

INQUIRIES SINCE THE FIRST REPORT

AUSTRALIAN INSTITUTE OF SPORT

3.1 The Committee examined allegations of a potential conflict of interest between the public positions held by the Head Coach (Soccer) at the Australian Institute of Sport (AIS) and by the Australian Women's Soccer Association (AWSA) National Coach and their private business interests.

3.2 On being appointed national women's coach, Mr Tom Sermanni (by agreement with the AWSA) continued his role as a manager of some male players. In letters to overseas clubs seeking to interest them in the young players to whom he had access, he used the AIS Head Coach (Soccer), Mr Ron Smith, as a referee and stated he was associated with a finance management company; at that stage he and Mr Smith were agreed that Mr Sermanni was not aware that Mr Smith was a director of that company and Mr Smith has assured the Committee that he stood to receive no benefit as a director unless he became an employee of it in the event of a career change.

3.3 Whether naivety or impropriety led to it, this was an untenable situation where Mr Sermanni, a coach employed by the taxpayer, was being assisted by Mr Smith, the taxpayer-funded AIS head coach, to facilitate the transfer of taxpayer-funded AIS-trained players to take their taxpayer-funded skills to overseas football clubs.

3.4 Although Mr Sermanni assured the Committee he received no financial benefit from his efforts in assisting the placement of some talented young amateur AIS trainees with overseas clubs, he would stand to receive a benefit in the event of any of these players whom he managed being signed as professional footballers with overseas clubs.

3.5 Whether or not he breached FIFA rules (and according to FIFA itself his actions were those of a agent and he is not registered as one) his role represented an apparent conflict of interest in regard to the Australian taxpayer - even though it may have been in the best interests of the players themselves. This conflict would have been far greater had he "touted" for business among the players. But Mr Sermanni has insisted that, in every case, he was approached by the players or their families to advise them in the very difficult and risky task of negotiating with professional managers overseas. The Committee received no evidence to the contrary in the time available for its inquiry.

3.6 To an extent, Mr Sermanni was filling a void that should not have continued for so long once it had become evident that there was strong demand from overseas for young Australian soccer players.

3.7 The ASF's inability to provide appropriate professional advice to such young people meant there was a need for someone to undertake the role filled by Sermanni. This reinforces the need for the Committee's Recommendation 3 to be implemented.

3.8 It is also worth noting that Mr Sermanni had, since March 1995, sought advice from the ASF on how to become an agent, and had at all times made no attempt to hide either his actions or his intentions. He wrote, as the Director of SportsQuest, to the ASF on 1 March 1995:

The enquiries and level of interest I have received from players and also from some clubs strongly suggests that there is a need for someone to perform this role, who is an Australian citizen, representing Australian interests.¹

3.9 Mr Smith's assistance to his friend Mr Sermanni does raise problems in view of his directorship of the finance company associated with the Sermanni venture; he also recommended at least one player go to Mr Sermanni for assistance. Mr Smith's actions do appear to be far less in conflict with his primary duty to the AIS than they seem on the surface; for example, he actively sought recompense from the representative of a British Premier League club of the AIS's costs in respect of one of Mr Sermanni's players under the new FIFA recompense arrangements. Mr Smith, however, should not have allowed himself to be placed in such a position of potential conflict of interest.

Committee Recommendation 14

The Committee **recommends** that the Australian Institute of Sport insert a conflict of interest clause in all contracts for soccer coaches preventing them acting for or on behalf of or assisting players' managers or agents in overseas transfers of AIS players or former players.

3.10 The need to compensate the AIS for the overseas transfer of AIS-trained players was discussed at 2.14 of the First Report. The Committee has been advised that a proposal is being considered, as a recognition of taxpayer involvement, to require a three year bond from AIS-trained players to remain in

¹ Mr Tom Sermanni. Letter to Mr Ian Holmes, Chief Executive Officer, Australian Soccer Federation. 1 March 1995, 2 pp

Australia after training, subject to such a bond being capable of being bought out at a realistic price. Such a proposal has merit, particularly in the lead-up to the 2000 Olympics, and would require close consultation between the Australian Soccer Federation/the Australian Soccer Players' Association/the Australian Institute of Sport/the Australian Sports Commission and other appropriate government agencies.

3.11 Otherwise, the AIS should consider entering into arrangements with the ASF that prevent the ASF granting clearances to AIS trained players including amateurs to play as professionals overseas unless an agreed recompense payment is made to the AIS.

3.12 The Committee believes the AIS soccer programme should be controlled by the AIS itself although it should be fully integrated into the ASF's overall strategic directions for the sport. There should be the closest co-operation between the two parties and the strictest accountability for the expenditure of taxpayers' money.