resources spent on trying to understand the basis for a decision, which would not be required if the process didn't lack complete transparency.

The ARU's level of trust by Western Australians is at a lower level than the State of Western Australia has experienced before in sport. There is no precedent where the Western Australian Government's trust and confidence in its interactions with a National Sporting Organisation has been so misplaced as has occurred with the ARU.

There is a significant exercise to be undertaken by the ARU working with Rugby WA, the Western Australian Government and the rugby union community if it is to become a presence in the sporting landscape in Western Australia again. The Western Australian Government seeks to understand how the ARU proposes to mend the relationship and continue to develop the game in Western Australia.