

The Senate

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Rural and Regional Affairs  
and Transport  
References Committee

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Matters relating to the establishment of an  
Australian Football League team for Tasmania

June 2009

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## Members of the Committee

### Members

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Senator Julian McGauran	LP, Victoria	
Senator Kerry O'Brien	ALP, Tasmania	
Senator John Williams	NAT, New South Wales	Discharged from committee on 14 May 2009

### *Committee Secretariat*

Ms Jeanette Radcliffe, Secretary

Mr Andrew Bomm, Senior Research Officer

Ms Maria Sarelas, Executive Assistant

Parliament House, Canberra

Telephone: (02) 6277 3511

Facsimile (02) 6277 5811

**Internet:** [www.aph.gov.au/senate\\_rrat](http://www.aph.gov.au/senate_rrat)

**Email:** [rrat.sen@aph.gov.au](mailto:rrat.sen@aph.gov.au)

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# **Chapter 1**

## **Introduction**

1.1 On 28 August 2008, the Senate referred the following matter to the Senate Standing Committee on Rural and Regional Affairs and Transport for inquiry and report by 30 June 2009:

- a. whether the decision of the Australian Football League (AFL) Board of Commission to prioritise admission to its competition of teams from Western Sydney and the Gold Coast over a proposed team for Tasmania is fair and equitable;
- b. the capacity of the State of Tasmania to sustain a team in the peak national Australian Rules Football competition;
- c. the regional implications of the establishment of an AFL team in Tasmania for economic development;
- d. whether the AFL commissioners' obligations to current supporters of the game override their desire to promote larger television audiences for it; and
- e. other related matters.

### **Conduct of the inquiry**

1.2 The committee received four submissions and held a public hearing in Melbourne on 27 March 2009. Details of submitters and witnesses at the hearing are included at Appendices 1 and 2.

1.3 The issues raised during the inquiry are included in the following chapter.

### **Acknowledgements**

1.4 The committee would like to thank those who submitted and provided evidence at public hearings.





## Chapter 2

### Issues raised during the inquiry

2.1 A Tasmanian AFL club would provide significant economic benefits to the state, a fact that was not in dispute during this inquiry. Large numbers of opposing clubs' supporters would travel to Launceston to watch their club play, many of whom would also use the opportunity to visit other parts of the state. Aside from the economic benefits, the football-mad Tasmanian community would also derive the cultural and social benefits from being able to support their own, local, AFL team. A focal point of this kind would potentially bind the community in a way that no other entity could.

2.2 Such is not enough to ensure that Tasmania achieves representation in the AFL, though. The matters of contention over a Tasmanian AFL team, and those that will be dealt with in this chapter, relate to the moral case for Tasmania being represented in a national Australian Rules competition; the likelihood of a Tasmanian AFL side being financially viable; the circumstances in which a new club from Tasmania might eventuate; and the appropriateness of the AFL giving priority to a proposed Western Sydney club despite the minimal interest in the code in that area.

2.3 The committee notes that the AFL and its existing clubs ultimately determine where new clubs are based. It is not a matter determined by government policy or legislative amendment. This report offers interested parties the opportunity to air their views on the subject, but the committee is unable to exert any authority over the AFL or make recommendations as to action the committee believes it should take.

#### **Repaying Tasmanian Australian Rules support**

2.4 The committee heard from passionate advocates of the Tasmanian cause who argued that the AFL has a moral obligation to include a Tasmanian side. Mr Martin Flanagan, a journalist raised in Tasmania, suggested that the state's long historical involvement should be acknowledged with representation in the national league:

The game has serious obligations to the people and the communities who have nurtured the game for more than 100 years ... Tasmania clearly has a longstanding involvement and commitment to the game and the AFL is obliged to have some regard to that.<sup>1</sup>

2.5 Mr Tim Lane agreed, noting that Tasmania's contribution to the national competition should be repaid with its own side in that competition:

Tasmania has contributed for decades to the success of the national competition both in its current form and in its earlier de facto guise as the Victorian Football League. Over the past 20 years the AFL's presumption

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1 Mr Martin Flanagan, *Committee Hansard*, 27 March 2009, Melbourne, pp. 2-3

of the right to cherry pick Tasmania's best football resources has been institutionalised through its annual player draft. Not only have generations of football followers on the island not been repaid, they have actually been punished because the quality of their local football has been denuded both by the loss of the state's best players and the widening of the gap between the local and national competitions that has inevitably occurred. ...

The national competition is now so entrenched both economically and psychologically as the only game in town that the only meaningful method of repayment is to include rather than continue to exclude Tasmania. To not do so is to continue to strip one state bare of its resources and not to pay for the damage done to its local industry.<sup>2</sup>

2.6 Despite being fertile Australian Rules football territory, in recent times local football competitions have struggled in Tasmania. A Tasmanian state league, formed in the 1980's from a combination of southern, northern and north western clubs previously playing in separate regional competitions, was disbanded in 2001 due to financial difficulties. From 2001 to 2008, a Tasmanian side participated in the Victorian Football League (VFL), a feeder competition to the AFL without great success on the field. A new state league has been reformed for the 2009 season and the VFL side disbanded to facilitate depth in the new competition.

2.7 However, evidence to the committee indicated that problems with the state competition do not reflect a lack of interest in the game itself, particularly in competition at the highest level. Mr Flanagan suggested that the failure of the Tasmanian state league was a demonstration of why middle tier football cannot compete with televised elite competition:

...with the state league in Tasmania, Burnie people have a five-hour drive down and a five-hour drive back to watch their team play in Hobart. AFL games are on television. What are people going to do? They are going to stay at home and watch the AFL. That is what happens.<sup>3</sup>

2.8 Mr Edward Biggs also indicated that expected travel by players had been a major impediment to the state league's success.<sup>4</sup>

2.9 Mr Lane argued that money contributed by the AFL for the local competition is for the purpose of footballer development, rather than as an attempt to provide a better spectacle for Tasmanian football followers.<sup>5</sup> He told the committee that the financial failure of the Tasmanian competition, a breeding ground for AFL players, provides a moral justification for inclusion:

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2 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 33

3 Mr Martin Flanagan, *Committee Hansard*, 27 March 2009, Melbourne, pp. 5-6

4 Mr Edward Biggs, *Committee Hansard*, 27 March 2009, Melbourne, p. 13

5 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 41

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...the state league is [not] going to draw big numbers at the gate over the long haul. The fact is that the gap between the AFL, which is so readily available on TV, and the rest now is so wide that the AFL has become, as I said, the only game in town. That is what the public want to see, and the only way that Tasmania can ever really enjoy the fruits of the success of a great competition is to be made a part of it.<sup>6</sup>

2.10 The AFL commented on the difficulty of getting things right at the state level, but said that it remains 'committed' to the local competition:

The advice from AFL Tasmania, those who work in our game development department and those who are skilled in the area, is that we need to continue to grow a statewide competition to get engagement of the whole of the Tasmanian community in all the centres...

A comment I would make also is that there was an attempt made to have a Tasmanian side in the VFL. The Tassie Devils had to be withdrawn at the end of 2008 because they were struggling to make a success of that. I do not have the answers. All I would say is that we have tried a number of different approaches and the AFL is committed to football in Tasmania.<sup>7</sup>

### **The soccer 'threat'**

2.11 Another argument in favour of an AFL team in Tasmania is that soccer may seize the opportunity to tap into the Tasmanian market with a local A-League team, potentially drawing players and support in the state away from Australian Rules football. Mr Martin Flanagan said:

It would be a great mistake for the AFL to take Tasmania for granted ... football culture is not static; it is constantly changing and it can be eroded, even in its heartland. Were the A-League to base a soccer team in Hobart, I believe the impact on Australian football in that part of the island would be dramatic.<sup>8</sup>

2.12 Mr Biggs agreed that Tasmania may be of interest to the A-League:

If I was in A-League's shoes, I would have a really good hard look at the practicalities of the finance if the AFL left Tassie alone. I think there is a huge danger that the AFL could finish up with a disaster in Sydney in financial terms and a disaster in Tassie if the people felt disenfranchised.<sup>9</sup>

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6 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, pp. 41-42

7 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 54

8 Mr Martin Flanagan, *Committee Hansard*, 27 March 2009, Melbourne, p. 2

9 Mr Edward Biggs, *Committee Hansard*, 27 March 2009, Melbourne, p. 10

2.13 He also suggested that Tasmania as a source of top flight Australian Rules players would be at risk if soccer set up a Tasmanian side in their national competition.<sup>10</sup>

### **The Tasmanian business case**

2.14 In December 2008, the Tasmanian Government announced that it had presented a submission to the AFL on the case for a Tasmanian licence. The Tasmanian Government claimed that their business case is:

...extremely strong in terms of how Tasmania can deliver the necessary criteria required for an AFL licence – stadium economics, revenue and expenditure, sponsorship, membership of the Tasmanian Football Club and crowds at Aurora Stadium.<sup>11</sup>

2.15 This business case was discussed at length during the inquiry. Unfortunately, the Tasmanian government was not willing to provide evidence to the committee during the inquiry. While it was disappointed that the Tasmanian government could not appear to explain the business case for a Tasmanian AFL team, the committee understands that the government is in continuing negotiations with the AFL that it considers too sensitive to speak about publicly.

2.16 One concern about an AFL team in Tasmania is that the state's small population would be an impediment to the club's financial viability. The basis for this concern is that the supporter base would not provide sufficient revenue through club memberships and game day gate receipts.

2.17 Although stressing that he did not oppose the proposed Western Sydney team, Mr John Quinn cautioned against the size of the available population to support a team being relied on as a likely indicator of success:

It is nonsense in my opinion to simply look at population as a measure of a football team's potential viability. One needs to look at how many people in a given population follow and support the code of AFL. It is all well and good to suggest that 2½ million people live in the western suburbs of Sydney, but how many of those people follow the game? If this is the basis for a team's viability, perhaps we should be looking to place a team in Tokyo with 27 million people or New York with 21 million people. ...

Tasmania already has a culture that embraces and loves AFL football. It is not the population base that you are looking for; it is the AFL supporter population base that I believe you look to for the viability of a team.<sup>12</sup>

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10 Mr Edward Biggs, *Committee Hansard*, 27 March 2009, Melbourne, p. 12

11 The Hon David Bartlett MP, Media release, 'Tasmania's AFL Submission', 8 December 2008, accessed on 1 June 2009 at <http://www.media.tas.gov.au/print.php?id=25502>

12 Mr John Quinn, *Committee Hansard*, 27 March 2009, Melbourne, p. 24

2.18 Mr Tim Lane suggested that Tasmania's population and supporter base compares favourably with the smaller Victorian clubs:

Not only is it untrue that Tasmania's support base would not be large enough for it to sustain a club, but a simple numerical analysis demonstrates that Tasmania has a greater right to be part of the AFL than a number of the existing clubs. Its population is approximately 10 per cent that of Victoria, which supports 10 clubs. If five of those have followings drawn from more than a half million each, the other five clubs mathematically draw from less. It has been put to me that the least popular of the Victorian clubs would draw from fewer than 200,000 supporters. I repeat, Tasmania has a population of just under half a million.<sup>13</sup>

2.19 He suggested that given Hawthorn's ability to attract crowds in excess of 20,000, despite widespread support for other AFL clubs, for a Tasmanian club 'crowds of 25,000 or perhaps even more on a regular basis are quite conceivable'.<sup>14</sup> Mr Lane and Mr Flanagan were also of the view that Tasmanians would have no difficulty giving up their current support for existing AFL clubs, meaning that the Tasmanian supporter base would not be dispersed across clubs.<sup>15</sup>

2.20 A major contributing factor to the financial profitability of professional Australian Rules football clubs is the ability to make profits from gate receipts on match day after the cost of hosting matches has been incurred. This is commonly referred to as stadium economics.

2.21 In 2009, a number of Victorian-based AFL clubs have complained about the economics of playing in stadiums under agreements that require large crowd attendances to break even on match day, where other clubs play at venues that enable a profit to be made on smaller attendance numbers. Some Victorian clubs that can only draw 25,000 to 30,000 on home games are making a loss when playing at Docklands Stadium or the MCG.<sup>16</sup> Port Adelaide faces a similar problem at Football Park in Adelaide.

2.22 Evidence to the committee suggested that a Tasmanian AFL club would not face these difficulties playing at Tasmania's AFL venue, York Park in Launceston. Mr Quinn stressed that a football club does not need to be playing in a large stadium to be commercially viable:

...one needs to look at the margin that is made on the seats sold. Possibly the best example to get a snapshot of potential viability would be the Geelong Skilled Stadium deal versus Etihad Stadium for the Geelong Football Club. I understand that the smaller skilled stadium of the Geelong

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13 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 34

14 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 35

15 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 36; Mr Martin Flanagan, *Committee Hansard*, 27 March 2009, Melbourne, p. 5

16 Footscray, St Kilda and North Melbourne are examples

Cats football club shows a greater profit margin than does the larger Etihad Stadium.<sup>17</sup>

2.23 He told the committee that a 'boutique' strategy could be profitable:

York Park is an excellent venue for football. It already has the infrastructure. It has a capacity, I believe, of around 23,000 seats. It is conceivable the seats would be totally pre-sold through memberships and those that were not sold would be on-sold during the week. I am not an economist but, from other modelling I have seen, that is a very economical and viable way to run a boutique stadium.<sup>18</sup>

2.24 Mr Quinn added:

The boutique stadium might have to be expanded to 30,000 to deal with the surge in interest and the influx of people coming to watch the team. But having a stadium full, week in week out, would be very attractive to television, to corporate hospitality, to sponsorship and would generate a guaranteed revenue stream because it would be sold before the games even begin...<sup>19</sup>

2.25 The President of the Geelong Football Club, Mr Brian Cook, confirmed that a 30,000 seat stadium would be desirable:

...it is near impossible to actually make profit when you are averaging crowds of 21,000 or 22,000 unless the yield becomes so crazy it is not a considered commercial arrangement, really. It becomes too hard for the consumer to spend so much on a match day. You cannot raise the cost of seats to \$50 or \$60 for families, and so with our average crowds of about 22,000 at Skilled Stadium, we are making ends meet because of the return we get from the stadium. In reality, if we want to be safer, and I do not think you are ever completely safe in football, we will need a 30,000-seater stadium. I do not believe that a 22,000-seater stadium anywhere in Australia will keep you alive given what the expenses are these days, and, in particular, the expenses of football departments which are getting up to an average of around \$15.5 million.<sup>20</sup>

2.26 Mr Cook told the committee that yield per head per game is critical to a club's financial viability:

Getting people through the turnstiles is extremely important. However, when the people go through the turnstiles it is very much about what yield you receive from those people...<sup>21</sup>

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17 Mr John Quinn, *Committee Hansard*, 27 March 2009, Melbourne, p. 24

18 Mr John Quinn, *Committee Hansard*, 27 March 2009, Melbourne, p. 24

19 Mr John Quinn, *Committee Hansard*, 27 March 2009, Melbourne, p. 27

20 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 73

21 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 71

2.27 To demonstrate this point he outlined Geelong's yield at various Victorian stadiums used for AFL matches:

...at Skilled Stadium when you have a capacity of 25,000, we make a net profit in that game of \$638,000 per game, which is \$26 per head. If we have a crowd of 85,500 at the MCG, which we did have against Collingwood in 2007, we brought home \$771,000, which was \$9 a head. Importantly, Telstra, now Etihad Stadium, with a near capacity of 46,000, we brought home \$293,000, which is \$6 a head. So when you compare a crowd at Skilled of 25,000 compared to Telstra, which is nearly twice as much at 46, you at Skilled bring home to the club \$638,000 out of all revenue sources per game and only \$293,000 from Telstra. It is extremely important that if an AFL stadium is developed in Tasmania, the lease arrangements and the revenue attraction arrangements provide a high yield to ensure sustainability. It is pretty simple, really.<sup>22</sup>

2.28 Mr Cook also indicated that only a 'handful' of clubs make a profit on football activities alone. A Tasmanian club would therefore require non-football revenue from activities such as gaming, merchandise or travel.<sup>23</sup>

2.29 The AFL told the committee that the capacity of York Park needs to be increased from 18,000 to 25,000, with an increase from 1,000 to 2,000 corporate seats 'to deliver the right yield'.<sup>24</sup>

2.30 Subsequent to the committee's public hearing in March, AFL chief executive Andrew Demetriou was reported as saying that Tasmania would be 'the next port of call' for the AFL if the competition is further expanded or an existing team were to relocate.<sup>25</sup> This would seem to be an acknowledgement that a reasonable business case for a Tasmanian AFL team exists.

### **The pathway for inclusion**

2.31 Although supporters of a Tasmanian AFL club might be able to convince the AFL of the merits of its business case, the current priorities of the AFL mean that there do not seem to be many circumstances in which a Tasmanian team might enter the competition in the foreseeable future.

2.32 The AFL told the committee that a Tasmanian side was less of a priority than establishing sides in non-Australian Rules markets:

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22 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 71

23 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 76

24 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 53

25 Carter, P. 'Tasmania still holding out AFL hope', *Sydney Morning Herald website*, April 1 2009, accessed on 2 June at: <http://news.smh.com.au/breaking-news-sport/tasmania-still-holding-out-afl-hope-20090401-9ipy.html>

...we ultimately have never said that we do not want a team in Tasmania. It is a question of what is a priority at the moment given our resources and where we see the growth coming from. At the moment our priority is the Gold Coast and Western Sydney. It does not mean that ultimately we would not want a team in Tasmania.<sup>26</sup>

2.33 The AFL told the committee that it does not 'have an answer about what the specific route' for a Tasmanian AFL team emerging might be. They stated:

When and how that comes about I do not think anyone knows, but all we can do is continue to have that dialogue and continue to play our part in growing football in that state. Whenever and however that comes about I cannot comment on. I do not know the answer to that question, but we will continue to work with all the key stakeholders to grow that market and take it seriously.<sup>27</sup>

2.34 Mr Quinn urged patience, suggesting that a Tasmanian team could not be denied 'in the fullness of time':

It may not just be about the economic modelling; it may be about not taking on the introduction of too many new teams at one point in time. It may be that now is the best time to put a team in the western suburbs of Sydney.<sup>28</sup>

2.35 The AFL has already indicated that new teams from the Gold Coast and Western Sydney are to enter the AFL in the next five years, which would increase the competition from 16 to 18 teams, stretching playing talent more thinly. It is unlikely that the AFL would agree to expand the competition to 19 teams because talent would be even further diluted and having an uneven number of teams, necessitating at least one bye in the fixture each week, has proven unpopular in the past.

2.36 As referred to above at paragraph 2.30, the AFL has indicated that Tasmania is the next option for an AFL team.

2.37 Mr Tim Lane speculated that the opportunity for Tasmania to be involved may never eventuate:

...if this does not happen within the current developmental environment within the game, and I am referring there to the growth period in terms of the number of clubs that seems to lie ahead, my fear is that it may never happen. The AFL is highly unlikely to expand beyond 18 clubs. Already some at the football workface fear that the pull of elite-level talent is being spread too thinly with even 16 clubs, and it looks as though there will soon be 18. So I think it is unlikely that the number of teams would grow beyond that. Struggling clubs within the competition in Melbourne have fought a struggle for 20 years, but they do one way or another continue to hang on,

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26 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 48

27 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 64

28 Mr John Quinn, *Committee Hansard*, 27 March 2009, Melbourne, p. 26



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and Tasmania's long-awaited chance for justice and representation may never come. So I think this is a very significant period as the AFL evaluates how it handles the expansion that it does seem hell-bent on embarking upon.<sup>29</sup>

2.38 With the competition unlikely to be expanded beyond an already substantial 18 sides, the only possibility for Tasmania establishing an AFL side would be through an existing club succumbing to financial difficulties. On this question, the AFL indicated that it would continue to assist financially struggling clubs in the short term at least:

...we have shown over five or six years that we will continue to support our clubs that are struggling financially. I cannot speak for the commission whether that is in perpetuity but certainly we are currently committed to the 16-team competition as it currently stands, or the 16 clubs as they currently stand.<sup>30</sup>

2.39 In response to a question on notice from the committee, the AFL stated that: 'We have consistently said that we believe there is room for ten clubs in Melbourne'.<sup>31</sup>

2.40 Geelong CEO Mr Brian Cook speculated that Tasmania may gain entry if a number of clubs, including the proposed new franchises, continue to require financial assistance from the AFL to remain viable:

...the underwriting of Western Sydney may be in the order of \$5 million to \$8 million for a period of three or four years, and hopefully that underwriting by the AFL would reduce over time. I can see a real crunch time by about 2015 to 2018 where the AFL will probably be considering whether it can continue underwriting both AFL clubs, the Gold Coast and Western Sydney, and Melbourne based clubs who are currently being underwritten to some extent by way of special dividends. I think that is crunch time, and I am not so sure the AFL would be able to underwrite as many as six to seven to eight sides. That is when there is a greater chance or a greater possibility of a Melbourne based licence being transferred elsewhere, possibly to Tasmania.<sup>32</sup>

2.41 Mr Brian Cook suggested that a Melbourne-based AFL club licence should be relocated to Tasmania, suggesting that it would provide a good basis for the new local side:

I would see it as a Tasmanian licence as distinct from a Melbourne licence; that is the first thing. It is important for the licence to have a local flavour and a local culture about it. What we are talking about is the better parts of the Melbourne based licence being transferred to a Tasmanian consortium

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29 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 35

30 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 48

31 AFL, Response to question on notice, Appendix 3

32 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 73

or ownership, which would be the players and, more particularly, the best players, not necessarily the administration. And so there is a cocktail there that could be worked through. I do not see that as a difficult issue, to be honest.<sup>33</sup>

2.42 Mr Martin Flanagan was not opposed to a transplanted side should a home grown alternative not be possible.<sup>34</sup> Other witnesses cautioned against imposing an outside entity on passionate Tasmanian football supporters. For instance, Mr Quinn told the committee:

You cannot, from my experience in Tasmania, bring a team from somewhere else and say, 'Well, this is the Tasmanian team, make it a Tasmanian entity, make it representative of Tasmania in all its uniqueness, its excitement and its potential.'

I think it is a very different proposition to Western Sydney or the Gold Coast, because Tasmania is already just a seething mass of love for footy. They already understand the culture of the game.<sup>35</sup>

2.43 Mr Tim Lane argued that a transplanted side would represent a risky proposition:

...it is very important that Tasmania has its own team that is built from scratch. I would take a relocation as a last resort. But to ask Tasmanians, who are so passionate in their support of existing clubs, and some have been for a lifetime, to jump off and support a transplanted existing club might be too big a risk. So I certainly think that the much more preferable outcome is that Tasmania has its own team so that people can recognise it from day one as Tasmanian. These days people talk about branding. There would need to be a very strong branding job done on a relocated team. I would accept it, but I do not think it is the most effective way of building a team within Tasmania.<sup>36</sup>

### **The Western Sydney priority**

2.44 The AFL's decision to prioritise the inclusion of a team in the rugby league heartland of Western Sydney over Tasmania was debated during the inquiry. Aside from claims that Tasmania's football heritage makes it more deserving of a side in the AFL (see paragraphs 2.4 - 2.10 above), the committee heard evidence that the Western Sydney option would not be as financially viable as one based in Tasmania.

2.45 The AFL admitted that the cost of establishing a Western Sydney team may be more than that required by a Tasmanian option.<sup>37</sup> However, the AFL told the

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33 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 70 and p. 75

34 Mr Martin Flanagan, *Committee Hansard*, 27 March 2009, Melbourne, p. 6

35 Mr John Quinn, *Committee Hansard*, 27 March 2009, Melbourne, p. 31

36 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 36

37 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 52

committee that its priorities reflected a strategic approach to expanding the code by capturing 'growth markets':

During 2008, the Tasmanian Government indicated that it planned to lodge a submission for an AFL club to be based in Tasmania.

The very detailed and high-quality submission was received in late 2008 and will be considered by the AFL Commission during 2009.

While we acknowledge that Tasmania has a rich Australian Football heritage and is providing outstanding support to Hawthorn, which plays four games per year at Aurora Stadium in Launceston, we have said consistently that the Gold Coast and greater west of Sydney are our two priority growth markets.

Before determining those two priority growth markets, we assessed a great deal of information about a number of regions in Australia and took into account factors such as future population growth, the size and scope of the local business community, current and future stadium infrastructure, current and future demand for AFL matches, current growth in community participation in our game and other codes and the significance of the regions as media markets—newspapers, television and online.

While our focus will be on the two priority growth markets of the Gold Coast and greater west of Sydney, the quality of the Tasmanian Government's submission suggests that, in the longer term, the establishment of a club based in Tasmania requires due consideration.<sup>38</sup>

2.46 The AFL said that it needed to have a greater presence in well populated northern markets:

Fifty-four per cent of the Australian population lives in Queensland and New South Wales and yet across all of our metrics those markets represent somewhere between 20 and 30 per cent of the AFL's total market. So we are underrepresented in two very large markets. If we are to continue to grow, we need to have a larger presence in those markets, and I think that ultimately was in the commission's mind when it made that decision.<sup>39</sup>

2.47 Mr Quinn characterised this approach as follows:

...the challenges for the western suburbs of Sydney are enormous and that it is an enormous risk. The Tasmanian proposition is probably less risky.

...the AFL must have a reason for not going with the low-risk model, and I would assume that that is looking at the long-term viability of the AFL as a national sport.<sup>40</sup>

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38 AFL, *Committee Hansard*, 27 March 2009, Melbourne, pp. 44-45

39 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 47

40 Mr John Quinn, *Committee Hansard*, 27 March 2009, Melbourne, p. 28

2.48 There was doubt, though, about the possibility of an Australian Rules team ever attracting enough interest in Western Sydney for it to be viable. At present, the vast majority people living in Western Sydney have little interest in the code or the AFL competition. Mr Martin Flanagan argued:

Even in Brisbane, which had more of a pre-existing Australian football culture than New South Wales and one of the greatest sides in the history of the game within the past 10 years, ironically, crowds have dropped away enormously. So these are very fragile markets. If Tasmania is set up, it is a safe bet, whereas Western Sydney is a gamble.<sup>41</sup>

2.49 Mr Biggs warned that the significant cultural aspect of football makes it a much more difficult product to sell in new markets:

...the AFL has to operate on business lines and clearly that means growth and searching for new markets, but you cannot sell a sport and a culture like you can sell a commercial product. Most commercial products, given a reasonable, well-funded marketing campaign, can probably be delivered into most markets. That is not the case with sport, which relies heavily on culture.<sup>42</sup>

2.50 He indicated that while the AFL had successfully spread modified Australian Rules football (Auskick) into schools, efforts to establish a NSW state league in Sydney or provide the AFL with home-grown players had failed.<sup>43</sup> He said:

Why have those two key objectives failed? For one very simple reason: Australian Football could not break into the culture.<sup>44</sup>

2.51 Mr Biggs later added:

...a lot of kids play soccer and Auskick. It is what they choose to play once they get to the end of primary school years that really counts.<sup>45</sup>

2.52 In what becomes somewhat of a circular argument, the AFL stated that a Western Sydney AFL team is necessary to consolidate grassroots efforts in a growing market:

We looked at the absolute size of the Western Sydney market and the need for the AFL to have a presence in a market that has the second strongest growing LGA in Australia. Blacktown and Baulkham Hills have significant support from migrant groups ... We are very aware of our challenges in growing that market, and ultimately we need an AFL franchise to continue the work we are doing at the base. The participation in the greater west of

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41 Mr Martin Flanagan, *Committee Hansard*, 27 March 2009, Melbourne, p. 6

42 Mr Edward Biggs, *Committee Hansard*, 27 March 2009, Melbourne, p. 9

43 Mr Edward Biggs, *Committee Hansard*, 27 March 2009, Melbourne, p. 9

44 Mr Edward Biggs, *Committee Hansard*, 27 March 2009, Melbourne, p. 10

45 Mr Edward Biggs, *Committee Hansard*, 27 March 2009, Melbourne, p. 17

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Sydney was of the order of 20,000 participants in 2008. We continue to invest in that region and are building a base to be a team at the top.<sup>46</sup>

2.53 The committee requested that the AFL provide statistics on participation levels in Western Sydney, the Gold Coast and Tasmania, including the proportion of participants made up of the Auskick program. Unfortunately, the AFL only provided the committee with figures for the entire NSW/ACT region, rather than Western Sydney alone. They are included in Appendix 3. These statistics are not helpful in assessing meaningful participation in the code in that area as they include far Western NSW, the Riverina, Canberra and the far South Coast of NSW, where Australian Rules football enjoys strong support and well established club competitions exist.

2.54 Information on the public record, attributed to the New South Wales Minister for Sport suggests that actual participation in Western Sydney is fewer than 3,000.<sup>47</sup> In contrast Tasmanian participation is about 24,000 or nearly five per cent of the Tasmanian population. In the absence of more authoritative figures the committee is inclined to accept that participation in Western Sydney is, as a proportion of its population, relatively insignificant.

2.55 Mr Lane contrasted the Western Sydney approach with a Tasmanian side that would have an immediate and passionate supporter base:

...it would be a team with real heart, soul and identity. It would not be a plastic team that had no real constituency—a constituency that had to be nurtured, almost had to be conceived in the first place to provide it with its own sense of backing and support. Tasmania would have that from day one.<sup>48</sup>

2.56 Although he recognised the challenges it poses, Mr Cook offered cautious support for the AFL's move into western Sydney:

...we would stay with the AFL position of introducing the Western Sydney licence first. That is not to say it is not going to be challenging. It is quite a surmountable, maybe insurmountable, type of challenge at the moment, there is no doubt about that, but it seems to be a very focused priority for the AFL at this point of time to introduce both the Gold Coast and Western Sydney in that order.<sup>49</sup>

2.57 He also suggested to the committee that potential television audiences in new markets are a major impetus behind the decision to move into the Gold Coast and

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46 AFL, *Committee Hansard*, 27 March 2009, Melbourne, p. 55

47 Phelps, J. 'NSW Government withdraws financial backing for planned AFL expansion', *Daily Telegraph*, 29 April 2009, accessed on 21 June at: <http://www.news.com.au/dailytelegraph/story/0,22049,25402497-5001023,00.html>. The figures refer to club-based participation.

48 Mr Tim Lane, *Committee Hansard*, 27 March 2009, Melbourne, p. 35

49 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 72

Western Sydney.<sup>50</sup> However, Mr Cook expressed doubts that moving into those markets would generate additional revenue from television rights.<sup>51</sup>

### **Committee comment**

2.58 The committee recognises that a Tasmanian side in the AFL would bring enormous economic, social and cultural benefits to the state, as well as rewarding Tasmania's strong support for Australian Rules football for more than 100 years.

2.59 There appears to be a growing consensus that Tasmania would have the necessary supporter base to sustain a financially viable AFL club. The financial difficulties facing a number of Victorian-based AFL clubs playing at unprofitable venues in a crowded Victorian football market serves to confirm this to the committee. A facilities upgrade at York Park would be needed, but a well supported Tasmanian club playing in a purpose built stadium would represent a viable option for a new AFL team.

2.60 The committee notes that the AFL has indicated its support for a Tasmanian AFL team in the future. However, they have not yet moved to facilitate its establishment or outlined the circumstances under which it might occur. Unless the AFL agrees to expand the competition beyond 18 clubs, which is highly unlikely, Tasmanian football supporters' best hope is for the AFL to withdraw financial support from an existing club in dire financial straits. The AFL has not to date indicated that this is likely to occur. The committee would encourage the AFL to be up front about the trigger for a Tasmanian licence to come about under these circumstances.

2.61 Finally, the committee is of the view that the committee's plans for a Western Sydney team are very ambitious. Although it is not the committee's intention to tell the AFL how it should manage its expansion plans, there are cultural barriers facing a Western Sydney-based AFL team that appear to be insurmountable. The AFL has cited Auskick participation in Sydney's west as evidence of fertile ground for support.

2.62 There must be concern, however, that primary school-aged children participating in modified Australia Rules via school programs will not necessarily translate into meaningful support for the code. Even in general terms, caution should be exercised when drawing parallels between participation in a sport and the likelihood of people going to see that sport live at an elite level or watching matches on television. If the committee were to accept that participation were a precursor to a viable supporter base, it is of the opinion that Auskick does not represent the sort of proactive, voluntary, participation that the AFL can depend on. Australian Rules football is barely played at club level in the area, and the weakness of the Sydney competition is most forcefully demonstrated by the fact that the existing recent premiership winning team based in Sydney, the Sydney Swans, can find no suitable

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50 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 82

51 Mr Brian Cook, *Committee Hansard*, 27 March 2009, Melbourne, p. 82

competition for its reserves team in Greater Sydney and choose to send that team to play in the Canberra competition. The Committee believes this fact highlights the weakness of the market for AFL in the Sydney Basin, and underlines the risks being taken by the AFL in its decision to prioritise this market over Tasmania.

**Senator Fiona Nash**

**Chair**





# **Appendix 1**

## **List of Submissions**

- 1 Mr Peter Brohier
- 1A Mr Peter Brohier
- 1B Mr Peter Brohier
- 1C Mr Peter Brohier
- 1D Mr Peter Brohier
- 1E Mr Peter Brohier
- 1F Mr Peter Brohier
- 2 Mr Ed Biggs
- 3 Mr Tim Lane
- 4 Launceston City Council.



## **Appendix 2**

### **Witnesses who appeared before the Committee at Public Hearings**

*Friday 27 March 2009  
Clifton's Conference Centre  
Melbourne*

Mr Martin Flanagan, **Private capacity**

Mr Ed Biggs, **Private capacity**

Mr Tim Lane, **Private capacity**

Mr John Quinn, **Private capacity**

**Australian Football League (AFL)**  
Mr Gillon McLachlan

**Geelong Football Club**  
Mr Brian Cook



## **Appendix 3**

### **Answers to questions**

**Mr Tim Lane (Hansard p.37)**

**Public hearing 27 March 2009 Melbourne – Questions on notice**

Senator FARRELL—Just on this question of whether there would be enough league footballers from Tasmania to make up a team, it is my impression that there are probably more Northern Territorians playing in the AFL than there are Tasmanians at the moment. Would you be able to find out that information easily for us?

Mr Lane—Those numbers would be readily available, and you could be right. There are more, I think I could say accurately, from the Northern Territory now on AFL lists than there are Tasmanians.

Senator FARRELL—Would we be able to get those figures? Would you be able to provide them to the committee?

Mr Lane—Yes, I could do that.

Answers provided by Mr Lane (received 04/06/09)

Based on a quick check of current AFL lists (informally gathered, but pretty accurate figures), there are 26 players from the Northern Territory currently on AFL team lists and 25 players from Tasmania.

It might be worth adding that there are nine Tasmanians who are members of club coaching panels – i.e. people of considerable experience, who continue to apply their knowledge to clubs in the AFL – and to the best of my knowledge there are none from the Northern Territory.

**AFL – Mr Phil Martin****Received 19 June 2009 – Questions placed on notice by the committee**

1. RRAT Committee - With reference to the evidence of Mr McLachlan to the RRAT Committee on how Tasmania might have a team in the AFL: "When and how that comes about I don't think anyone knows", what were the opportunities for Tasmania "in the next three or four years" in the AFL which were referred to by Premier Bartlett at the joint press conference with Mr Demetriou on 1 April 2009?

AFL - We think it is more appropriate to ask the Tasmanian Premier, Mr Bartlett, as to what he meant by the comments he made. It is not appropriate for the AFL to answer on behalf of the Tasmanian Premier.

2. RRAT Committee - Given the comments of Mr Demetriou at the joint press conference with Premier Bartlett on 1 April 2009 regarding the potential relocation of a team to Tasmania :
  - what barriers exist which might prevent such a relocation;
  - has the AFL Commission or its officers discussed or considered the relocation of any team to Tasmania as a viable option;
  - has the AFL Commission or its officers discussed any such options with the Tasmanian Government and if so when, and with whom;
  - does the AFL Commission or its officers believe that any team currently in its competition is potentially not viable financially, administratively or both;
  - would a lack of such viability be grounds to relocate any team?.

AFL - The comments were based on whether an AFL team did seek to relocate at some stage in the future – and Mr Demetriou said he could not forecast what might happen in the future or not speak for what might happen at a future date. Any decision on relocation is a matter for the individual AFL clubs – not for the AFL – but we do not believe any AFL team is currently discussing the possibility of relocation. We have consistently said that we believe there is room for 10 clubs in Melbourne.

3. RRAT Committee - Given the recent comments made by the AFL Commission on delaying the potential start up date for a Western Sydney team to 2012 and on the reported interest from the A.C.T. to base some home games from a Western Sydney/ACT team in Canberra, can the AFL Commission provide the

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latest information on the proposed Western Sydney team? What are the reasons for the apparent delay to the start up date? Who are the people or entities that the AFL is expecting to organise and run such a team?

AFL - There has been no delay to the start-up date for a Western Sydney team. Our target dates remains a 2011 entry for the Gold Coast team into the AFL competition and a 2012 entry into the AFL competition for a team based in the Greater West of Sydney. All our planning is based on that timetable and that timetable has not been altered.

4. RRAT Committee - Can the Committee be supplied with participation figures for Western Sydney, Gold Coast and Tasmania for the years 2006, 2007 and 2008 both including and excluding Auskick participants. Can the Committee be supplied with the names of the teams and the age grounds in which those teams were fielded in each of those regions (whether playing in or outside those regions) and for each of the years 2006, 2007 and 2008.

AFL - We have attached the state participation figures for NSW, Queensland and Tasmania. The names of the individual clubs in each area is something we will need to seek from the state bodies in those states.

NSW/ACT Total participation: 113, 346. Total participation minus NAB AFL Auskick 77,344.

Queensland total participation is 97,917. Total Participation Minus NAB AFL Auskick = 69,922.

Tasmanian total participation is 33,454. Total Participation Minus NAB AFL Auskick = 24,100.

5. RRAT Committee - What does the AFL believe were the reasons the Tasmanian state wide league failed in its previous incarnation? What has changed to give confidence that the newly constituted state wide league will be successful.

AFL - The feedback from AFL Tasmania was that there didn't appear to be statewide support from the clubs in the earlier iteration. The view from AFL Tasmania this time is that they have the buy-in from clubs across the state to make it work and that in order to build football in Tasmania a strong pathway is needed for young Tasmanians to play at the highest possible level.

