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SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS
AND TRANSPORT

Reference: Establishment of an Australian Football League team for Tasmania

FRIDAY, 27 MARCH 2009

MELBOURNE

BY AUTHORITY OF THE SENATE

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**SENATE STANDING COMMITTEE ON
RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

Friday, 27 March 2009

Members: Senator Sterle (*Chair*), Senator Milne (*Deputy Chair*), Senators Farrell, Heffernan, Hutchins, McGauran, Nash and O'Brien

Substitute members: Senator Barnett to replace Senator Heffernan

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Feeney, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, McEwen, McLucas, Marshall, Mason, Milne, Minchin, Moore, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Farrell, Hutchins, McGauran, Milne, O'Brien and Sterle

Terms of reference for the inquiry:

To inquire into and report on:

- 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.

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Committee met at 8.35 am**FLANAGAN, Mr Martin, Private capacity**

CHAIR—Welcome. I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. The committee is hearing evidence on the committee's inquiry into the establishment of an AFL team for Tasmania. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The committee prefers all evidence to be given in public, but under the Senate's resolutions witnesses have the right to request to be heard in private session. It is also important that witnesses give the committee notice if they intend to ask to give evidence in camera. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that the answer be given in camera. Such a request may, of course, also be made at any other time. On behalf of the committee, I would like to thank all those who have made submissions and sent representatives here today for their cooperation in this inquiry.

Mr Flanagan, do you wish to make a brief opening statement before we go to questions?

Mr Flanagan—It is not my intention to take up much of the committee's time. The question of Tasmania's right to be part of the national competition is a relatively simple matter. As I understand it, football in Tasmania dates back to 1864 in the New Town club; the Launceston club, which still exists, dates back to 1873, which makes it 20 years older than Collingwood; and, Tasmania claims to be the first place outside Victoria where Australian football took root.

Tasmania's claim to be part of the AFL is an argument for natural justice. Tasmania has been part of the game since very close to its inception. For Tasmania to be denied a place in the national competition brings into question the use of the word 'national'. I will leave it to others to argue the finances of the matter but would simply make the point, no doubt well known to the committee, that the AFL now derives a great part of its income from television rights. These would be as available to a Tasmanian based club as a Melbourne based club. Clubs rely on national advertisers. Again, national advertisers are as easily obtained from Launceston as they are from Brisbane.

The belief among Tasmanians that Tasmania has a rightful place in the AFL is like a form of sporting nationalism. For many years it was seen as a quixotic ideal, but it was one that never went away. Several factors caused it to resurface in its current potent form. One factor, I believe, was the chronic unpopularity of the Lennon Labor government as a result of the controversy over the pulp mill proposed for the Tamar Valley. Football was the one big popular cause left. The movement for Tasmania's admission to the AFL also took impetus from the AFL's decision to start new clubs on the Gold Coast and in Western Sydney. Personally, I find it hard to fault the AFL's intention in this regard. It does have a duty to grow the game. I am one of those who believe that Australian football is under serious threat from soccer. Nonetheless, the AFL's

proposed expansion, particularly into Western Sydney, can only be described as speculative. To me, it rests on an untested premise.

I have visited Western Sydney, which, as I am sure the committee is aware, is largely populated by new arrivals to this country. It is not the case that these people are without an affinity to any code of football. Apart from the lingering influence of rugby league in the area, most of the new arrivals have brought with them their own code of football, soccer. For Western Sydney to become a credible AFL club with the sort of mass following of Fremantle or even a smaller club like the Kangaroos, the AFL will have to win thousands of people away from a game that is already part of the resident culture. As I say, I am not critical of the AFL's intention, but I have serious doubts whether its plan is feasible since, in my opinion, it goes against the historical flow. Right now everything is set up for the expansion of soccer. It is the global game. In the English Premier League it is, in terms of sport and television, the greatest show on earth. Australian football must proceed with great care.

The obvious comparison to be made with Western Sydney is Tasmania, where a ready market exists for the game. It would be a great mistake for the AFL to take Tasmania for granted. Those familiar with Tasmanian football history will know that, for the first century or more after the game's inception in the state, intrastate football, the matches between the north, south and north-west of the state, were dominated by the south. In more recent times, since AFL football has been based in Launceston, the north has been dominant. The point I wish to make is that 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.

I am unclear what powers, if any, the committee has in this matter. Basically, it seems to me to be a matter of how the AFL chooses to see its priorities. However, it would add gravity to the Tasmanian cause were it to be given the support of this committee. I would ask the committee to consider in its deliberations not only the justice of the Tasmanian cause but also the larger question of where the long-term interests of a game which is unique to this land reside.

CHAIR—Thank you, Mr Flanagan. We will go straight to questions. Senator O'Brien.

Senator O'BRIEN—Thanks for coming, Mr Flanagan, and thanks for your submission. The issue that I think underpins this committee inquiry is what responsibility the AFL Commission has to long-term supporters of the game in Tasmania. I think the tenor of your submission is that it has a duty to deliver them a team if that is possible, and we have not explored that through your submission, but what about the money that the AFL administers? What criteria should the AFL community apply to the commission in its expenditure of the moneys garnered from the game in pursuit of the aims the commission is clearly following that you have enunciated?

Mr Flanagan—I suppose I see conflicting principles at work there. One is the duty of the AFL to grow and to sustain the game. I was talking to Ron Barassi recently. He said some countries have only one winter code, some have two, very few have three, Australia has four. There is a competition and I understand that that is a high priority for the AFL but, at the same time, it is a folk culture. The game has serious obligations to the people and the communities who have nurtured the game for more than 100 years, not just Tasmania but all of the

communities such as the community of North Melbourne. Tasmania clearly has a longstanding involvement and commitment to the game and the AFL is obliged to have some regard to that.

Senator O'BRIEN—I noted in a newspaper article this week that the AFL has a fund of about \$45 million to put towards its proposed expansion. At the same time a number of clubs seek support consistently from the commission. There have been a number of messages about the preparedness of the commission to support those clubs, some good some bad for those clubs. What priority should the AFL pursue—expansion or support of the existing clubs? How should that be balanced?

Mr Flanagan—I would shy away from giving you an either-or answer. I would say that the AFL is in a very difficult position but it cannot take the continued support of the game in Tasmania for granted. I cannot give you the answer you are seeking because I do not see it in those terms.

Senator O'BRIEN—You say you have some knowledge of the situation of the code in Western Sydney. Can you give us any further information about what potential for growth and support there might be in the code from Western Sydney?

Mr Flanagan—I think the name of the suburb they are basing it in is Blacktown. I think that is correct. I spent some time in Blacktown. There is no evidence of any Australian football culture whatsoever from one end of Blacktown to the other, apart from the TAB, which said that about 40 per cent of the people who come into the TAB follow the Swans. That was the one aspect of Australian football culture which I gathered from spending some hours in Blacktown. People talked about rugby league and there was feeling for soccer. It is not the case that the AFL will be starting in a neutral environment in Western Sydney; it will be starting in an environment in which the other codes already have a presence. That is why I say it is going against the historical flow. It will have to win an audience and support, whereas the Gold Coast case is slightly different because it has a pre-existing Australian football culture. As much as I admire the intention, I think that Western Sydney is a highly speculative gamble that could consume a huge amount of money and fail, whereas Tasmania is a safe bet.

CHAIR—Thanks. Senator Milne.

Senator MILNE—Mr Flanagan, you mentioned in your submission that TV rights and advertising can come out of Western Sydney, Brisbane or Tasmania. What advantage do you see in the AFL being able to broadcast out of Tasmania and showcase the values of Tasmania consistent with the values of the AFL? Is there an advertising advantage?

Mr Flanagan—I do not know; you would have to ask an advertising person that. My concern is more for the fact that if the AFL does not go to Tasmania it could lose a substantial part of Tasmania to the culture of Australian football. That is really my concern. Could it be used to showcase Tasmania? I would have thought so.

CHAIR—Mr Flanagan, how strong is the local Tasmanian football league?

Mr Flanagan—It is nowhere near as strong as it was as recently as 20 years ago. It has been restructured, I think somewhat foolishly, because in its great days its strength was in its local

appeal. They went to a state league and I do not believe that there is any middle tier in Australian football. There is local and there is national. The competitions that aspire to the middle tier end up in trouble. I think the state league weakened Tasmanian football and it is now going back to a state league model. The state league was a better standard of football than the local leagues, but it just did not have popular support.

The big problem for Australian football going forward is not that people will not go to watch it; it is that people will not play it. Our participation rates are dropping. The number of schools which champion it, even the great schools here in Victoria which champion it, have more and more soccer teams. There is a big cultural issue for the future of Australian football and Tasmania is an important part of that.

CHAIR—So you are saying is that youngsters are peeling off obviously to other codes of winter sport?

Mr Flanagan—Yes.

CHAIR—The reason I ask you is that I come from Western Australia, which had a very strong parochial healthy state league. I am a long-serving member of one of those clubs, South Fremantle, just for the record. From the time that the Eagles came on the scene in 1987, I think it was, the local football league has never recovered. A large crowd at a game now would be 2,000 friends and relatives normally. Football is still very, very popular in Western Australia. Every second child has either an Eagles jumper or a Dockers jumper. There are worrying signs in Tasmania. Are you saying that you honestly believe that if Tasmania were to be afforded an AFL team it would resurrect interest in Aussie rules among young boys and girls?

Mr Flanagan—I think it has to. The MCG had an attendance of 100,000 last night. The game still has a magic and an appeal. If Tasmania could get in on that, I have no doubt it would go a long way. Equally, I have no doubt that, if the AFL does not have a team in Tasmania and the A-League puts a soccer team in Hobart, the southern part of Tasmania will be substantially lost to Australian football.

CHAIR—The message I am getting from what has been said so far, Mr Flanagan, is that having Hawthorn—sorry, it puts a shiver up my spine even to mention that mob, being a Geelong member—based at Launceston has not instilled—

Mr Flanagan—That has been a plus.

CHAIR—an interest amongst the youngsters that play Aussie rules.

Mr Flanagan—Yes, it has. It has been good. Football in the north of the state is stronger than it is in the south, which historically was not the case. But there is no guarantee that Hawthorn will be there in 10 years. Hawthorn can come and go. St Kilda came and went. It is not a foundation for building the game.

CHAIR—But if there was an AFL team based in Tasmania, would it not still be the same argument: if it was not in the south, football would still suffer in the south?

Mr Flanagan—No, because there are families in Tasmania that are Collingwood families and Hawthorn families. All the clubs have very strong, entrenched support in Tasmania. There is a certain antagonism towards Hawthorn because of the way the deal was set up. But a Tasmanian team would transcend the regionalism and the parochialism of it being just about one club, as good as I think Hawthorn has been for Tasmanian football.

CHAIR—I fully understand where you are coming from, Mr Flanagan.

Senator FARRELL—Thank you, Mr Flanagan, for coming along and sharing your views with us. Tasmania did try to run a team in the VFL and that was not successful, was it?

Mr Flanagan—No.

Senator FARRELL—What makes you think it would be any more successful in the AFL?

Mr Flanagan—Well, that gets back to my point about middle tiers. Australian football is a unique cultural expression. It is not like American football because we do not have the platform of college sport; it is not like Irish football because it is not amateur and it is not parish based. It is a curious semiprofessional entity. In my belief there are only two tiers, that is, local and national, and middle tiers never attract the sort of support through the gate to make them viable. The great thing in Australian football is the draft. Eventually Tasmania will have a good team and all the excitement that came to the West Coast Eagles with the premiership with the Adelaide Crows eventually should come to Tasmania. When it does the lid will go off because there are 140 years of history waiting for that moment to occur. Tasmania has a very proud football tradition. It has produced some very great players.

Senator FARRELL—Why does it not have a team already? We have heard about the West Coast Eagles going in in 1987. That was 22 years ago.

Mr Flanagan—Because Tasmania has been taken for granted. No-one has taken it seriously. The notion of Tasmania having a team in the AFL is like some quaint nationalist movement. It has always been around. There have always been people trying to get it up but no-one has taken them seriously. The AFL has never taken them seriously and is still not taking them seriously, whereas from the start the notion of expanding the AFL was always to have it go to Western Australia and South Australia. Everyone knew that and that was why the Eagles were brought in, which has been great for footy. It was a very necessary move. I believe the expansion into Sydney and Brisbane was also very necessary to the growth of Australian football. But, equally, Tasmania should not be taken for granted. Australian football is a world-class game played by a tiny proportion of the world's population. We cannot afford to lose anyone or any of our areas.

Senator FARRELL—You seem to be critical of this middle rung of football and yet you are concerned that not enough people are playing football. Does not the middle rung provide another way that—

Mr Flanagan—I have no difficulty with it in that sense. It is just that the middle-tier competitions in my experience do not draw crowds or get support, whereas in drought-ravaged Victoria crowds still attend country footy. For example, 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. I have no problem with setting up competitions so that people can play. We need more competitions in schools. Tasmania in the VFL and Tasmania in the AFL are cases apart. You cannot really draw comparisons.

Senator FARRELL—Two of the most successful AFL teams in recent history have been the Sydney Swans and the Brisbane Lions. Both sides came out of Melbourne and were set up. Would you see any difficulty with a non-Tasmanian side going to Tasmania and establishing itself there?

Mr Flanagan—I personally do not; I imagine some purists would. In relation to Western Sydney, it is very interesting to hear that the Sydney Swans are saying they are not secure and are terrified of a second club setting up in Sydney.

CHAIR—So they should be.

Mr Flanagan—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.

Senator FARRELL—If one of the mainland teams decided to go to Tasmania, because there is speculation that there are too many sides in Melbourne, you would not see a problem with that?

Mr Flanagan—I personally do not, no.

Senator FARRELL—Thank you.

CHAIR—Senator, O'Brien, do you have another question?

Senator O'BRIEN—Sponsorship, given the amount of money necessary to run a side, is one thing that raises its head. I see that Melbourne is getting sponsorship from a Russian brewery. What do you say would be the sponsorship difficulties, if any, for a Tasmanian based side?

Mr Flanagan—This year I am involved with Melbourne Football Club, and to have seen the incredible difficulty it had to get sponsors is to know that in the current financial market all sports clubs are struggling for sponsors, and that includes the English Premier League. That is a new aspect of the world economic downturn. Having said that, if Tasmania gets into the competition, its case for a national sponsor is as good as anyone else's, but there is no question that professional sports clubs are absolutely up against it now.

Senator McGAURAN—I came in late, Martin, but I have no doubt your presentation has been full of your rightful and ever-appealing emotion. With your hard hat on, if that is at all possible for Martin Flanagan, you mention that Tasmania is a sure bet. By the way, I suspect everyone would love a team in Tassie, but you have to have your hard hat on, as the AFL would say it has. Tasmania, of course, is a no-risk culture but you have to admit that Sydney and Brisbane have been a success. Even though they are not the cultural towns for AFL, I think

Sydney averages home games as high as any, other than Collingwood probably and certainly more than Fremantle Dockers in a cultural state and a lot more than our Melbourne footy team. The Swans' home games are high averages. Probably the Sydney Cricket Ground would average 30,000. I would love to see what the figures are, but I am guessing a minimum of 25,000 for a home game in Sydney. Tasmania would not have the facilities for that. You can say, 'Well, let's build them,' but I should never imagine that Tasmania as a state could ever average home game crowds of more than 15,000 or 16,000, which is a failure in itself. Even if AFL is not a big culture on the Gold Coast, though we suspect it is, a Gold Coast team would still attract home-game crowds of 25,000. It just outbids Tasmania at every point. Would you agree with that?

Mr Flanagan—I think there is an enormous difference between the Gold Coast and Western Sydney, because the Gold Coast has a pre-existing Australian football culture. It will work with the Southport club. I do not know what the projected figures are for crowds, but I do know that both Sydney and Brisbane, successful as they have been, are still incredibly vulnerable but are clubs. I think Paul Roos said yesterday that Sydney must be totally unassailable—I think those were the words he used—before the Western Sydney club starts, because Sydney's crowds are dependent upon their performances. The normal football cycle goes up and down, but I am not sure that the AFL can afford Sydney and Brisbane to go down very far. You talk about crowds. What was at the Sydney final last year? It was something like 15,000. How many people do you think will go to see Western Sydney play the Kangaroos in Sydney? They will be lucky to get 3,000 at their early games. If Tasmania can be financially viable and regularly pull crowds of around 20,000, then I do not see a problem.

Senator McGAURAN—Good answer. We all would expect Paul Roos to say that, but rather than just trying to secure one team in Sydney, you develop the culture, you grow the culture. It becomes like the car yards alongside each other. Is that another good way of looking at it?

Mr Flanagan—I said in my submission that I do not criticise the AFL's intention. I understand that it must grow the game. Australian football is an indigenous game. We live in a global environment. Sport is now part of the global entertainment industry. All indigenous games around the world are under similar pressures. I support the national competition and supported it expanding into Western Australia, South Australia, Queensland and Sydney. We had to do it to maintain the game. However, I think Western Sydney is highly speculative. It could end up being football's Iraq. We could get in there and find it extremely difficult to get out and it could cost an enormous amount of money, whereas there is a solidity to the proposal for Tasmania, in addition to its having justice to its claim.

Senator McGAURAN—Was it a red herring about a soccer team going to Tasmania?

Mr Flanagan—If I were the A-League, I would put a soccer team into Hobart. Why not? Soccer is the boom game, it has everything going for it, its participation rates are huge and it is global. It has the World Cup. Most people now view sport through television. The best sports television is the English Premier League. Soccer is absolutely rampant and has done enormously well in London.

Senator McGAURAN—It will never take off in Tasmania. Surely you would have to concede that.

Senator MILNE—Oh, yes, it will.

CHAIR—Time is against us, Mr Flanagan, but you make a very good point. In my part of the world, Fremantle, a generation ago there was no Fox Sports, soccer was one hour on a Wednesday night, the Big night, or whatever it was called. Now, it is every day. You see kids walking around with soccer shirts. On that, Mr Flanagan, sorry, but time is against us. We do thank you for your assistance here today.

Mr Flanagan—Thank you.

[9.05 am]

BIGGS, Mr Edward William, Private capacity

CHAIR—Welcome. Mr Biggs, you have lodged submission No. 2 with the committee. Do you wish to make any amendments or alterations to your submission?

Mr Biggs—No.

CHAIR—I invite you to make a brief opening statement before we go to questions.

Mr Biggs—Thank you, Chair and senators. Having had 30 years experience in full-time football administration, I think it is fairly obvious that the AFL is a spectacular success, but it is not invulnerable. The code itself comes off a very narrow base historically. Essentially that is four states and one of those, of course, is Tasmania. Even though Tasmania is small by population its contribution to the game it is quite significant. Many players over the years have been recruited to the AFL, so it is an important part of the heartland. Many very good inroads have been made into New South Wales and Queensland, but the status quo still remains the strength. The base of the code in terms of production of players essentially comes still from those four states.

As far as Tasmania being in the AFL is concerned, up until now it has been the view that it could not finance a team. I have certainly held that view and do not resile from that. But going on press reports, which is all I can do these days, there appears to have been a dramatic shift. If that is true, if funding is available and if the Tasmanian government is behind it, then the AFL should be taking a different view of Tasmania's potential place in the national competition. In saying that, I fully understand that 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. The AFL has crystal clear, fairly recent experience in this.

In 1997 it appointed a task force of high-profile, high-quality people, chaired by Mr Terrence O'Connor, Queen's Counsel, charged with looking into how the game could be expanded and a grassroots developed in New South Wales. The task force came up with a number of really good innovations. It has been very successful in spreading Auskick and some junior school programs, but I think the AFL also should consider that two of the key objectives coming out of that report just simply have not materialised. One was that the Sydney Football League be developed into a state league like the SANFL, along the lines of the traditional football states, for example, to accommodate the Swans reserves and to form the base of stronger, vibrant Australian football in Sydney from which players could eventually be recruited. The second plank running a line with that was, from memory, that 10 players per annum be drafted from the greater Sydney area by 2010. By drafted I mean in the primary draft straight onto AFL lists, not some of the innovative and important scholarship programs.

The Sydney reserves now play in the Canberra competition, not Sydney. My understanding is that there has been very little shift in the number of players recruited from greater Sydney. Why have those two key objectives failed? For one very simple reason: Australian Football could not break into the culture. Therefore, I think that the AFL is taking a massive risk in trying to break into the culture with a second team.

It has been proved that you can take a professional sporting team and successfully implant it into a new environment with proper promotion and broadcasting and all of the marketing that goes with it. The VFL at the time proved that with the Sydney Swans, and the league has done it with Melbourne Storm. But to put a second team in such an environment might just be a bridge too far. It is not unreasonable to speculate or to fear that support for such a second team would fairly logically come at a heavy price to the existing franchise, in this case, of course, the Swans.

I know that the AFL is looking to the greater Western Sydney region as probably fertile territory. It believes there is no real connection to rugby there. I do not know whether that is right or wrong, but either way there is a huge risk of having not one strong club in Sydney, as it has currently, but if this goes awry there could be two very weak ones and along the way, Tasmania, a heartland it could not afford to lose, could be disenfranchised.

I obviously heard the tail end of the earlier evidence and I think there is a possibility that the A-League would look at Tassie. 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. I am not saying never in Western Sydney or any other part of New South Wales, but using military strategy the normal thing to do would be to target one new area at a time. Logically in this case that would be the second Queensland team because, as other people will attest, there has been a reasonable base there, not like the south. So if you are looking for new territory, that would be the obvious first place to go. If the AFL wants to build the culture in Sydney and have a game there every week, which is part of the reasoning behind Western Sydney, surely that could be done by some bold, innovative fixturing. If the AFL is saying, 'We're going to be bold, take a chance and risk a huge amount of money and some of the culture of the game by putting a team in Western Sydney,' why not be bold and upset a few Melbourne clubs and have fixture games in Sydney every week? I do not mean low-attendance games but some really big games that could be properly marketed.

CHAIR—Would that mean that Collingwood would have to travel? Perish the thought, Mr Biggs!

Mr Biggs—This is parliamentary privilege, is it?

CHAIR—Do not worry. I will be on your side if you are having a go at Collingwood.

Mr Biggs—Yes, some big games. There would be a cost because you would obviously lose money at the gate in Melbourne. But if the AFL is so confident that it can market a Western Sydney team, it should be confident that it could market its big games in Sydney. Also, funds that were lost at the gate here should be offset, at least to some extent, by the money saved in not sending a team to Western Sydney.

In summary, I am saying have a look at trying to establish a second team in Queensland by all means, learn the lessons from that, and there will be some obviously, build the Sydney market further with some really strong games, have a game every week and take the flak from the Melbourne clubs that might come from that. If the AFL is serious, it should do that and have a look at whether the finances stack up in Tasmania. If they do, Tasmania could support a team, provided the finances are there. In short, I am not saying never for Western Sydney, but I think not now because it is a massive risk.

CHAIR—Thank you, Mr Biggs. Just on that, I take note of what was nothing short of a disastrous turnout of 15,000 to the Sydney final last year, which Mr Flanagan mentioned earlier.

Senator O'BRIEN—I think it was 20,000.

CHAIR—Thanks, Senator O'Brien. That was a club that three years ago was playing a grand final and lost by a point in the grand final the year before. Certainly Senator Farrell will talk on the South Australian example, but in Western Australia, as you would know, the Eagles popped up and every Western Australian who detested everything east of Norseman jumped on the Eagles bandwagon, of course, and that has been a success story.

Fremantle is very interesting. The passion is in Fremantle for Fremantle supporters because not everyone likes the Eagles, but if success does not come to Fremantle soon the numbers and the turnouts will certainly be tried and stretched over the years. Western Australia is a pro football state, an Aussie rules footy state, but the shoe was on the other foot with the NRL. The new rugby league team had a very—

Mr Biggs—Western Reds.

CHAIR—Western Reds, yes. I think it had 8,000 members in its first year. The rest is history. The game has not picked up since then. So I can consider having two Queensland teams and two Sydney teams but comparing that with Western Australia or South Australia, which are mad AFL states, it raises questions of what will it do not only to the new team coming in if there is no success but, just as importantly, to the existing teams that are already there. On that, Senator Milne.

Senator MILNE—Mr Biggs, I grew up on the north-west coast of Tasmania and Darrel Baldock was the hero and known to everyone. I also taught on the north-western coast of Tasmania for a decade, and every kid and my own went through mini-league and then aspired to the big thing. They wanted to play cricket for Australia or play in the AFL. I suspect cricket is still aspired to there but that there would a mixed response now from kids in relation to a football league. How important is Tasmania as a source of players? We heard from Martin Flanagan before, but it seems to me that there is a disproportionate case for the number of stars that Tasmania has turned out for VFL and AFL football.

Mr Biggs—Sorry, I do not have the figures in front of me, Senator, but there is no question that it is a historic fact that Tasmania has provided some of the big names that you mentioned, and a big name can bob up here and there, but also a stream of good players who may not have been Darrel Baldocks, and I think that continues.

CHAIR—Two more last night.

Mr Biggs—Two more last night. I think that there is a chance that that would be at risk if an A-League team went into Tasmania and Australian football did not have a senior team there. It would be a natural thing to happen. Why would kids aspire to a competition or a sport that was not placed in the top competition?

Senator MILNE—One of the arguments we have heard is that we have to grow the game and get more crowds there, but, as Mr Flanagan said, if you lose the states producing the players, what are you marketing? When you were involved with the AFL, what sort of consideration was given to recognising that stream of player support?

Mr Biggs—Contrary to what probably is said sometimes, the AFL has given good support to domestic football in Tasmania. I was sent there when I worked for the AFL about 10 years ago—1998, I think it was—to do an in-depth review of domestic football in Tasmania. Initially I was told a lot of disastrous stories, that it was in a parlous state and that no-one played the game any more. When we got into it, we found that the participation rate in Tassie on a population ratio basis was the highest in the country. I am not aware that that has changed but it could change if the A-League was there as a high profile and AFL was not. That is definitely a fear I have, yes.

Senator MILNE—Thank you.

CHAIR—Thank you, Senator Milne. I am sure there will be some questions about the participation. Senator Hutchins.

Senator HUTCHINS—Mr Biggs, I am not all that familiar with AFL as I am from Sydney, but I cannot but agree with your observations about Western Sydney. I cannot for the life of me think why the AFL would have chosen Blacktown rather than one of the growth areas south-west of Sydney. Do you know any reason why Blacktown was chosen rather than Campbelltown?

Mr Biggs—My understanding is that Blacktown has a very supportive council and it wanted to attract sport to the area. The AFL believes that that helps it, because one thing that is necessary when trying to establish a code or a sport is to get playing venues, obviously. That was part of the reason, but I think the overriding reason is, as I said in my introductory comment, that the AFL views the greater Western Sydney region, and you know Sydney a lot better than I do, as relatively fairly new in terms of population explosion. It has a view that it is not as hooked on to rugby as the rest of Sydney may be and that there is a niche opportunity to break in. I think that is why it is doing it. I am sure that Mr McLachlan will go through that in more detail later. Even if that is the case, I still doubt that you can just break into the culture. I do not know that it is that simple even if the population is not already switched on to rugby.

Senator HUTCHINS—Mr Biggs, if you went for a drive around Western Sydney you would not see too many AFL posts. You would see a lot of rugby league, rugby union and soccer fields but definitely very few AFL. I dispute also that that part of Sydney is growing. That is why I questioned why Blacktown would have been chosen rather than Campbelltown, which is growing, to have an assault. There are many consultants who no doubt picked up a few thousand dollars to advise the AFL of that.

Mr Biggs—I have not been involved for a couple of years so I do not have in front of me the details, but that is my understanding of why the AFL is looking there. But my fear, as I say, is that it has already had one very clear experience in trying to transform the Sydney league into a southern-style state league, which did not happen and did not even look like happening.

Senator HUTCHINS—You would probably have a better chance of getting a following in Wagga Wagga than you might have in Blacktown.

Mr Biggs—Wagga Wagga is fairly traditional. It is a bit of a mixture, actually.

CHAIR—Senator O'Brien.

Senator O'BRIEN—I wondered, Mr Biggs, if you would give us the benefit of a bit more of your knowledge from your role in inquiring into Tasmanian football about issues such as the draw from different parts of the state, any knowledge you have about preparedness to travel from football supporters and current levels of support of the various Victorian teams.

Mr Biggs—In Tasmania when we looked at the total situation we found that there were two key problems with the state league. One was that it had expanded out of the Hobart competition and had had other teams around the state added on rather than following the recipe that had been given by an independent report which said that Tasmania should have started a new competition with reasonable equal representation. That was one problem. The other problem was certainly travel. They had not just the first 18 travelling but the colts, the under 18s or under 19s, were being required to travel at seven o'clock in the morning to get to the other side of the state to play a game of football—not really good for studying and so forth for kids of that age—and also the reserves were expected to travel. So travel was a huge problem with the state league, but I think it would be quite different if people were travelling from, say, Launceston to Hobart or vice versa for an AFL match and the games that Hawthorn are playing there I think indicate that.

Senator O'BRIEN—Yes. The other aspect of my question was: do you have any knowledge from your inquiries about levels of support for existing Victorian clubs?

Mr Biggs—From AFL clubs?

Senator O'BRIEN—Yes.

Mr Biggs—I could only go on the membership bases are that are reported in the press. I do not know any more than that.

Senator O'BRIEN—No, I just wondered whether there had been any aspect of your inquiry that looked into that as an aspect of the strength or otherwise of the game in Tasmania.

Mr Biggs—No. My responsibility was to look at the grassroots football because it had been reported that it was collapsing. In the end we found that there was a huge participation rate but it was badly administered and coordinated, so we changed some structures significantly, which appear to be working. But it was not looking at support for AFL.

Senator O'BRIEN—In terms of games being played at the Aurora Stadium in Launceston, obviously there are people in Hobart who would prefer not to travel, but it is clear that there is a significant amount from both corners, the north-west and south of the state, to Launceston, for games. When Carlton played a pre-season game against Hawthorn last season, the majority of the crowd were Carlton supporters, which you are entitled to be surprised about, given the strength of support for other clubs. In terms of impact economically on Tasmania, do you have any insights you can give us as to what an AFL club and its budget would do to an economy such as Launceston or Hobart?

Mr Biggs—I do not. I would only be going on the opinion that we might all have about the flow-on benefits of any sporting event, like the grand prix here and other large events. They have a tremendous impact. My wife and I run a little bed and breakfast and we could have sold the rooms six times over this week for the grand prix, for example. That is the little bit of experience that we have with big sport. You could only imagine that AFL football going into Tasmania with a Tasmanian team would have a similar impact. It would have to be a positive. The bigger question is whether it is true that the funding is available and whether there is a Tasmanian government guarantee, or whatever. So I think there are two questions here: can you fund a team in the AFL from Tasmania, and is it logical and viable to try a team from west Sydney? You have heard my opinion on the latter. I think a Tasmanian team would certainly work provided the funding is confirmed.

Senator O'BRIEN—What do you say about the other aspect of this question, that is, the AFL's responsibility to fund existing sides in the competition in the context of perhaps a huge budget for potential expansion into the Gold Coast and Western Sydney?

Mr Biggs—You are referring to the current assistance packages to Melbourne clubs?

Senator O'BRIEN—Well, Melbourne. I see now Port Adelaide as a standout. Sydney is a potential draw on that fund. What you think about that?

Mr Biggs—I think that the AFL has obviously gone into that in depth and budgeted for it. It is important to its broadcast rights that it maintains the number of clubs. If it loses clubs, then probably it loses some broadcasting rights revenue too. So it would have gone into all that. From an equitable point of view, I guess those teams, even though they might have a shortfall themselves on the face of it, are nevertheless contributing to the success of the competition. If a relatively small part of that is given back to them to keep them going, I am not a financier, but up to a reasonable level obviously I think that would be fairly logical, like the government's stimulus package to keep us all going.

Senator O'BRIEN—Yes. The commission is the government for the code, I suppose, yes.

Mr Biggs—Yes.

Senator O'BRIEN—In terms of the sides that may be in receipt of support to keep them economically viable and the AFL's desire to promote the code in Western Sydney, would you see those sides as having responsibilities to make a contribution to developing the code there?

Mr Biggs—In terms of playing matches there?

Senator O'BRIEN—Well, possibly, yes.

Mr Biggs—Yes, that is what I would see as a responsibility. I think that if the AFL as a whole, not just its governing body, wants to break into and really establish the culture in Sydney it has to embrace it as a whole and, in my view, fixturing real matches, strong matches, in Sydney on the alternate weeks to the Swans would be a prime way of doing that and would soon test the market. If you could not get people to attend a blockbuster game, then you would be pretty much wasting your time fielding a new team.

Senator O'BRIEN—Where would you place those games? When we talk about Blacktown I do not think there is a venue anywhere in Western Sydney that would easily take the games.

Mr Biggs—They would obviously play at one of the two existing venues.

Senator O'BRIEN—The Homebush stadium?

Mr Biggs—Presumably.

Senator O'BRIEN—Would that have the effect, in your opinion, of promoting the game in Western Sydney?

Mr Biggs—I am not sure. It would promote the game in Sydney and it would certainly let you know over a period of a few years, not just one game here and there but a game each alternate week, whether you were getting support. Though the AFL is saying Western Sydney, I do not think it would be too fussed where support came from at the end so long as there was more support in Sydney. There is no question that the AFL needs to try to grow its base in Sydney. I do not question that. My concern is that I think it is biting off a lot trying to do the Gold Coast and Western Sydney at the same time, particularly given its own experience of how hard it is to break into the culture. It already knows because its own reports and experiences tell it that—kicking against the wind in four quarters.

CHAIR—I relate to that.

Senator O'BRIEN—That is what the chair thinks Geelong does all the time. And who do you support?

Mr Biggs—Saints.

Senator O'BRIEN—You would be happy with them playing in Western Sydney?

Mr Biggs—As you say, it would be in Sydney. Yes, sure. I am an optimist, not a negative person, and over the journey all of my time was at a national level. I have watched with some interest the evolution of the national competition and even the lead-up to it and heard all the arguments about why a national competition would not work in the first place. I was in the opposite camp to that, so I have always been an optimist and have always been positive, but I do not believe that being an optimist means you cannot also be a realist.

CHAIR—That would be an interesting question for Mr Cook later today too.

Senator O'BRIEN—Thank you, Mr Biggs.

CHAIR—Mr Biggs, I just want to come back to the adventure of having, firstly, St Kilda playing out of Launceston and then Hawthorn. Has that been successful in luring young boys—and girls—to the AFL game in Tassie?

Mr Biggs—In terms of participation?

CHAIR—Yes.

Mr Biggs—I do not have the figures in front of me but, as I said, when we reviewed Tasmania, we found that it had a high participation rate. Although I do not have the figures, I did make a phone call to the Tasmanian office before I came in here and it assures me that the figures are still strong, that they are still showing round about a similar mark, the highest pro-rata participation rate. Whether the games have increased it I do not know but they have certainly at least held.

CHAIR—That is interesting, because the previous witness had left me with a view certainly that participation still may be the highest in the country but it is dropping off at a rate of knots, more so in the south of Tasmania than at the top end.

Mr Biggs—Some of those comments become a bit anecdotal. The same thing is said here. Three or four years ago the Victorian government, because of a lot of media fear about country football in Victoria, held an inquiry, I guess similar to this inquiry, into Victorian country football. At the end they found that it was by and large as strong as ever it was and that the only problems had been caused by demography, where a small town had folded up so there was no football team there but there were actually then more teams in the major centres and really country football was as strong as ever it had been. Sometimes these things get a bit anecdotal. But, as I say, my findings when we into it in depth were that there was a strong participation rate and my call to the Tasmanian office last week tells me that it still is. It can happen that a team might drop out somewhere, but the Auskick program has generated a lot of new junior players for the game. You could easily get the figures from the AFL Tasmania office.

CHAIR—Sure.

Mr Biggs—But I think it will tell you that there is no problem with participation. My fear is that there might be if an A-League team goes to Tasmania and the AFL does not.

CHAIR—Of course, with your vast experiences heading up the AFL development body, I think the future of our game lies not on next Saturday's broadcast of who is playing and who is going to win but on those who are pulling on the boots at that young, tender age and playing Auskick. That is obviously where it all starts.

Mr Biggs—That is right.

CHAIR—And you do say that if the A-League were to establish itself in Tasmania it would be at great expense to AFL football?

Mr Biggs—I would think so.

CHAIR—That certainly makes sense, because when I talked to a lot of parents when I was coaching footy many of them were worried about their poor little darlings getting a whack in the ear or a boot in the shin or something and saw soccer as a safer option for the young boys.

Mr Biggs—Oh yes, that happens. To be fair about that, 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. You will find kids that play Auskick and soccer. It is what they choose to do when they get to round about—

CHAIR—Twelve or 13.

Mr Biggs—Yes, about 12 years of age. That is what starts to count. If you were a young boy with a bit of talent living in a centre that has an A-League team and not an AFL team, which way would you look?

CHAIR—If you are asking me, I would go to the AFL. Before I go to Senator Farrell, would it be your opinion that if Tasmania did not have an AFL team the participation rates amongst youngsters in the coming generation would collapse?

Mr Biggs—I would not say collapse, because that would be a big call, but I think they would gradually go down if an A-League team was there. If A-League decided to ignore it too, they might as well stay with AFL. I do not know what A-League's intentions are and it may not know itself yet.

CHAIR—Sure.

Mr Biggs—If I was in A-League and the AFL said, 'We're not going to Tassie,' I would be giving it a really close look.

CHAIR—That is coming out loud and strong so far today. Senator Farrell.

Senator FARRELL—Thank you, Mr Biggs, for coming along today. Just going back to your submission today, you mentioned four states being the key to AFL, but, of course, the Northern Territory is important.

Mr Biggs—And the Northern Territory.

Senator FARRELL—And you would agree that it has produced some of the greatest AFL footballers?

Mr Biggs—It has. There is no question about that. When I say the four states, it is those four states from which the bulk collectively of the players come to the AFL competition. Queensland has produced some good players too. But if you look at it on an historical basis, the Australian football game was based on the four southern states, if I can call Western Australia a southern state. It has developed since then but the status quo is not far from the original.

Senator FARRELL—No, but I think it would be fair to say that at the moment the Northern Territory could produce a team of 18 footballers.

Mr Biggs—I do not know about 18, but it has certainly produced good footballers, yes.

Senator FARRELL—I think if you did the count, in fact, you could get 18 Northern Territory players who could form a team.

Mr Biggs—There could be. I am not sure.

Senator O'BRIEN—I am just looking at the Tiwi Islands.

Senator FARRELL—A lot of them come from the Tiwi Islands. Perhaps the greatest player, of course, is Andrew McLeod, and he does not come from the Tiwi Islands; he comes from Darwin. You talked about running it on business lines and I think your concern is that soccer might come to Tasmania and take over the popularity of AFL. We heard that when these if you like to call them alien leagues come in they do not always succeed and we have heard the example of the Western Reds in Western Australia. The Rams set up in South Australia. They only lasted one or two years. So it does not necessarily follow that if another—

Mr Biggs—No, but the Western Reds and the Rams were up against a very strong AFL presence. If the A-League went to Tasmania and the AFL was not there, it would have an open field.

Senator FARRELL—But the AFL is there. Hawthorn plays four games a year in Tasmania.

Mr Biggs—I do not think that is the same as your own team. In the current circumstances it is a good presence. It is very successful. It has obviously done Hawthorn well—

Senator FARRELL—It has brought them the premiership.

Mr Biggs—There is no question about all that, but if I were a young player in Tasmania with some talent and an A-League team was resident there as distinct from an AFL team visiting and if that A-League team came to me and said, 'Look, we'd like you to try out,' I think I would be giving it a run.

Senator FARRELL—How many games a year do you want in Tasmania?

Mr Biggs—Do I want?

Senator FARRELL—Yes. What do you say meets that demand in Tasmania?

Mr Biggs—It is not a case of what I want.

Senator FARRELL—Well, you are giving the submission, are you not?

Mr Biggs—I am giving a submission. The main basis of my submission is that I do not believe at this point in time that the AFL is wise to attempt a second Sydney team. I think, as I said, it should try a bit of military strategy and try to win the second base in Queensland, in the meantime play on alternate weeks fixture games in Sydney and then build to Western Sydney. That is the main part of my submission. I do not think that it is ready. As far as Tasmania is concerned, I am saying that the culture is there, they are part of the code, and if the finances stack up Tasmania should come into the competition. It is not really a case of how many games I think should be played.

Senator FARRELL—But Hawthorn is playing four games at the moment. What is the number that you think need to be played in Tasmania to meet the—

Mr Biggs—If Tasmania had its own team, there would be 11 games, presumably. That would be the normal thing.

Senator FARRELL—Yes. What if other clubs came to Tasmania? We have heard that St Kilda used to go. What if St Kilda had four games in Tasmania?

Mr Biggs—Well, they apparently did not think it was successful from their point of view. There is no question that Hawthorn is successful now, but no-one can say what might happen in five, 10 or 20 years time. If Western Sydney does not work, Hawthorn might get an offer with a greater carrot to do something similar in Western Sydney. There is no guarantee that Hawthorn is forever just because it is successful at the moment. I am certainly not denigrating what has been done in Tasmania, not at all, but in answer to whether it is better to have a team visit or have your own team, I do not think there is any question that you should have your own team if it is financially viable.

Senator FARRELL—When you say ‘your own team’, you might have heard me ask the question of the previous witness that we have seen an example of South Melbourne going to Sydney and being very successful and Fitzroy going to Brisbane and being very successful. How do you feel about one of the existing mainland teams setting itself up in Tasmania?

Mr Biggs—That would be an ideal situation but it has proved very hard to manage. The AFL, after all, did offer to have North Melbourne go to the Gold Coast with quite considerable incentive, and we know where that finished. If it could be done, yes, sure, but there is no evidence or no reason to think that that would happen.

Senator FARRELL—But if it was financially viable, you would have no objection to a mainland team coming to Tasmania and setting up?

Mr Biggs—I think it would be financially viable, but the members of the mainland team obviously would not support it.

Senator FARRELL—Well, a number of them did, of course, didn’t they? South Melbourne went to Sydney and Fitzroy went to—

Mr Biggs—I think you will find there were quite different circumstances there. In relation to the latter, the Brisbane club had already been established and Fitzroy, which was in great

financial difficulty and obviously could not continue, amalgamated into the Brisbane team after Brisbane had been established.

Senator FARRELL—That is true.

Mr Biggs—In the case of Sydney it goes back a long, long way. South Melbourne Football Club was financially unviable at the time, as I recall, and it may have also been an unincorporated body at that stage, so the directors may have been in some personal difficulty if they had not agreed to the team going to Sydney. I am not 100 per cent certain, but that is my recollection of it. I think you are talking about two entirely different situations. Any other club would now require a substantial vote of members. Most clubs would probably have a constitution saying there has to be a three-quarters or two-thirds majority, and it would not be likely that it would get that.

Senator FARRELL—A number of the clubs woke up after the South Melbourne experience as to what they needed to do, did they not?

Mr Biggs—Possibly.

Senator FARRELL—I suppose that is my point really. It is because clubs get into financial difficulty that has ultimately led them to leave their particular state.

Mr Biggs—In those two cases, yes.

Senator FARRELL—There are other clubs at the moment that are in financial difficulty, are there not?

Mr Biggs—There are. I do not know to what extent. We did talk earlier about it being reasonable that the AFL provide support. If the AFL at some stage decided to withdraw that support, there could be a different scenario and a lot fewer clubs, but that does not appear likely at this stage and, hopefully, it will not be.

Senator FARRELL—Thanks.

CHAIR—Mr Biggs, I will play the devil's advocate. It is easy because I am not Tasmanian. That is not a pun. Bear in mind that I have my esteemed colleagues from Tasmania next to me, there are four major population centres—Burnie, Devonport, Launceston and Hobart?

Mr Biggs—Count the north-west coast as one.

CHAIR—As one. They are all close. So if there were to be a Tasmanian team, and I can understand the problem, and we heard earlier from your good self, or maybe it was the previous witness, that there is a five-hour drive from Hobart to the top end—

Senator MILNE—Burnie is four, actually.

CHAIR—Okay, four hours. I can understand the difficulty. Where would you put the team and how would you convince people or convince the AFL that you are going to get people through the turnstiles?

Mr Biggs—Launceston appears to be where it is basing its football, and I think that is not an unreasonable drive from Hobart. It is my understanding that people go there for the Hawthorn games. But, again, I am not saying that the AFL should just openly throw a team into Tasmania. What I am saying is that Tasmania has the culture, and provided the finances and support can be proved, and, as I understand it, the Tasmanian government has gone through all that and put submissions in, and if all of those matters are right then on a cultural basis a Tasmanian team would work, whereas there is a massive risk that a second team in Sydney could be a disaster.

CHAIR—I do understand where you are coming from. I am trying to get in my head the link that most people will watch it on television so does it really matter where it goes? This is not my position, but does it really matter where the game is played? I understand what you have said about the demise of it.

Mr Biggs—From the television point of view it does not.

CHAIR—Yes.

Mr Biggs—That can be asked of anywhere. They could be asked to play every game in Melbourne.

CHAIR—Well, Collingwood does, so why should—

Mr Biggs—That is right.

CHAIR—Anyway, we will not talk about that anymore. I think I have got my message through. Senator McGauran, with the last couple of minutes left, would you—

Senator McGAURAN—No, I have no questions, thank you very much.

CHAIR—On that, Mr Biggs, thank you very much for your assistance to the committee today.

Senator O'BRIEN—In the break I will give the chairman a geography lesson.

Mr Biggs—Thank you, Mr Chairman.

CHAIR—I think I need it.

[9.50 am]

QUINN, Mr John Joseph, Private capacity

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Quinn—I was invited to present today. I have a background of six years in Tasmania as the head coach of the Tasmanian Institute of Sport's track and field program. For the past 10 years I have been the high-performance manager and fitness coach of Essendon Football Club. I have just resigned that position to start my own business; hence, I am here today.

CHAIR—Thank you, Mr Quinn. Before I invite you to make an opening statement, the media has approached the committee to see if we had any problems with filming. The committee has agreed there are no dramas, but I have to clarify it with you. Are you happy to be recorded?

Mr Quinn—No problem.

CHAIR—And filmed? Great. Fantastic.

Senator O'Brien—He presents very well.

Mr Quinn—We will see.

CHAIR—Not like us. We have a good head for radio coverage up here.

Mr Quinn—I will take that as a compliment.

CHAIR—It was meant as a compliment. Mr Quinn, would you like to make a brief opening statement?

Mr Quinn—As I said, I have been involved with elite-level sport in Tasmania and the demographics of that state and the challenges of sport. I believe that Tasmania, and I thought at the time living there, is like a micro version of the rest of Australia in the way that sport is presented, and we can talk a bit more about that, if you like, as we go on.

Tasmania is passionate about several sports, and I think that is one of its great strengths. Australian rules, cricket, hockey, cycling and rowing are perhaps the most popular sports in Tasmania, but of all those sports I believe that AFL and cricket enjoy unwavering support and following.

One of the problems I see when we talk about the viability of an AFL team in Tasmania is that it becomes an emotive debate rather than a debate based on fact. We discuss history, we draw attention to the legacy of Tasmanians in the VFL-AFL competition over the past 150 years to demonstrate true support by virtue of the current number of Tasmanians on the 16th current AFL list. We remonstrate over decisions to put teams in locations that we believe do not have the

historic link or the fanatical following of the game. I am talking specifically of Western Sydney and the Gold Coast. In my opinion, this is not what an inquiry into the viability of a team in Tasmania is about. I would encourage you, if I may, to remove yourself from the emotion of that debate. I do not believe that this is a debate about not having a team in Western Sydney or on the Gold Coast; it is a debate about whether a team in Tasmania is truly viable. Look at reality, look at facts and, most importantly, look at the financial modelling.

It is my opinion that one would need to examine three areas to have a team go into Tasmania. Can I stress firstly that I am an elite-level coach and I have a master's degree in science and technology. I am not an economist, a business analyst or a manager who can forecast in advance. The first point is a revenue stream. My involvement with Essendon would suggest to me that revenue can come from five key areas. The first one is the AFL itself. Each club receives a contribution in the vicinity, I believe, of around \$7 million a year and has a supporter base. Considering the population demographics of clubs such as St Kilda, North Melbourne and the Western Bulldogs, I can readily accept that a Tasmanian football club would have no trouble in attracting around 25,000 supporters. I understand that Hawthorn Football Club has more than 4,000 Tasmanian residents on its membership list. This is from just several games played in Tasmania each year by the Hawthorn Football Club. I would also suggest that the support shown to the Hawthorn Football Club has been unbelievable, but the Tasmanian people are not silly. They understand that this may be just a temporary gesture and is for the benefit of Hawthorn Football Club perhaps even more so than it is for football in Tasmania.

Sponsorship is another form of revenue. I understand that Mars Confectionery has committed \$2.5 million per year over three years. I also understand there has been bipartisan support from the Tasmanian government for a team down there. Presently the Tasmanian government underwrites the Hawthorn Football Club initiative to the amount of approximately \$4 million a year. This sum would undoubtedly be moved to support the local club. I stand to be corrected on this, but I did read a report that suggested that the returns to the Tasmanian government were in excess of \$8 million because of the funding support of the Hawthorn team due to visits to the state and so on.

Another area, of course, is merchandise, which I could not even pretend to put a figure on, and the last area is corporate hospitality. Clubs coming to Tasmania to compete against the potential Tasmanian team, such as, say, Essendon Football Club, Collingwood Football Club, will bring their corporate hospitality circus along with them for the benefit of the team. A club in 2009, I believe, will need a turnover in the vicinity of \$25 million to remain financially viable.

CHAIR—\$25 million a year?

Mr Quinn—About \$25 million a year. I base that turnover figure on those aforementioned clubs, Western Bulldogs, North Melbourne and so on. That is today, so that will obviously go up as time goes on. Some of the bigger clubs, the power clubs, Collingwood particularly, I think are pushing a turnover of around \$45 million. Given the AFL contribution, the Tasmanian government contribution, promised sponsorship, the likely membership base, the sales of merchandise and corporate hospitality, one would think that, at least from a financial perspective, a Tasmanian AFL side is well on its way.

The second point I would make is stadium economics. I heard you ask a question of the previous presenter about the stadium in Tasmania. It is imperative that all the effort is based and focused on one stadium. Tasmania will try to push, I believe, to have the venue split between north and south, as is very common in Tasmania. Many years ago when I lived there the deal was struck that the south would host cricket and the north would host football. It is important to stick to that deal, I believe. 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.

As has been very topical in Melbourne over the past week or so, 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 Cats football club shows a greater profit margin than does the larger Etihad Stadium.

The third point I would like to make is in regard to the true AFL demographics. Before I make the comment, I would like to say that I am certainly not against the proposed Western Sydney team as I know a lot of people are. I can understand the logic of trying to have a team there. So please do not read in any comments I make, 'Oh, well, that is what he's suggesting.' 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. This true AFL demographic would mean more than just true supporters. It would also indicate the culture of the team, a team that is representative of a given area, not supplanted.

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. The number of Tasmanians playing AFL football at the highest level, in my opinion, is irrelevant to any discussion regarding the viability of a team in the AFL other than to indicate the depth and level of grassroots support that the game enjoys in Tasmania, and perhaps it is more important to focus on that.

Understand that the players in a team that is based in Tasmania will be drawn from a national draft. There may not be one Tasmanian on the list. I would find that unlikely, but that may be the case. So it is not talking about how many Tasmanians could contribute to the success or failure of this team.

In closing, I believe that if the economic modelling indicates that a team can be supported in Tasmania there is little to suggest that a team should not be granted a licence there. I do not believe that a team in Tasmania would be anything other than a boutique club a la the Green Bay Packers in the National Football League in the United States. To me, that would be a point of difference. I have enjoyed a decade at one of the power clubs of the AFL in Essendon Football

Club. The difference for a club, for example, based in Tasmania would be as a boutique club, its attraction to potential sponsors, the attraction of a boutique club to staff and players.

I would ask this inquiry: is this really a question of viability or is it more to do with the overall vision for the game in Australia as held by the Australian Football League and its executive? Is the viability of a team in Tasmania as much to do with timing as it is to do with economic modelling?

From a gut-feel perspective I feel confident that an AFL team in Tasmania is a highly viable proposition, but this is not a discussion about gut feel. I have spent the past 10 years at Essendon convincing the coaches that they should not be coaching by gut feel but by evidence base. It is about due diligence, continued discussion and examination. In reality, investigations into viability, in my opinion, are premature before you achieve the following three points. You must align the vision of all the parties concerned. It would include but would not be limited to perhaps the AFL first and foremost, the Tasmanian government, the federal government and the Tasmanian Football League. The second point would be to commission an independent economic model to ensure sustainability, people from outside government, from outside the sport to investigate the economic viability, and, third, to investigate the stadium economics to make sure that the figures stack up. If all the above points are achieved, look at the viability then. If that is accepted, then that is when you go after the emotion that I said you have to take out of this discussion to establish that team as part of the AFL. Ultimately I believe if we are really to have a national competition, then the whole success of the AFL depends on a team being placed in Tasmania. Thank you.

CHAIR—Thank you very much for that opening statement, Mr Quinn. You certainly bring a great deal of experience and not only that but angles that I certainly had not been aware of in our time so far this morning. Senator McGauran.

Senator McGAURAN—Just one question of clarification. You mentioned a boutique club. It sounded like code for token. Can you explain what you actually meant by that and the comparison you gave in the United States?

Mr Quinn—I certainly do not mean token club. I mean that the club should see itself in the light of what it is going to be. It will be one of the smaller clubs and have a smaller stadium and a smaller supporter base to draw from, but that, I believe, will give it a strength because it will give it a real focus and a very strong identity. It will not be lost among other clubs and other corporations in and around that. I believe it will become an absolute focal point for the state of Tasmania. It will not just be something that happens there. It will be, in some ways, a defining organisation within the state of Tasmania. So, no, the term ‘boutique’ should not be interpreted as a derogatory term at all.

The team that I alluded to to draw a comparison was the Green Bay Packers, a very successful NFL team coached by one of the most famous coaches arguably in the history of the game in the United States, Vince Lombardi. The team has won the equivalent of our premiership on numerous occasions and is still regarded as one of the most innovative, creative clubs. It has a very small population base. It is the team of a largely university type campus town surrounded by forestry; therefore my comparison to Tasmania.

Senator McGAURAN—Could you compare an existing AFL club with that boutique label?

Mr Quinn—I do not think there is anything that would quite match Tasmania. I guess the closest would be Port Adelaide Football Club because it has the same historical link to football and the love of AFL. It is not like the Brisbane Lions that is basically a supplanted team from Fitzroy. It is not like the Sydney Swans, which is a supplanted team from South Melbourne. Port Adelaide is different in that it has almost isolated itself in a way because it is Port Adelaide. It has changed the team's name to The Power, but it is probably drawing off a smaller population base even than Tasmania is and it is already up against a juggernaut in the Adelaide Crows. They are stacking up against the power clubs historically in the AFL in every sense.

CHAIR—I am sorry to cut across you, Senator McGauran, while we are talking about the boutique label, but would it be unfair to assume that because huge crowds do not turn out to Port Adelaide's home games that it is not successful?

Mr Quinn—I think that you have to look at the different demographic and set of challenges that Port Adelaide has in comparing Tasmania to Port Adelaide. I think I understand where you are going, but I believe that the two set-ups are different and I do not believe that you can draw those parallels.

CHAIR—Where I am going is that AAMI Stadium is chock-a-block with the Crows. We used to have the same problem in the West with Subiaco Oval for Fremantle and the Eagles matches. Sorry, Senator McGauran.

Senator McGAURAN—No, that is all.

CHAIR—I will work my way from my right to my left. Senator Milne.

Senator MILNE—I want to come to the first essential component that you talked about, and that was aligning the vision. Would you like to elaborate a bit? Clearly there is a different vision for the Tasmanian government and the Tasmanian Football League compared with the vision of the AFL. I have a view about how that is not aligned but I am interested in exploring that with you.

Mr Quinn—I believe that if you charge a body, in this case the AFL, and the clubs have done that, to administer and run a national competition, then it should be allowed to do that. It has tried to explain the reasons behind having teams in Sydney and on the Gold Coast but perhaps not well enough. At some point the people who are supporting a team in Tasmania collectively have to show continued patience for the timing to be right for a team to come to Tasmania.. Some people would laugh at that because they have been showing patience for perhaps 150 years. 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.

I will say to you again that I am a fitness coach and I do not have the experience of that side of management. I am not going to second-guess the people who make those decisions. All I am suggesting is that in the fullness of time I do not believe that they can deny a team in Tasmania. To me, it is logical, but if you look at the bigger picture, and the AFL has been doing a pretty

good job I think to this point in time, there must be a reason why it is delaying the introduction of another team in Tasmania. I think we could save ourselves a lot of grief and heartache if the bodies come together and align that vision. If the AFL is saying, 'Yes, we intend at a point in time to have another licence for Tasmania,' then you work towards that goal. That is really what I am trying to say about it.

Senator MILNE—Thank you. In terms of stadium economics, you mentioned that you thought York Park was a suitable venue if Tasmania accepted the notion of itself as a boutique club with a seating capacity of 23,000 at York Park. Can you elaborate a bit more on stadium economics? It is not something I am particularly familiar with.

Mr Quinn—The fact that they are guaranteed to have 23,000 seats sold before the game even begins will depend on the deal they can cut, I guess, the margin of profit that they make from that. With attention to that aspect of it—and I believe there are far more learned people than I to speak about stadium economics and you probably could not have chosen anybody any better than Brian Cook to discuss that very point—just because you have a bigger stadium, build the MCG at Launceston would not make the team more viable. It would make it less viable, I believe. 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, which is very much the same as the Adelaide Crows situation in Adelaide, and it would be a constant revenue stream rather than a roll of the dice, 'Gee! I hope we get this number of people to our game.'

Senator MILNE—Thanks, Mr Quinn.

Senator O'BRIEN—Mr Quinn, let us take a couple of steps beyond where we are. In terms of the possibility of success of a Tasmanian team, is it fair to have regard to Tasmania's performance in the premier cricket competition as a marker for the possibility of competitiveness, if not success, in a national competition?

Mr Quinn—I think that is a very strong consideration to take on board. Again, the Tasmanian Cricket Board, I understand, receives significant funding from the Australian Cricket Board. I recall when I was in Tasmania at the Tasmanian Institute of Sport I enjoyed funding levels of around \$20,000 a year. We were able to build that up to \$70,000, and we thought, 'Fantastic!' At the same time the Tasmanian Cricket Board was receiving a \$1 million grant from the national body. So I think it comes down to the levels of support that your team can enjoy. I would think you would have to be a little bit careful, because there is also the example of national basketball. The Tasmanian Devils were not able to sustain themselves in that competition, but they did not enjoy the same level of support from their national body because it was not strong enough. You are talking here about the pre-eminent sport, arguably, AFL—cricketers may disagree with that—a very powerful, financially viable sport in this country. So it is probably a fairly sensible parallel to draw.

Senator O'BRIEN—I hear what you say about choosing between Tasmania and Western Sydney, but, indeed, that may be what the AFL is doing at the moment. You talked about the economics of a Tasmanian team. What are the economics of a Western Sydney team?

Mr Quinn—I think, again, you are looking at a different thing. If you said to me, ‘It is your job to go and make this happen,’ I would not get drawn into a comparison of Western Sydney and Tasmania because there are a lot of advantages to having a team in Western Sydney for the long-term future of the game, and those same long-term advantages may not be able to be shown from a team in Tasmania. I am not suggesting for one moment that there should not be a team in Tasmania at all, and I think, having lived in Sydney as well, that putting a team in Western Sydney will be an enormous challenge. If you want to make one point of distinction, I would be opposed to a Melbourne based team relocating to Tasmania because I think Tasmania has the culture within its state to embrace a club that comes there, but I cannot say the same for Western Sydney. So it may make more sense to relocate a team to Western Sydney with all its infrastructure intact. I think that is a very strong plus for the team in Tasmania, and I would be looking to have your own team down there. I think the challenges for the western suburbs of Sydney are enormous and that it is an enormous risk. The Tasmanian proposition is probably less risky.

My point to Senator Milne before was just to say that 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.

Senator O’Brien—But I guess you would have to concede that the AFL commissioner and the custodians of the game have a responsibility, in my opinion at least, to justify their decisions economically, as well as in the broader context, decisions which they believe are for the good of the game. That is why I asked the questions about finances for Western Sydney. Some suggest that it would create a bottomless pit for the surpluses that might come from TV contracts that might ultimately put existing clubs in jeopardy because of the inability in that context to support them? What do you say about that?

Mr Quinn—I am not privy to the economic modelling that has gone on for the Sydney team, but I also believe that you have to look at the bigger picture of what the team can do for the overall viability of the whole competition. You are going down a laneway, if you like, that opens up all sorts of different questions that relate to the team in Western Sydney. Should there, for example, be nine clubs in metropolitan Melbourne or, take Geelong, 10 clubs in Victoria? Can the state sustain 10 clubs? So do you just supplant a team from here to there? There is a host of other areas. I say again that my gut feel, which I do not think you put much credence in, is that it will be a very expensive exercise to put a team in Sydney, as it has been with the Sydney Swans. I think if you were to take the Sydney Swans out of the Sydney market now there would be an enormous outcry, but the investment over 20 years has been phenomenal. Perhaps therein lies the answer to your question. It is not a question of how much it will cost to put a team in Western Sydney; it is a question of whether we are prepared to make that level of investment to put a team in Western Sydney? Again, I think that distracts from the viability of putting a team in Tasmania, and other than the fact that you might be quibbling and squabbling over a licence, there are no parallels, I do not believe, between a team in Western Sydney and Tasmania. If you are looking for a solution, the only linkage I could possibly see is that if a team from Melbourne that is getting million-dollar handouts year in year out is not viable, it perishes in Melbourne and is relocated to Sydney, that leaves another licence available for a team to be established in Tasmania.

Senator O'BRIEN—If you look at some of the Sunday and Monday papers with scores and attendances of the different codes, you regularly see attendances at rugby league, the premier code, we are told, in Sydney of well under 20,000, and we have seen attendances in the last year at the Swans games decline to the point of about 20,000 at their main stadium, which is capable of holding, I think, about four times the number.

Mr Quinn—Sure.

Senator O'BRIEN—I think it was the Bulldogs, the rugby league team, that boasted that it had 5,000 members. Is that an indicator of the sort of market that Sydney is? I do not know whether you know. You may simply say, 'I do not know enough about it to answer.' In the context of the argument about the right time and the economics, should that be a factor that the AFL should be considering?

Mr Quinn—Unfortunately, I am one of those people whom you meet in life who has an opinion on just about everything, so I will always have something to say if you ask the question.

CHAIR—And you are talking to senators! Crikey!

Mr Quinn—I know that you spend a fair bit of time in Canberra. I went to school in Canberra, and I grew up in the small country town of Yass, where I played rugby league for 14 years. I left Yass at the age of 20 and moved to Sydney. I played SG Ball and all those sorts of things for what is now the Canberra Raiders, so I have a great affinity and love for the game of rugby league. I refereed it and I coached a team for five years as well, so I know the game very well. My family could not believe that I had taken a job with Essendon Football Club. When I walked in and shook hands with Kevin Sheedy I had never seen a game of AFL, despite having lived in Tasmania for six years. I had never watched it on TV. I was always travelling with athletics, and I did not really understand the game and had no great love for it. It was just something that was on and obsessing people in Tasmania, including my now in-laws.

When I invited my family to come to Melbourne the last thing they wanted to do was go to the MCG to watch the clash between Carlton and Essendon or Essendon and Collingwood, but I made them come. I gave them tickets. They now all regularly watch the game on television and follow Essendon. They love the game.

What does this have to do with answering your question? You are comparing two completely different games. Not that they could have known it 120-odd years ago, but rugby league is a game virtually designed for television. Rugby league focuses on where the ball is and all the play is where the ball is. On television you can just watch a move by where the ball is. In AFL probably 80 or 90 per cent of the action is happening where the ball isn't. You have to have perception of what it is around. To watch AFL on TV, in my opinion, and not understand the basics of the game is just like watching a bunch of kids in a schoolyard chase a football around at random. People do not understand it so they switch off. When they see the game live and have an appreciation for what is happening off the ball and what they can see on TV, they then start to appreciate the game and fall in love with it.

It is easier for the Sydney market to stay at home and watch rugby league on television than it is to battle the traffic and the parking and the cost of going to a stadium. Hence, I believe you

would get crowds of 10,000 to 15,000 going to rugby league games. Put on good games of AFL and I believe that will change in the Sydney market as well. You have to understand that I am talking to the Tasmanian fraternity here. You do not have—

CHAIR—No, hang on.

Mr Quinn—No, I did not point to you. I could easily talk to you and say to you, ‘We can split Tasmania up into three sections,’ and you would readily accept that because you know there is a north and south, and a north-west. In Sydney you could say the same thing. If you are in the eastern suburbs, where the Sydney Swans are based, you rarely travel out west. If you are from the western suburbs, you rarely travel into the SCG in the eastern suburbs. I know a number of very professional and well-qualified people in Sydney who have never been over the Harbour Bridge. There is never any need to do that. The demographics of the city must be understood to make those sorts of comparisons.

If I can sum up my answer to you, you cannot compare the success of crowds for rugby league to those of AFL. Again, if I was in a position to advise the AFL, which I am not, on the success of the team for the western suburbs of Sydney, I would be saying: ‘Build into your costs to allow the people from the western suburbs to come for free for the first two years. Get as many of them into the stadium as you can. When they understand the flow of the game and fall in love with it they will fall in love with the team and then on it goes.’ I do not think that you can draw the parallel and keep going after Sydney versus Tasmania. I do not think that is the way to go.

CHAIR—Thank you, Mr Quinn. Senator Farrell or Senator Hutchins, do you have a quick question?

Senator FARRELL—Yes, thank you. I think you are describing AFL as the quintessential Australian game, are you not? That is really what you are saying about it—

Mr Quinn—Yes.

Senator FARRELL—and why it has so attracted your in-laws. I just have one question. You say you would prefer a Tasmanian side as distinct from a Victorian side moving to Tasmania. I think you say that you need about \$26 million to make a go of AFL. The Tasmanian government is providing \$4 million, so there is a gap there of \$22 million, which you may be able to make up from other sources or you may not. If it came down to a choice between not having a Tasmanian team because you could not make up that difference or transferring a team from the mainland to Tasmania, would you still have the same thing?

Mr Quinn—I do not believe so. I will answer your question this way.

Senator FARRELL—No, what I am asking is: if the choice is no Tasmanian team, because you cannot make it work financially, or bringing a mainland team to Tasmania, would you still have the same view about—

Mr Quinn—I think if you cannot make it work financially you have your answer, but I believe you can make it work. If the Tasmanian government can see fit to give a team from the mainland \$4 million to play four, five or six games a year, I believe it will find even more for its

own team. I worked in Tasmania for six years. For the first four years I was regarded as a mainlander. I was never really a Tasmanian, and I am still not. I married a Tasmanian and I think that added 10 years, so I got to 16, but you have to be in Tasmania 20 years to be a Tasmanian. 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. That side of it is not really the issue. But if the problem of just having to supplant a team down there is based on economic modelling, that suggests that it is not going to work. Well, that is a big enough alarm bell for me.

Senator HUTCHINS—Mr Quinn, I totally agree with your observations about Sydney. I am a Sydneysider and it is only recently that I found out that if you kick the middle of the pole you get a point. I did not realise that.

Mr Quinn—There are not many sports where you get a point for failing, are there?

Senator HUTCHINS—No, not many. As I said, I agree with your conclusions. Sydney people do not go to watch football, whether it is Rugby League or Rugby Union. There are ethnic groups behind soccer, of course, and Aussie Rules is not all that big in a lot of schools. I would be surprised if a second Sydney side would be successful in AFL. I think you would probably concur with that.

Mr Quinn—Initially, I think that is going to be the case but I think ultimately it will be. I recall when I first moved to Sydney from Yass—it would have been about 1985—and had to do a coaching clinic. I was working for Little Athletics in New South Wales and I went to a school coaching morning. They had divided about 200 children up into groups. One group went off and did a bit of volleyball, another group went off and did some hockey, there was a fairly large contingent of children to do athletics, and a group was sent off to do Aussie Rules with these guys in funny tight red shorts and red and white jumpers. The complaints from the children were so great—because the children did not want to be playing Australian Rules—that I had these now famous AFL players actually working alongside me in the athletics clinic. When I look back at my experience of that, I think how far the code has come in just 11 years. I compare that experience in 1985 to 1996, when the Swans rolled Essendon by a point to make it into the final. It was a phenomenal transformation. I think the initial experience of Western Sydney will have all the harbingers of doom saying: 'I told you so. I knew it would be like this.' Hold your tongue for 20 years.

Senator HUTCHINS—As I recall, Mr Biggs was suggesting that one of the threats down the track is the fact that AFL is not global. I hope I am not misrepresenting him. Soccer, union and league are all global sports. Do you see that, down the track, that will be difficult for AFL and they need to start to deal with that? Or is it, as Senator Farrell suggested, a quintessential Australian game and should stay in that market?

Mr Quinn—I do not believe that that is the same level of threat. I think that television is very global and, despite the weaknesses of the game for television, as I mentioned before, you can

still take the game globally in that way. It has been a very successful game in its own right. I think the biggest threat to AFL, if you are talking about a threat to it being the No. 1 sport, is not so much its lack of globalisation but more the globalisation of soccer and its rise in this country. I think that is a long, long way down the track. The globalisation of Rugby League and Rugby Union is one of their strengths, but AFL is the national game and it has been through periods when it has enjoyed higher levels of standing in some parts of this country than before. For example, were you aware that, prior to World War II, AFL was the preferred game in the southern parts of Queensland? Were you aware that, prior to World War I, AFL was the No. 1 game in New Zealand, yet they do not play it at all now?

So things change over time, and I think that if you are afraid to walk forward because of what the future might hold then it is a very bleak future that we have. I think that you embrace the opportunity that you are given. If that opportunity is to expand the game by putting a team in Western Sydney, the Gold Coast or wherever else may be chosen—the nation's capital, for example—and in Tasmania then we should take it. But if you are going to go forward with that same level of frankness, the one point that I probably have not made and certainly I feel is that if a team cannot be sustained in the Melbourne market, let alone in Western Sydney, then they should follow the due course.

CHAIR—We know the game has even stretched to Israel now. On that, Mr Quinn, thank you very much for your submission. It was very, very interesting today. Thank you.

Mr Quinn—It is my pleasure. Thanks for your time.

Proceedings suspended from 10.32 am to 10.44 am

LANE, Mr Timothy Paul, Private Capacity

CHAIR—I welcome Mr Tim Lane. Is there anything you wish to add about the capacity in which you appear today?

Mr Lane—I am a media commentator, broadcaster and writer, but I am here as a Tasmanian born and brought up citizen. I lived there for the first 28 years of my life and feel strongly about this particular issue and have spoken publicly about it over a considerable period.

CHAIR—Thank you. You have lodged submission No. 3 with the committee. Do you wish to make any amendments or alterations to your submission?

Mr Lane—No.

CHAIR—On that, I invite you to make a brief opening statement before we go to questions.

Mr Lane—Basically I will present a condensed summary of the submission. I am not sure whether these things are all read in advance or not, but whether it has been or whether memories need refreshing, I will just go through some of the points, but not all of them, that I raised. It is very much built around the fairness case for Tasmania. It addresses some aspects of the statistical case for the state in terms of potential supporter base and entitlement, based on population.

The previous speaker referred to issues of emotion versus issues of fact. I do not exclude emotion from the case because I think to do that in football is to fail to recognise a fundamental of the game—it is built on irrational emotion. I remember a conversation I had in 1987 with the then CEO of the AFL, or the VFL as it still was, Ross Oakley, in the very formative stages of the development of the national competition. In a reference to the struggling Victorian clubs when it appeared that a number of them might not survive he said to me: ‘You’ve got to take emotion out of it. You’ve got to make rational decisions on these things.’ Within a couple of years the VFL had been proactive in seeking to merge the Footscray and the Fitzroy clubs into an entity that was going to be called the Fitzroy Bulldogs. The emotional response was such that it blew up massively in their faces and it took Ross some time to recover his prestige and respect as CEO of the organisation. So forgive me if there is some emotion built in. I do not apologise for that. I think it is a necessary part of it.

To some of the major points: 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 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. It is arguable that despite ongoing administrative efforts to revive them, the local Tasmanian competitions have become largely irrelevant as spectator events.

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. I would have thought that flies in the face of the concept of a federation of states existing for the common wealth and, therefore, it might be grist for the mill of the states' house in the federal parliament. 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.

Interjector—It is more now.

Mr Lane—Over half a million. Thank you, Senator. Similar exercises can be done in relation to South Australia and, with a view to the future, the Gold Coast. There the population is similar to Tasmania's and admittedly growing fast, but the indigenous code of football can only reasonably claim a fraction of the total as its own constituency. Football loyalty in Tasmania requires no such qualification.

The report of the Melbourne based Gemba organisation, a sports management and strategy consultancy employed recently by the Tasmanian government to inquire into the state's viability as a potential home for an AFL club, into Tasmania's economic capacity to support a team reveals that the state has the second highest rate of genuinely engaged AFL supporters in the land, and that without a team of its own to support. Heaven knows what it would be like if it had its own team to engage people fully. The paying of Tasmanian taxpayer dollars as sponsorship of a club for the eastern suburbs of Melbourne so that four games per season can be played in Launceston is a patently unfair deal. Even if one in six Tasmanians support Hawthorn, and that is a generous estimate bearing in mind that there are 16 clubs, the other five-sixths do not. To them, Hawthorn games, in the words of an old football coach, are like dancing with your sister. They are not quite the real thing.

The Gemba study concludes, based on what it calls conservative estimates, that for Tasmania to support a team economically would require no greater contribution from the state government than that currently made to Hawthorn, with the possibility that in time the contribution could decrease. A Tasmanian team would represent all football supporters in the state, not just one-sixth, or whatever the Hawthorn fraction is, and there would be 11 games a year, not four. Just over 12 months ago Hawthorn's President, Jeff Kennett, said that if the AFL moved to an 18-team competition he believed that Tasmania should be included.

A very important point is that a Tasmanian AFL team, I believe, would unify this historically divided state like nothing else has ever done. Inevitably there is discussion on the subject of how Tasmania would fare as a base for an AFL team and about its ability to come together. Football codes around the world have an ability to bring people together like few other things. Perhaps like nothing else in the state's history, to have a team of their own to support, wherever it might be based, would cause people to converge in one place and support Tasmania in a way that they

have never done before. Launceston I think inevitably needs to be that base. The late Jim Bacon, I am told, said in the early days of his planning towards at least having some AFL games played in Tasmania that he wanted the fan in Smithton in the far north-west to be as important as the fan from Sandy Bay, the most affluent suburb of Hobart. Launceston is pretty much equidistant from both. That does provide the sort of outcome that encourages people from all over the island, and I think they would travel.

The question has been asked about what level of support the Tasmanian team would expect to generate and would the crowds be sufficient. Hawthorn is doing very well in Tasmania at the moment. It has had one crowd over the past couple of years of more than 20,000. Late last year in a relatively insignificant game that I saw between Hawthorn and Brisbane—and Brisbane would not be a strong drawing club in Tasmania because it is a relatively young club—there were nearly 20,000 people there. This is without a team to support. Hawthorn is, I repeat, involves a team that is doing very well in appealing to the young. Maybe it boasts a sixth, although I would think that is a flattering estimate because Tasmanians and their loyalties to existing teams are so strong, particularly among the adult population, but give Tasmania a team that they all support and I think crowds of 25,000 or perhaps even more on a regular basis are quite conceivable.

I would say finally that 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 workplace fear that the pool 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, 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.

Finally, I would say that it would be good for the AFL and good for football. As the previous speaker said, it would be a boutique team. I agree with that. It is a word thrown around in football a bit. He referred to the parallel of Port Adelaide. I think Geelong is another good point of comparison in that sense. But 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.

I recall being at the TCA, the old cricket ground, in Hobart in January 1979 when Tasmania won its first ever domestic cricket title, the old Gillette Cup. The Western Australian captain that day, John Inverarity, spoke very graciously at the end. He is an articulate man who later became a headmaster of schools in Adelaide and Perth. He made a speech in which he congratulated all the right people, the Tasmanian captain and the team and the administrators who had done such a great job. Tasmania had only been in the first-class cricket competition for a couple of years at that stage. At the end of his speech he referred to the crowd, and he said, 'I have played cricket all over the world but never have I played in front of a crowd quite like you.' In a sense it was a slightly disparaging remark because the crowd had been particularly noisy, and in those days there were not the limits placed on the strength of beer or the volume that there are these days.

That is not to say that Tasmania's football crowds would be over the top in their consumption, but they would be passionate and would bring a new dimension to the game, which would need very little nurturing, and I think it would enhance the game and provide a wonderful new dimension to it.

CHAIR—Thank you, Mr Lane. If I can just clarify something before I go to Senator Farrell, you made mention of the number of Tasmanians who are very strong supporters of current AFL teams. In the West we saw they were passionate and had posters and flags and beanies, but as soon as the West Coast Eagles were invented all that allegiance went straight out the window and they were West Aussies before they were anything else. You have no doubt that would be the same situation in Tasmania?

Mr Lane—I have no doubt at all. Tasmanians who support existing clubs might have doubts but I think they would surprise themselves. I can recall in the first year of the West Coast Eagles' existence in 1987—and I travelled to a number of games in Perth that year—perhaps a month into the season getting to the ground in time to stand down with the people on the terraces before starting work and chatting to some elderly fans. I asked them exactly about that: had they found it difficult to give up Collingwood or Carlton or whichever. They said it took all of about a week or two. I am sure this would happen. I also remember as a kid at school on the north-west coast of Tasmania when Darrel Baldock moved across Bass Strait and Ian Stewart went to St Kilda along with Baldock and Verdun Howell, who had won a Brownlow Medal, although it was only presented to him about 20 years later when retrospectives were introduced. St Kilda had a very strong Tasmanian core, and they were champion players. All the kids at school were swept up with this, and your worst nightmare was when your team lost to St Kilda on a Saturday and you had to confront the rest of the class on the Monday morning because almost all of Tasmania was barracking for St Kilda at that time. These are generational things. I have no doubt whatsoever that Tasmania with its own team would sweep people up.

I would say too, in anticipation of the question that will come, that 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.

CHAIR—Thanks, Mr Lane. I have to confess to being one of the very few Western Australians who refused to give up my allegiance to my Victorian based football club, Geelong, and I am still proudly a member. I am in the minority, let me tell you, in WA. If I cast my mind back to when the Eagles were first formed, there was a very, very strong push I believe, just through observations, from the AFL—and I am sure Mr McLachlan will answer this for me later when I put the question to him—and the AFL went out of its way, to make sure there was a huge Western Australian contingent in the inaugural Eagles team. That is the statement. Would you see that would have to be the same in Tasmania if there were a Tasmanian team?

Mr Lane—Over the period of 20 years and more since these new teams have been built into the competition, the AFL, I think it is fair to say, and its clubs have wrestled with the process of

the commencement of a new club, because they have obviously always seen it as important to make it competitive from the start but not so much so that it is winning premierships in the first two or three years. The West Coast Eagles did it in five years—

Interjector—You think Port Adelaide, did it.

Mr Lane—in 1987. It took them seven or eight years. They won in 2004, having come in in 1997.

CHAIR—And we will not talk about who they beat in 1996.

Mr Lane—No. I do not know that the core of sufficiently talented players is there now to use the Eagles model. There would not be enough genuinely elite level players to form the nucleus of a local team. I do not think that would matter. I think the team, as has been the case with the various other ones that have come in, would be constructed with a combination of preferential draft picks, which are being provided hand over fist to the mooted new clubs, and perhaps with some qualification that would allow Tasmania to enlist all the best of its local talent. It does make very good sense to do that to give it a Tasmanian feel. There were three Tasmanians playing for Carlton last night, all of whom have come from Glenorchy, all from one club at one point or other in their junior footballing lives. There still are some very good footballers coming out of Tasmania but not as many as there once were.

I think there is a case for the fact that the diminution of Tasmania's production of elite-level players has coincided with the growth of cricket and the fact that cricket has become a sport that is there and the pathway is there right in front of Tasmanian kids. They do not have to leave home to hop on to that pathway the way they do in football. There is an argument that perhaps Ricky Ponting and David Boon, who have been captain and vice captain of Australia in the last 10 years or so, are the Darrel Baldock and Ian Stewart of an earlier time. Football would do well to take heed of that and ask itself why Tasmania is not producing the great footballers that it produced in the 1950s and 1960s.

CHAIR—I think we can explore that in the time we have with you, but I know Senator Farrell is dying to ask you a few questions.

Senator FARRELL—Thank you. 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.

Senator FARRELL—Could you? Okay.

Mr Lane—But I repeat what I just said: Tasmania's fertility as a provider of senior list players has diminished over the last three decades or so. I would argue that it has been as a result of the lack of encouragement that the state has been provided. Its local competitions, as I mentioned in my introduction, have diminished in stature, they do not draw crowds and there is not the sense of excitement about them that there once was, so kids are not compelled to Australian Rules football the way they were once upon a time.

As for Tasmania's ability to provide an AFL list, the nature of the draft is such that no matter how many good footballers Tasmania is producing, in time, even if it had its own team, many of those would be picked up by teams from other states. That is the way it works. So Tasmania could not just draw on all its own. It would, like every club in the competition, pull together its team from the national pool of players that are available, but at the outset in the early years of its involvement, if this does come about, it would perhaps be given some preferential choices from within its own pool.

Senator FARRELL—The Northern Territory gets no AFL games, Tasmania at least gets four games, and yet the number of players is increasing in the Northern Territory. So it is obviously not the games that you need to attract the players, is it?

Mr Lane—There is another issue at work there, and that is the growth of the game within the Indigenous community, and that is where the phenomenal number of outstanding players are coming from in the Northern Territory. Clearly Australian football is providing a chance for talented young Indigenous athletes, all of whom, or virtually all of whom, seem to see footy as the Indigenous game, the one that they want to play. For reasons that none of us completely understands they do it in a spontaneous and often unpredictably brilliant way, and that has caused them to have immense appeal to those who do the recruitment for AFL clubs. The Northern Territory's circumstances are quite different from Tasmania's, but I believe strongly that given the encouragement, given a clear pathway for its young, the chance to wear the green and magenta of Tasmania, that Tasmania would start producing more elite level players, once again.

Senator FARRELL—Just on the question of whether there should be a Tasmanian side started from scratch or a side transported to Tasmania from somewhere else, if it is a choice of no team at all or a transported side, you would still support a transported side?

Mr Lane—I would, yes. If that was the only available outcome, I would take it. Everyone who cares about this issue would take it, but it is very much option B as far as I see it.

CHAIR—Senator O'Brien.

Senator O'BRIEN—We have had some discussion about Western Sydney this morning, and I think you were present during some of it. Given your interest in the game and connection with it through broadcasts and other means, have you any views about the issue of the potentially bottomless financial pit that the AFL might be entering into if it preferred to expend its resources in Western Sydney rather than on a Tasmanian team?

Mr Lane—Again, there are different issues at stake here. As I stated in my written submission, I can see arguments on behalf of Western Sydney and the Gold Coast—developmental aspects. Tasmania does not have the appeal in that respect because basically Tasmania is seen as a state of the converted and the issues are about fairness. However, as everybody who takes any interest in the game knows, there will need to be a tremendous amount of expenditure involved in this. The going rate seems to be \$300 million or \$400 million over about 20 years to get the two new clubs up and running, and there is no certainty about this—there is no science to it.

The Swans went to Sydney in 1982, more than a quarter of a century ago, and only this week there has been newspaper coverage of the fact that their coach, Paul Roos, still feels that the club could be threatened by the development of a new club in Sydney. So despite the fact that the Swans have had a very good last five years and a pretty good decade and more since they played in the 1996 grand final and were beaten and then won it in 2005, the game is not so firmly established in Sydney, regardless of any regionalisation of Sydney, that the Swans feel comfortable or relaxed. Their President, Richard Colless, has made it pretty clear over a period, even though he is prepared to support the unanimity of club chairmen and presidents behind the AFL on this matter, that he has serious reservations as to whether Western Sydney can work, and he probably knows the state's football, its demographics and its possibilities better than anybody. He has used the analogy of the Americans in Vietnam: you can throw whatever you like at it but some battles in the end become unwinnable. I do not know. I do not know whether anybody knows. But it is not going to be easily won.

Sydney played a knockout final at the Olympic stadium last September, so there was plenty of edge to the match. They won it, and there were not 20,000 people there. It was the smallest crowd for a final I think in decades. So there is a lot of work to be done and a lot of money to be spent.

Senator O'BRIEN—We have had the suggestion today that if A-League soccer were to establish itself in Tasmania and AFL did not, that would threaten the base of the game. Have you any views on that subject?

Mr Lane—Again, there is a certain amount of guesswork involved. One thing that does disturb me about it is that I imagine that, if soccer did make a move into Tasmania, it would use Hobart as its base and Tasmania would be more divided than ever. As I said, I see an Aussie rules team being a medium for the unification of Tasmania in a psychological sense like never before. To have an A-League team go in there, for southern Tasmania to become the home of soccer and for northern Tasmania to be the home of the indigenous game would have to, in a sense, divide the state even more. I think it would inevitably make it more difficult for the state's AFL dream to be realised because, if it did play on the regional division, it would limit in some way, perhaps only a small way, the capacity of the Aussie rules team to draw from all corners of the state.

Senator O'BRIEN—I can assure you that there is strong support for the round ball code in northern Tasmania as well, but I was thinking of your commentary about the draw of cricket, the David Boon, Ricky Ponting phenomenon. With the national soccer team hopefully going to the World Cup again and the draw towards soccer potentially, as in hockey, where we have prominent national players, having a prominent national soccer player would be an impetus for

young people to be drawn to that code instead of to the AFL. Is that a reasonable proposition given what you said about the cricket phenomenon?

Mr Lane—I think it is. Codes clearly can coexist, as has been stated earlier, and I think we are learning more about this. The Australian sporting scene is changing a lot with pay television bringing in so much more sport and people watching different codes. In Melbourne we have a rugby league team, the Storm, so people are watching rugby league matches even if they are not becoming rusted-on fans of the game. Once upon a time the view of it was that you were either one thing or the other. It was like religion. It is not like that anymore and you can be a fan of both, but clearly soccer has tremendous advantages. It is a magnificent game. It has a sense of visual magic about it that makes it very special, and of course it is global. That gives it something that our game can never have, so it makes it a very formidable rival for the attention of people who both play and watch sport. Whereas across the continent we, and I am talking about those of us who are Aussie rules devotees, can live with that, because I think there is a sense of critical mass that Aussie rules has that establishes it strongly for the short and for the long term. Perhaps in Tasmania, where the population is discrete—we are talking about an island—and is smaller, it does not have that sense of critical mass. I think that is a good reason why the AFL should be very conscious of Tasmania and should be looking at doing something sooner rather than later, because if the critical mass or the lack of it is threatened and Aussie rules has not fully established its base in Tasmania, then the football attention could be divided in a way that Aussie rules would regret in the longer term.

Senator O'BRIEN—Thanks.

Senator MILNE—Mr Lane, I want to pick up on the last point you made in your opening remarks. Much of this debate has been cast around what the AFL can do for Tasmania, and it is always cast in terms of Tasmania being a secure AFL state anyway, we need to grow the game, hence we need to go elsewhere. Very little has been said about what Tasmania can do for the AFL. That, I think, is really lacking here. Much of the argument has been on the defensive: 'Yes, we can demonstrate we can be economically viable,' and we can demonstrate this and that, but what about the notion that Tasmania would bring a whole new dimension to the marketing of AFL to an audience that likes a boutique club, that likes the notion of the underdog, the small state and some of the values that Tasmania has to bring in a new audience who are currently not AFL viewers?

Mr Lane—I think it is an important point. The conventional wisdom is that one reason that Tasmania has been overlooked until now is that the game has Tasmania in its hand already so it can afford to just leave things as they are, and it has to expand into new territories and try to win those, so Tasmania is a lesser priority. I think Tasmania certainly can add something. Since the expansion into initially a semi-national league, and I would say still a semi-national league because it involves only five of the states, we have seen the development of two forms of clubs. We have those that genuinely are regionally representative, and I am talking here about the new clubs, the non-Victorian clubs. It was important when second clubs were placed in Adelaide and Perth that they be immediately separate and quite identifiable as being separate from the ones that previously had been set up, the West Coast Eagles in Perth and the Adelaide Crows in Adelaide. Hence Port Adelaide, a pre-existing club with a very powerful cultural identity, and Fremantle, with separate geography and its own football culture in Perth. And there are Sydney and Brisbane. Each of these six clubs represents something in a geographical sense. In Victoria,

with the exception of Geelong it is quite different because the clubs were formed in the era of the horse and cart when I would imagine there were cultural divides among Essendon and Collingwood and Fitzroy and then later on Hawthorn and Footscray and so on. But with the passage of time those divisions have basically disappeared, so the clubs are not as clearly identifiable in terms of culture and what they represent as they would have been more than a century ago when the competition began.

Tasmania would be in the first category, of course. It would come in and would truly represent something and somebody, and it would do that in a very identifiable way. It would be small, it would be an underdog club, an incredibly passionate club. As I think I mentioned in my introduction, the Gemba report asserts that Tasmania as a state rates second in terms of its level of fully engaged supporters, not numbers of fully engaged supporters but rate. Tasmanians are incredibly passionate about football. As I wrote in my submission, when I holiday in Tasmania or go there for any reason I am constantly amazed in the middle of summer walking through the streets of St Helens, a little fishing village on the east coast, to see people in Port Adelaide and West Coast jumpers and so on. It is the nature of the place. That is without the team of its own. If it had its own team, I think it would be a magical team and it certainly would add to the competition.

Senator MILNE—Thank you.

CHAIR—Senator McGauran, do you wish to ask a quick question?

Senator McGAURAN—A couple of quickies. I should imagine that if the Tasmanian Football League or AFL Tasmania is not behind the concept that it is going to be then very hard to get any momentum for a team. I refer to your own submission about AFL Tasmania. Do you think that AFL Tasmania is pulling its punches in regard to promoting a football team in Tasmania because it is a puppet of the AFL?

Mr Lane—I will allow the word ‘puppet’ to be your word, Senator. The nominations to the board of AFL Tasmania have to be endorsed by the AFL, as I understand it. The major income stream to AFL Tasmania comes from the AFL, so it does put AFL Tasmania in a difficult position, and I suppose ultimately it is why it is the Tasmanian government that has now put forward the bid on Tasmania’s behalf rather than Tasmania’s own football body. Incidentally, I should seize the moment and say that my knowledge of the funding that is available to AFL Tasmania is that it receives a bit under a million and a half per annum from the AFL and that money does not go to the clubs spread across Tasmania but, rather, goes towards developmental issues. Ultimately, I think it is fair to say, it is directed towards the development of AFL footballers. That is AFL the competition, not AFL the code, the way in which the acronym is sometimes abused in my opinion.

A new state league has been set up this year. One played for a decade or two and then fell over, and it has been kick-started again. As I understand it, about a third of the moneys from the AFL will be directed towards the establishment of that this year. But in the end the money that flows into Tasmania is designed to produce the goods for the AFL rather than actually doing anything for Tasmanian football itself. I do not say that as a stinging criticism because I think that Tasmanian football as spectator appeal sport is beyond redemption. I do not say this to be a doomsayer, but I do not imagine—and I do not live in Tasmania any more—that the state league

is 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.

Senator McGAURAN—Has AFL Tasmania made any public comments in regard to a football team in Tasmania?

Mr Lane—Not to my knowledge. It has not been pushed as an issue publicly, to my knowledge.

Senator McGAURAN—It sounds like it is more than not being pushed. If the head body of football in Tasmania makes no comment at all, and given its strong ties with, if not total dependency on, the AFL per se, it sounds as though the very body that can get this thing rolling is stifling it all.

CHAIR—I think in all fairness to Mr Lane, Senator McGauran, he has said that to the best of his knowledge he is not aware. That question might be better directed to other witnesses.

Senator McGAURAN—Just one more quick question, and this is from a non-Tasmanian obviously. With the backdrop of the initial failure of Carrara, the great success of Tasmania and the success of the Sydney Cricket Ground, which is so central, you have finally found the right place to put these teams. Sydney has always been successful at the Sydney Cricket Ground and in the end the Lions were successful in Brisbane. Given that you were born in north Tasmania, I should add, I should have thought that Hobart was the obvious choice given its history and given that it is central. I know there are divisions, but I would have thought setting up in Hobart would have been the first instinct at least. I know Launceston is a major centre, I know it has the ground, but that may well have been a political decision too. So I would put it to you that perhaps people are going for Launceston at the moment or the north end of Tasmania because it is there at the moment but, in reality, Hobart is better.

Mr Lane—The roads are very good now between Hobart and Launceston and between the north-west coast and Launceston. The drives are very comfortable, and I think Launceston's centrality makes it the right place.

Senator McGAURAN—Central to what?

Senator MILNE—To the island. To the population.

Mr Lane—Yes, it is equidistant from the other centres. Also, I know there were discussions with earlier speakers about ground and economics, and ground economics indeed, and in its submission to the AFL the Tasmanian government has made it clear that it has negotiated with the Launceston City Council to get what is described as a clean stadium deal with what is known as Aurora Stadium in Launceston. That provides economic advantages which would give Tasmania a preferable position to a number of the Victorian clubs at the moment and to Port Adelaide, I think, in South Australia, which has its problems. I think on the estimates that Gamba

came up with it would provide a net income of almost \$6 million a year, which would be a very significant component in the \$25 million or more that the team would need to establish itself.

CHAIR—On that, Mr Lane, we have gone over time. We thank you very much for your assistance to the committee today.

[11.31 am]

McLACHLAN, Mr Gillon, Chief Operating Officer, Australian Football League

MARTIN, Mr Phil, Manager of Government Relations, Australian Football League

CHAIR—Welcome. Before we start the formalities, Mr McLachlan and Mr Martin, the committee was asked if the TV and radio could record. The committee as a whole has no objections but we do have to ask you if you are comfortable with that.

Mr McLachlan—Yes, that is fine.

CHAIR—No worries? Thanks very much. Now for the formalities. There are microphones in front of us for Hansard recording, but if you have a soft voice we would ask you to speak up because those microphones are not linked to any speakers around the room. On that, Mr McLachlan, do you wish to make a brief opening statement?

Mr McLachlan—I do, Senator, and thank you for your invitation to appear before the Senate inquiry today. I would like to acknowledge all the senators here, and again thank you for your invitation. What I would say at the start is that the AFL is committed to the growth of football across Australia and it understands the incredible role that the AFL plays in all of the states, including Tasmania, not just at the elite level but at the community level as well. I come here in my capacity as the chief operating officer and as the executive responsible for the AFL's expansion strategy. That is why it is relevant that I am the one who represents the AFL here today, and obviously Phil Martin as our government relations manager plays a role as well.

We understand the terms of reference that the inquiry is looking at, and a comment I would make is that we believe the process we undertook was fair and equitable and worked for a number of years. Ultimately the conclusion we came to was that the Gold Coast was our priority expansion market, followed by Western Sydney.

I would refer you then to an extract from our chairman's report in the 2008 annual report that refers to Tasmania. I think it sums up quite well the position in respect of Tasmania:

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.

The other comment I would make is the global financial crisis has seen us continue to examine what is best for the growth of football into the future and ultimately maintain commitment to growing our code. This is a strategy that was endorsed by our commission and ultimately supported by all 16 of our current AFL clubs. It has gone to all of the clubs twice over the past year. So essentially the reason for our expansion is our ongoing growth and ultimately the growth and prosperity of the national code and of the AFL in general. Population, the size of the markets and level of support and interest are the three key criteria and ultimately the impact to all of the AFL stakeholders in growing those markets.

I also would like to talk a little bit about Tasmania specifically and the work that we have done with AFL Tasmania.

CHAIR—We would like you to, Mr McLachlan. We have plenty of time, so please feel free.

Mr McLachlan—Ultimately we have been working closely with the state government and with the Tasmanian AFL body. There has been a determination to establish a new Tasmanian statewide league competition and it has basically been endorsed by the government and the local administrators. That is going to provide great benefit for football in Tasmania.

In a press release from AFL Tasmania the chairman and the general manager stated that the nine benefits of this new statewide competition were: to incorporate teams from all major population centres or districts in Tasmania; I guess a competition that is truly representative of the whole state not just the capital city. It was deemed to cater better for the needs of the most talented and committed players, coaches, umpires, administrators and support and specialist staff. It would be an innovative, family-friendly and financially viable competition managed and promoted by AFL Tasmania and endorsed and supported by the AFL. It would attract greater levels of media and public interest, and I note that we are in discussions with the ABC to televise those games. It would attract a new level of interest from locally based sponsors. It would enhance the capacity of governments to further invest in the development of football facilities throughout the state; provide the opportunity for governments and AFL Tasmania to initiate community partnerships, deliver and promote important social capital and community development programs and messages; provide the opportunity for current community based clubs to focus on building better participation pathways; and maximise the use and benefit of facilities at Aurora Stadium and Bellerive Oval. So those were what AFL Tasmania saw as the key outcomes of the statewide league. It is a part of our national approach to growing the code at all levels, and for your benefit we have a number of copies of our Next Generation strategy—

CHAIR—Great. You have tabled that. Thank you, Mr Martin.

Mr McLachlan—That talks about investment in community football clubs, facilities and investment generally, more than \$1.4 billion over five years. The last point I would make is that we have enormous respect for Tasmania and Tasmanian football. We continue to work with all stakeholders in Tasmania to build their statewide competition and football at all levels, and that includes the Tasmanian government, Hawthorn and its partnership in Tasmania and obviously AFL Tasmania. Thank you.

CHAIR—Thank you, Mr McLachlan. Mr Martin, do you wish to make any opening statement?

Mr Martin—No.

CHAIR—We thank you for coming along today. We will go straight to questions.

Senator O'BRIEN—Mr McLachlan, we heard from Mr Lane that the likely cost of supporting the two additional clubs into the competition is in the vicinity of \$300 million. Would you agree with that figure?

Mr McLachlan—Across both of the clubs, over a period of eight to 10 years that is a plausible number.

Senator O'BRIEN—Do you have a worst-case scenario that would be required given speculation about difficulties in Western Sydney?

Mr McLachlan—That is a reasonably open-ended question, because we continue to invest very strongly in those markets currently. In terms of incremental spend it looks on the high side. Somewhere in the order of \$200 million of incremental spend over a period of eight to 10 years is probably the number that we would estimate.

Senator O'BRIEN—That is Western Sydney?

Mr McLachlan—No, across both markets. Both Gold Coast and Western Sydney.

Senator O'BRIEN—I understand that there is a required commitment to the Gold Coast stadium?

Mr McLachlan—Yes.

Senator O'BRIEN—Is that included in the \$200 million?

Mr McLachlan—Yes, that includes capital and operating. We have made a commitment. As we attempt to secure funding from a wide range of stakeholders on the Gold Coast, the AFL has made a capital commitment to the stadium of \$10 million.

Senator O'BRIEN—And what is the situation in Western Sydney with regard to playing facilities?

Mr McLachlan—We have had a longstanding partnership with the Bankstown—

Senator O'BRIEN—Blacktown.

Mr McLachlan—Blacktown council, yes, and we have developed a facility at Blacktown. There are a number of ovals. We continue to invest in other areas. A significant facility has gone in in Rouse Hill, and you may have noticed we played our first game there in the NAB Challenge competition. Sydney Swans played against Western Bulldogs. There was a capacity for only 3,500 spectators. It was oversubscribed. There were 7,000 expressions of interest to go to the game, and the way we set it up we could allow only 3,500. So we continue to partner with local government and governments at all levels to grow facilities, and the AFL has had great success in that. The AFL continues to be a code that puts its money into facilities and partners with government to build community and elite facilities.

Senator O'BRIEN—Apart from the Blacktown council, what other government commitment do you have for Western Sydney?

Mr McLachlan—We do not have any specific government commitment.

Senator O'BRIEN—And how much is Blacktown council committing?

Mr McLachlan—I think the total project has cost more than \$10 million. I can get you the exact figures, Senator.

Senator O'BRIEN—To them?

Mr Lane—The Blacktown community program for sport, a broader facility at Blacktown, which includes not just oval facilities but a number of other facilities.

Senator O'BRIEN—So you do not have a figure for their commitment at this stage. It is in their resources, whatever they are valued at, rather than some specific budget item?

Mr McLachlan—That is right.

Senator O'BRIEN—You have looked at a variety of issues in the process of arriving at your expansion strategy. Is it fair to say that the growth of the TV market is the priority for the commission?

Mr McLachlan—I think the growth of our game is the priority. We continue to have aspirations to be national and to want to expand our game, to continue to grow and ultimately for our clubs to survive in an increasingly crowded market. 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.

Senator O'BRIEN—Is the commission committed to supporting existing clubs in the competition as part of the commitment to have a national competition?

Mr McLachlan—I cannot speak for the commission, but we have had ongoing support over a number of years to a 16-team competition, and that includes an annual special distribution to clubs which are struggling financially. I think 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.

Senator O'BRIEN—How can you aspire to have a national competition without having a team in Tasmania?

Mr McLachlan—I think ultimately if it were possible we would like a team in every state and territory. It is a question of expansion in the context of our balance sheet and profit and loss statement and an expansion in the context of priorities. I think that the commission and the AFL have been very clear that 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.

Senator O'BRIEN—You are going to have a 19-team competition or are you expecting teams to drop out?

Mr McLachlan—I do not have a view about how that might look. We have not said we do not want a team in Tasmania. The Gold Coast and Western Sydney were our priorities in the expansion.

Senator O'BRIEN—You talked about aspiring to a national competition. You have a team in Sydney and a team in Brisbane. Are you intending to have a team in the territories, or are they not part of this national structure?

Mr McLachlan—As I said, we are trying to have a national footprint. We play games in the territories—in fact, in all states and territories. As we assess markets we assess the absolute size of markets and the level of AFL support. We make assessments about the ability of markets to support an AFL team. Ultimately, we would like to have a team in every state and territory. It is a question of whether those states and territories could sustain and support a team. Basically, as we look at a national footprint we have a strategy for each state. You may have noted that there will be a representative Northern Territory team playing in the QAFL. Again, that is something we have been working on with AFLNT for some years. There was some work done with the SANFL and the West Australian Football Commission about whether that team might be playing in the SANFL or West Australian Football League, but it will be playing in the QAFL, and that seems an appropriate next step as we try to grow that market.

Senator O'BRIEN—It has been suggested that perhaps that support for the areas where there is not a team based could form the derivation of players for the national competition and anything else. What do you say to that?

Mr McLachlan—I think that the AFL's commitment to grassroots football community development, growth of our states, our leagues and our participation speaks for itself. The Next Generation strategy talks of that. I can talk of our engagement in all states and regions if that is

what the senators would like. I think our commitment and the investment we make in community facilities, community programs and game development at all levels is widely known and, I would say, widely regarded.

Senator O'BRIEN—You said earlier that you could not answer on behalf of the commission. The commission makes the decisions, does it not?

Mr McLachlan—Yes.

Senator O'BRIEN—Who can speak on behalf of the commission?

Mr McLachlan—All I would say is that I can speak on behalf of the AFL. I can speak on the expansion, as I am the executive responsible for it.

Senator O'BRIEN—Sure, but who makes the decisions?

Mr McLachlan—Ultimately, decisions go to boards and they are signed off, but the recommendations come from the executive.

Senator O'BRIEN—So the position is, I take it, that the commission has signed off the executive's recommendation?

Mr McLachlan—That is right.

Senator O'BRIEN—And you cannot speak for the commission?

Mr McLachlan—You asked a question about some future views of the commission about the sustainability of and support for 16 teams, so I cannot respond about a future question for the commission.

Senator O'BRIEN—To what extent can you speak on behalf of the commission?

Mr McLachlan—I cannot. I can respond on behalf of the AFL, but ultimately the decision, as you have quite rightly pointed out, will be one for the commission. I think the AFL executive and the AFL Commission have shown their support for the current 16 clubs through special distributions and other measures to try to support those clubs that are not as financially strong as others.

Senator O'BRIEN—Do you know whether the commission has set a finite financial strategy for the expansion?

Mr McLachlan—Yes, it has. It has signed off on a business case and a business plan, yes.

Senator O'BRIEN—I am trying to find out if there is a limit of financial support to which the commission has committed itself for the expansion.

Mr McLachlan—Yes, it has, and those numbers are in the order of the numbers you talked about before.

Senator O'BRIEN—\$200 million to \$300 million?

Mr McLachlan—Yes, an incremental spend in the order of \$200 million.

Senator O'BRIEN—Is that divided between markets?

Mr McLachlan—Roughly fifty-fifty.

Senator O'BRIEN—So the expectation is that, for each of the teams, it would cost an additional \$100 million over a period of eight to 10 years?

Mr McLachlan—That is right, as an incremental spend. But I would note, for instance, that in Queensland over that same period we will be spending \$80 million to \$90 million investing in those markets regardless.

Senator O'BRIEN—Because you have a team there already?

Mr McLachlan—No, because we have a series of game development programs that we are funding and a series of development offers and all the initiatives that we undertake in those markets.

Senator O'BRIEN—So that does not envisage additional financial support for the club?

Mr McLachlan—In the incremental spend it does.

Senator O'BRIEN—How much is set aside for that?

Mr McLachlan—Over and above the distributions over that period, it is in the order of \$20 million to \$30 million.

Senator O'BRIEN—In an eight- to 10-year period?

Mr McLachlan—That is right.

Senator O'BRIEN—Is that in addition to what might be seen as a normal AFL distribution to clubs or is that—

Mr McLachlan—Yes. The \$120 million contemplates a standard club AFL distribution and then additional support as that club is established.

Senator O'BRIEN—Sorry, the \$120 million is what?

Mr McLachlan—Is made up of a number of components. There is the \$10 million investment in capital, the base distribution that any club in our competition would get and then additional distributions as the club gets seeded.

Senator O'BRIEN—So \$80 million is the additional and \$120 million is what?

Mr McLachlan—The \$100 million roughly in each market is incremental. That comprises capital, standard distributions to the clubs as well as additional distributions, recognising that we are seeding a new franchise.

Senator O'BRIEN—We had a witness earlier say that the distribution per club currently is approximately \$7 million per annum.

Mr McLachlan—That is right.

Senator O'BRIEN—So in, say, 10 years those clubs would normally have expected \$70 million anyway?

Mr McLachlan—That is right.

Senator O'BRIEN—So the additional is \$30 million?

Mr McLachlan—Yes. I said it was in the order of \$20 million to \$30 million additional.

Senator O'BRIEN—Yes.

Mr McLachlan—Then as well there is a capital grant of about \$10 million going to the state. We talked about an incremental spend of roughly \$100 million. Including capital, it is about \$110 million.

Senator O'BRIEN—And there is no contingency to go beyond that?

Mr McLachlan—We have taken a conservative approach. We have contemplated the base case positions and we are very comfortable with the numbers we contemplate. It is a conservative set of numbers.

Senator O'BRIEN—In terms of the growth of the code and the challenge of other codes, it has been suggested to us that were the A-League to establish a team in Tasmania that would have a significant impact on the strength of the code in Tasmania. Has that been considered in the strategy that you have discussed?

Mr McLachlan—The AFL, as it sets its strategy, looks at its product and what it is trying to do across all states and territories and makes an assessment after looking at the code and what it can control, not at other codes or other influences.

Senator O'BRIEN—So you do not consider it?

Mr McLachlan—No, I have not personally.

Senator O'BRIEN—The recommendation that has gone to the commission has not factored that in?

Mr McLachlan—No. It did not contemplate the A-League.

Senator O'BRIEN—The recommendation that has gone to the commission has not factored in potentially a much larger financial contribution being necessary, for example, for Western Sydney?

Mr McLachlan—No. It has factored in what we think is a conservative assessment of the market metrics and worked out a funding package based on that.

Senator O'BRIEN—I understand the Tasmanian government has presented a financial submission to the commission. Are you privy to that?

Mr McLachlan—Yes, I am.

Senator O'BRIEN—I understand that, as has been described publicly, it is a professional, well-prepared submission which presents a case for a team in Tasmania. Is that fair comment?

Mr McLachlan—It was a very professional submission, yes.

Senator O'BRIEN—Does a proposition for a Tasmanian team require the same additional spend as, for example, a team in Western Sydney would require?

Mr McLachlan—Again, it uses a set of assumptions. Everyone makes assessments about the merits they believe are in those assumptions. On the case presented by the Tasmanian government, there would be less investment required than, for instance, for Western Sydney, but all of those assumptions have to be met.

Senator O'BRIEN—Sure. And it is fair to say that it is a proposition which would go through the due diligence process?

Mr McLachlan—Yes, and we continue to be in very productive discussions with the Tasmanian state government about its proposal.

Senator O'BRIEN—Do you accept that the Tasmanian proposition has a ready-made stadium which requires minimal additional investment?

Mr McLachlan—No. I think that it will require a level of capital investment to have that stadium deliver the yield that a team would require to be viable in the AFL.

Senator O'BRIEN—Certainly not the cost of building a stadium as exists on the Gold Coast or upgrading a stadium? I understand that there are tens of millions of dollars required on the Gold Coast and probably the same in Western Sydney, are there not?

Mr McLachlan—I think all stadium developments require tens of millions of dollars. There are a couple of Tasmanian stadiums. If Aurora is the stadium you are referring to, it would require a capital investment to bring that stadium up to the level which would deliver the financial viability a club would need to play in the AFL.

Senator O'Brien—What sort of investment?

Mr McLachlan—That is not something that we have looked at. The state government has made an assessment of what it thinks is appropriate, but in our discussions the government has come to the conclusion about what is required, and I do not think we have a handle on that. Ultimately, once you have worked out what is required, then costing it would be the next step. What I would say is that as an example of an assessment, you would need in the vicinity of 2,000 corporate seats in an AFL stadium to deliver the right yield, and I think there are roughly 1,000 at Aurora. These are the types of things, the feedback and commentary we are providing to the state government as we work out that submission with it.

Senator O'Brien—You talk about the component of stadium yield. There is a lot of information in the media at the moment about difficulty with stadium yield for the majority of AFL clubs and that possibly Hawthorn went to Tasmania because of the stadium yield problem in Victoria initially—

Mr McLachlan—Yes.

Senator O'Brien—and St Kilda before it. Regarding stadium yields do you or the AFL accept that Tasmania would have less of a problem than Victorian and South Australian clubs?

Mr McLachlan—No, I would not agree with that, Senator. Ultimately, for any sports franchise yield from the venue is the critical component to its financial viability. There are two components to that: there is the revenue stream you can extract from the stadium and obviously the volume of people going through the stadium. So it is the access to the revenue stream as well as the volume you can put through. Whilst the rental on which you might be able to assess a stadium in Tasmania far exceeds that at the MCG or at Docklands, the issue is the yield of the inventory. There is a lot of public seating, and our view is that it will require some additional corporate seating. Then ultimately it has a capacity of 18,000 people and there needs to be an absolute expansion in the order of 25,000 to 26,000. While the base rent might be far superior to that of the MCG or Docklands there are issues we need to work through with the state government regarding that stadium.

Senator O'Brien—But that would not be the situation in clubs in Victoria, as is reported in the media at least, where a 30,000 attendance at the major venues means you lose money? That is as it is reported in the media.

Mr McLachlan—I think everyone understands the problems we have with our current agreements—

Senator O'Brien—And 23,000 is only—

Mr McLachlan—in Victoria, yes. The current arrangements we have in Victoria is a problem for Victorian football.

Senator O'BRIEN—I might concede to Senator Milne for the moment.

Senator MILNE—First of all, I would like to go to the investment that the AFL is making in football in Tasmania projected for the next five years in supporting the statewide competition. We have had a lot of evidence today to say that that is simply not going to work in the context that you have got the local and the national and that the middle rank never works and in Tasmania the previous experience has been that people do not go to those games. Why do we think it is going to work this time? What evidence do you have that it will be supported?

Mr McLachlan—I am not an expert in game development, Senator. 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 to achieve the benefits I outlined earlier. That is the view of those charged with the development of that market.

Senator MILNE—But there are two sets of assumptions here. One is an assumption that you can breathe life into this competition in Tasmania, which has been allowed to run down to a point where everybody says it is nowhere near the standard that it needs to be to attract crowds when people can sit at home and watch AFL on television. If that has not worked, it seems to me you are just going on that assumption rather than looking at the alternative assumption, which is that putting a team in the AFL may lift the culture of football in Tasmania. There is no evidence that I can see why someone from Smithton would get in a car and drive to Hobart when they can watch an AFL game on television. Why do you think they are going to do it in the future when they have not been willing to do it previously?

Mr McLachlan—What I would say, Senator, again is that it is not a proposition that a statewide competition is a better step for the development of football than having an AFL licence. The AFL has never made a determination that it does not want a team in Tasmania and it has not said no. What we have established is that the priority for the AFL in terms of its expansion is the Gold Coast and Western Sydney. We are in discussion with the state government about its submission and we continue to work with the local bodies about how we continue to best grow football in Tasmania. Their advice is a statewide competition. These are the local Tasmanian football representatives charged with growing the game. 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.

Senator MILNE—Did you determine why the Tassie Devils did not make it in the VFL? Was there any evaluation of that? People would say that it was because the middle rank never works.

Mr McLachlan—I do not have a comment on the success or failure of the Tasmanian team. I would note that we tried different options in Tasmania, and AFL Tasmania has been working with the AFL, the game development department and with the state government to grow the statewide competition.

Senator MILNE—My point is that surely there should be some form of evaluation of why things have not worked in the past before the experiment is repeated. If investment has not worked in the past, we need to know why it did not and why a different approach might be necessary. But I would like to come to the assumptions. In talking about the Tasmanian bid you said that on the assumptions put forward in the bid certain conclusions could be reached and you inferred then that you did not necessarily agree with the assumptions on which that modelling was based. Can you tell us which of the assumptions put forward in the Tasmanian bid you do not agree with or think were inflated or wrong?

Mr McLachlan—I did not infer that I thought anything was inflated or wrong. I mentioned that a series of assumptions are always used to establish a business case, and we are in very productive discussions with the Tasmanian government to work through the viability of those. I think we are working in a spirit of partnership to see whether the assumptions are valid and whether they make sense. The government understands the Tasmanian market far better than we do and we understand our competition, I think, better than it does, and we are working collaboratively with it to test the assumptions.

Senator MILNE—So let me go to the assumptions about Western Sydney. What are the assumptions about Western Sydney? Out of a list, you said the two priorities for you were, first, the population base and, second, cultural. What are your assumptions about Western Sydney in terms of the second of those overriding priorities—that is, the cultural amenity to take up the game?

Mr McLachlan—I do not know if culture is the right word, Senator. I talked about affinity or support for the AFL, and there is no doubt—

Senator MILNE—Affinity or support for the AFL in Western Sydney. What is the assumption you fed into the model that got you Western Sydney as opposed to Tasmania?

Mr McLachlan—I do not think that the support for Western Sydney over Tasmania was the only criterion used in making the assessment. 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. Ultimately, it is very difficult to make a determination. 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 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. We are absolutely aware of the challenges that we face there. It is not going to be an easy task.

Senator MILNE—What was the participation in Tasmania if it was 20,000 in Western Sydney?

Mr McLachlan—About 33,000. Last year it was up about three per cent.

Senator MILNE—So we had a participation rate of 20,000 in Western Sydney and 33,000 in Tasmania.

Mr McLachlan—Yes.

Senator MILNE—What would you say the affinity to the game would be in Tasmania compared with Western Sydney?

Mr McLachlan—Far superior.

Senator MILNE—So, more people participate, and I would argue there is an 80 per cent or 90 per cent cultural affinity in Tasmania, if not 100 per cent—

Mr McLachlan—Yes, I agree with that.

Senator MILNE—compared with tiny in Western Sydney. Not only that, but would you also not agree that there is a high affinity for another football code in Western Sydney by virtue of the demographics in Western Sydney?

Mr McLachlan—I agree that the affinity for Australian Football League in Western Sydney is much less than in Tasmania, but what we talked about was the growth of this code. Ultimately, two teams in Queensland and New South Wales cannot continue to shine the light as we try to maintain a position of 54 per cent of the Australian population. We are aware of the scale of the challenge, but in terms of the priority of actually sustaining and holding our position in the Australian landscape, we need to continue to invest in these markets. We have a 20 per cent share in markets that comprise over half of the population. This is not saying that Tasmania is not worthy. Again, we are basically talking about the priorities for the AFL as we look to grow our code and hold our position. In 2000, the Brisbane Lions was one of four football codes. It is now one of eight football codes in Queensland. The Sydney Swans is one of 17 teams in a very, very competitive landscape. We need to continue to invest in those very large regions to ensure the future prosperity of the Australian Football League.

Senator MILNE—That is all very well at a theoretical level, but I want to come back to the specific question I asked you. This is not just saying there is X amount of people there, we have a football code, therefore we can grow it. You already have a resistance, do you not, in the demographics in Western Sydney? It is not just a neutral playing field and a level playing field. Is it not true that you already have in that demographic a high affinity to an alternative code? Those of us in politics know it is much easier to grow from a high base than it is from a very low base? If you get five per cent of the vote, it is pretty hard to get 10, whereas if you have 30 per cent of the vote it is much easier to go higher.

Mr McLachlan—Yes.

Senator MILNE—What market research did the AFL do in Western Sydney to see what the existing affinity is to another code and the likelihood of any change to that? Did do you any market research at all or did you rely on assumptions?

Mr McLachlan—No, we did extensive market research. We talked to about 33,000 participants in Tasmania. We are talking of the order of 120,000 participants in New South Wales and the ACT. What that reflects is that, given the scale of the market, we do not need to have a huge share of that market. We only need a small share, but we need to maintain our position in

that market to stay relevant. As that market grows and our competitors grow, we need to have an increased level of content in that market to get a share of the voice.

Senator MILNE—I come back to the other point I was trying to make about the strength of Australian Rules Football in Tasmania and the affinity for it. Tasmanians really struggle to understand the decision that the AFL has made, particularly as they watch the AFL support the entrance of Port Adelaide into the competition. If I look down the list of things that you said were priorities, things like population, affinity with the game, size of the business community, the appropriateness of a stadium, the community participation and so on, what is it that Port Adelaide has over Tasmania?

Mr McLachlan—I am not going to comment on Port Adelaide. South Australia is a market that is able to sustain two franchises. It was a decision made a long time ago. Our assessment was looking forward as we go to grow the competition, make an assessment about what the next markets are for us.

Senator MILNE—Yes, I understand that. The AFL took a punt on Port Adelaide, but on all of those criteria Tasmania would have been a better bet.

Mr McLachlan—Than Port Adelaide? I cannot comment looking retrospectively. As we look forward to grow our code and sustain our position in Australia's sporting landscape and we try to grow a national competition, the next markets for our priorities are Gold Coast and Western Sydney. It does not mean that Tasmania is not worthy. It does not mean that we would not like a team in Tasmania; it is what the priorities are for us at the moment.

Senator MILNE—It is the convenient explanation. As a Tasmanian, and looking at what happened with Port Adelaide, it is convenient to say, 'Well, that's the past. We are looking to the future.' In Western Sydney there is no substantial affinity to Aussie rules as there is in Tasmania, yet the AFL's second prize to Tasmania is to support a statewide league, which Tasmanians know is not the answer.

Mr McLachlan—Our responsibility is to look forward. We are very aware of the challenges in Western Sydney, but we have a long-term horizon. We have been investing in these markets for a long time. Thirty per cent of our total participation base is in Queensland and New South Wales, and in the growth of our participation base since 2001, 54 per cent has come out of New South Wales and Queensland, so we continue to invest in the base. When you have more than half of Australia's population there, and we have 20 per cent of the market, we need to continue to invest in those large markets, and that is the basis for our prioritisation of those two markets.

Senator MILNE—Senator O'Brien asked you a moment ago whether you had looked at the potential for the base in Tasmania to be eroded by the promotion of another code, and you said you had not even looked at that as an issue.

Mr McLachlan—No, I did not say we had not looked at what is going to happen to our base. I was asked specifically had we looked at the entrance of an A-League team, and I said we had not. We continue to look in the balance of a whole series of competing priorities for our funds, for our expansion dollars and our broader distributions to assess what we can control and where our next growth agenda is, and in that context, those two markets were our priority. We continue

to work closely with the Tasmania government and with AFL Tasmania, and we continue to refine a strategic approach to Tasmania that we think serves the needs and growth of that state. That includes our partnership with Hawthorn and the scheduling of games down there. It includes the AFL putting money into the development of Aurora Stadium, as we have done in the past and will do again in the future, and putting money into AFL Tasmania. We continue to look at what we can do in every state and territory.

I have just a couple of statistics about the success of the Hawthorn games in Tasmania. In the past three years their membership has grown from 1,700 to 6,000 members. They now dominate the Auskick space. About seven per cent or eight per cent of Auskick kids were Hawthorn supporters. It is now more than 26 per cent. The AFL, the state government, and AFL Tasmania partnering with Hawthorn engage in community programs, school programs, a whole series of events, so it is part of a number of planks to our strategy to grow the game in Tasmania.

Senator MILNE—But it might well be that Hawthorn will never be seen as a Tasmanian team.

Mr McLachlan—Maybe, but I think the statistics are showing that there is strong growth, anyway.

Senator McGAURAN—And that is actually a good case for a team. One of the witnesses before us said that we could perhaps untangle the solution by relocation, which would free up a licence which Tasmania could take. That was one suggestion, so I would like you to comment on this. The truth of the matter is that Victoria is the fly in the ointment, if you like. The last distressed team that could have possibly been relocated was North Melbourne, but they would not take it up. For whatever reason, be it the Oakley effect, if you like, the AFL backed down and, in fact, to my knowledge gave them more resources to prop them up in Victoria. There are several distressed teams in Victoria, as you said, that are being propped up on an economical or rational basis, whereas that is probably what is setting Tasmania back. The fact that North Melbourne did not relocate probably has set Tasmania back 10 years in setting up their own team. Valuable resources are being given to Victorian teams to stay viable. By not relocating or merging, if you like, and being propped up by millions of dollars from the AFL, are the Victorian clubs a hindrance to the Tasmanian licence and, in fact, the expansion of the game?

Mr McLachlan—The Victorian football economy lies at the heart of the AFL economy. All 16 of our clubs play an incredibly important role in that, and our annual special distributions and any additional investments we make into those clubs reflects the recognition of the importance they play in the football industry broadly and the fact that also they may suffer some competitive disadvantage with stadium agreements and the things we talked about earlier. I do not think there is a correlation between the position in respect of the 16 Victorian clubs and Tasmania. I do not draw any link.

Senator McGAURAN—So if there were one or two fewer Victorian teams, would that free up a licence for Tasmania, let alone resources?

Mr McLachlan—I think there is a whole series of things that needs to be considered in the context of the next licence. Part of that is continuing our discussions with the state government

to prove up and confirm the business case of whether a team in Tasmania would be viable. That is a very good start in terms of the discussions about Tasmania.

Senator McGAURAN—Why did you not force, for want of a better word, North Melbourne, which is the most distressed team, to relocate?

Mr McLachlan—To the Gold Coast?

Senator McGAURAN—Or west Sydney would have been better, actually.

Mr McLachlan—We always maintained that we could put an alternative to the board of that club about where we thought the next chapter in the history could be and grow a plan we thought could secure that club for the next 100 years, but we always left that decision to the board of the football club. We do not want to go and run football clubs and make decisions for them. It was an alternative for them, but in the end their board chose to stay here in Melbourne, and we completely respect that.

Senator McGAURAN—But then you have given North Melbourne extra resources to stay in Victoria, denying Tasmania.

Mr McLachlan—I do not think that we have given them any more resources than we have been giving them for the last five or six years.

Senator McGAURAN—I asked Mr Tim Lane about the fact that AFL Tasmania has made no public comment in regard to the want of a Tasmanian team. Is that because the AFL has requested that they not put a black ban on them?

Mr McLachlan—I do not know of any discussions on that issue with AFL Tasmania, certainly not to my knowledge.

Senator McGAURAN—Would you find it unusual that all of Tasmania wants its own football team, except AFL Tasmania?

Mr McLachlan—I think AFL Tasmania is continuing to grow the code as it sees best.

Senator McGAURAN—But not through an AFL football team licence?

Mr McLachlan—I do not have a comment about its specific views on that. I know that it supports a statewide competition and is continuing to grow that.

Senator MILNE—What is the relationship between AFL Tasmania and you?

Mr McLachlan—We have a great relationship with them because, like with all—

Senator MILNE—No, structural and financial.

Mr McLachlan—It is an independent board that receives about \$1.5 million funding annually, which is just under half of its budget.

Senator MILNE—So it is a board that depends for its survival on funding from the AFL. What I am trying to get at here—

Mr McLachlan—I think all the state leagues receive significant funding from the AFL.

Senator MILNE—Sure, but in terms of their ability to speak freely and frankly about what they think, do they have to run it past anyone in headquarters, so to speak? Do they run it past you?

Mr McLachlan—I have no day-to-day visibility of strategy or decisions made on a daily basis by the board of AFL Tasmania—

Senator MILNE—No, no, not strategy and decisions, public statements.

Mr McLachlan—Public statements, no.

Senator MILNE—The board does not have to and feels no obligation to report?

Mr McLachlan—I know of no requirement, but we have a strong partnership with AFL Tasmania, so it makes sense for that board to work in concert with us in framing public position.

Senator MILNE—On that basis, AFL Tasmania is going to take the same position as your board?

Mr McLachlan—No, I do not think there is a direct correlation that it would have the same view just because we have a strong partnership.

Senator MILNE—It is just a coincidence?

Mr McLachlan—I do not know if it is a coincidence. I do not know specifically what Scott's view is on this; I have not spoken to him about it. At present AFL Tasmania is flat out trying to set up a statewide competition. It is working very hard with the government, with us and our game development team, seeking corporate and community support to try to roll out what it thinks is an appropriate strategy for the development of footy in Tasmania.

Senator MILNE—Has AFL Tasmania had public consultations or held focus groups about this statewide set-up that it is trying to establish?

Mr McLachlan—I cannot comment on what the AFL Tasmania has done. I am not close enough to that, Senator.

Senator O'BRIEN—What is the relevance of the view of Aussie rules supporters who fund the game to the decision-making process of the commission?

Mr McLachlan—They are one of our very key stakeholders, and ultimately every decision the commission makes is with the best interests of football and the community in mind. There is a no more important stakeholder. So, they are key in every decision in the minds of all commissions, I imagine, when making any decision.

Senator O'BRIEN—Have you had some process of gauging the reaction of the greater football community to the strategy of attempting to grow the game in Western Sydney and the Gold Coast and the ultimate priority over expansion into a long-standing AFL supporting state like Tasmania?

Mr McLachlan—If the 16 AFL clubs are a proxy or representative of our broad base and most people across the community support one of the 16 teams and, ultimately, if the figurehead of those is the president of that football club and the community that it represents, then we have the support of all 16 presidents. I guess in that sense it would have the support—

Senator O'BRIEN—So if the community does not agree with them then those presidents are out of touch. Is that what you are saying?

Mr McLachlan—No, I did not say any of the presidents were out of touch.

Senator O'BRIEN—That is what it means, does it not, Mr McLachlan? If the broader community believes that Tasmania should be considered first, those presidents are out of touch with their supporter groups?

Mr McLachlan—There is a whole series of hypotheses in there, that that is actually what the broader community thinks. I cannot comment. It is a statement more than a question, I think, but if you are asking do we consider the interests of supporters in the decisions we make, absolutely.

Senator MILNE—Then how do you know what Tasmanians think? They are not represented by a club.

Mr McLachlan—They are. I think ultimately there is a whole series of voices that are heard in making a decision. The Tasmanian voice is one, as is the Gold Coast, Western Sydney, the voices of the presidents, the voices of the supporters of the 16 clubs. There is a lot of stakeholder involvement in arriving at any decision.

Senator MILNE—But when asked about what surveys, what focus groups, what evaluations have been made out their in the communities, you said that you get that through your 16 clubs and their presidents and so on.

Mr McLachlan—No, my comment was that if the clubs were a proxy for the support, then they supported it.

Senator O'BRIEN—That is the hypothesis of your—

Senator MILNE—What I am saying is you do not know what your support base in Tasmania really thinks because there is no mechanism that you have set up to know that.

Mr McLachlan—We know their views through AFL Tasmania, Dominic Baker, the chairman, and Scott Wade, the general manager. We know that Tasmanians are passionate about their football. We know how well the television rates. We know that Tasmanians have a passion for football, and that is not in dispute.

Senator O'BRIEN—No-one has disputed that. What is in dispute is whether the greater football community is supportive of what apparently is the recommendation of the executive and the decision of the commission to prefer non-AFL strongholds over an AFL stronghold for the expansion of competition.

Mr McLachlan—And ultimately the commission, when making that decision, is looking at securing the future of all of our clubs and our competition and ultimately all of the money that we distribute back into communities, into facilities and community development programs. It is in that context that they make these decisions about securing the future growth of all stakeholders. There are competing forces in making that decision, but the commission is looking at the long-term future and sustainability of the Australian Football League. As you would be aware, it is a not-for-profit organisation. All of our money is distributed back through various means, whether it is through the AFL clubs or whether it is in infrastructure, game development or other programs.

Senator O'BRIEN—And that money is generated from the audience of the game?

Mr McLachlan—Yes.

Senator O'BRIEN—But you do not have a formal process of consulting them? In the commission's view, the presidents of clubs are representative of the audience of the game?

Mr McLachlan—In a variety of guises we do research and have a whole series of information coming back in. Ultimately, though, the commission is an independent body charged with making decisions it thinks is best to preserve and grow the Australian Football League.

Senator O'BRIEN—It is strongly suggested that the decision is about the next TV contract. What do you say to that?

Mr McLachlan—I do not think it is a solely a television decision. It is about the growth of the code, of which television is one part.

Senator O'BRIEN—It is an important funding part, is it not?

Mr McLachlan—It is an important funding part, yes.

Senator O'BRIEN—A very substantial part of the funding of the body, is it not?

Mr McLachlan—It is growth at all levels, in participation, membership, attendance and media in all forms. It is growing our share of that market across all of the metrics by which we measure ourselves.

Senator O'BRIEN—So the expenditure in those two areas is about growing participation more than the—

Mr McLachlan—Participation, attendance, general support for Australian Rules Football.

Senator O'BRIEN—So what is the expectation? What are the benchmarks we should judge that expenditure against going forward? What is the expectation of the commission with regard to growing the game in the context that you have just described?

Mr McLachlan—I think it is continued and accelerated growth on those metrics, participation, attendance, media consumption, consumption of the game generally. The view of the commission is that in these large markets it has been building at the base and now the injection of a franchise into these markets will be an investment we need to actually continue that growth.

Senator O'BRIEN—It has been suggested to us that if you wanted to expand the game in a market where it was not clear that you had the basis for a club, that the AFL Commission should require strong teams to play more games in that market so that there was a game, for example, every week in Sydney. Has the commission considered that?

Mr McLachlan—I think it has had a good look at that in a proxy sense by playing games in different markets of transported games. In the end—

Senator O'BRIEN—You played the weakest clubs, yes. You required clubs who had financial difficulty to experiment with that, and I think that was why Hawthorn was in Tasmania.

Mr McLachlan—I think those engaged this year were Richmond and St Kilda playing games on the Gold Coast. I do not think that that is—

Senator O'BRIEN—Yes, but who were they playing?

Mr McLachlan—Ultimately, parochialism is the key to success of a franchise, and people want to own their own teams. The overwhelming feedback, for instance, from the Gold Coast, is that people want their own teams. That is part of why we are here today and part of the view of why we need to complement the work we have been doing, and that is having a team on the Gold Coast that people on the Gold Coast can own.

Senator MILNE—And that is precisely our point.

Mr McLachlan—Yes. So in the end it is using your priorities and, as I said from the start, we have never said never to a team in Tasmania. The Tasmanian government understands the strategy behind the 17th and 18th licences, and its comment was 'We are ready when you are.' We continue to work and evolve the business case with the government in the knowledge that Tasmania does want a licence, that we would like to have one there but it is a question of priority for us, and that is the job of the commission to take into account all of the factors, all of the interest groups, all the information it has and make a decision it thinks is in the best interests of the future viability of the code, and that is what it has done in this instance.

Senator O'BRIEN—So if we make the assumption that clearly you are making, that teams in Western Sydney and the Gold Coast will be viable, how does a Tasmanian team find its way into the competition? Can you describe the pathway? How would that come about? How would the Tasmanian side get into the competition, making the assumption that you are—'you' being the commission—that the Gold Coast and Western Sydney will be viable? Clearly, you would not be spending the money you are spending if you did not think they would be viable.

Mr McLachlan—I think ultimately it is a continuing dialogue with the AFL and continuing to evolve the partnership we have with—

Senator O'BRIEN—That is just ducking the question, Mr McLachlan. How would it happen? Are you going to expand the competition or are you going to expect a team to fall over? What is the scenario that would lead to that?

Mr McLachlan—I do not have an answer about what the specific route is. All I can talk to you about is that the 17th and 18th licence will go to the Gold Coast and Western Sydney. They are the two priority markets and we continue to be in an excellent dialogue with the state government that understand that strategy, that has said 'We are ready when you are.' 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.

Senator MILNE—By not having a pathway for Tasmania, and it being reliant on someone else falling over, do you not concede that that is a very disempowering strategy? It is reliant on taking Tasmania for granted and expecting Tasmania to hang in there long enough until such time as something else falls over. What about the other way of looking at that, that Tasmania will give up on it and some other code will pursue an expansion base in Tasmania, with the result that you will end up with a non-viable team in Western Sydney and losing your base in Tasmania? What about that for a strategy?

Mr McLachlan—We continue to work with the government and AFL Tasmania. A new statewide competition has been created that is going to deliver the nine outcomes in the view of football down there. We continue to partner with Hawthorn and the government to take AFL games to Tasmania. We had another 3½ per cent participation growth in Tasmania last year. There is a view from all stakeholders that the statewide competition will continue to grow participation. We are continuing to invest and partner with the key stakeholders in Tasmania. With respect to how a team gets over there, I do not think it follows that the only way in is with a team falling over. I do not think that five years ago people would have said there would be a team in Western Sydney in 2012. I cannot predict where the future will be. All we continue to do is try to grow football in Tasmania with the appropriate stakeholders.

Senator O'BRIEN—You have said that a number of times, Mr McLachlan. You also said that you were pleased the commission did not consider the impact of an A-League team in Tasmania in its strategy, but you qualified that in an answer to Senator Milne. Do you now accept that there is a possibility of an A-League team being created in Tasmania?

Mr McLachlan—I know that the A-League is expanding and looking at different markets. I do not know whether the A-League is putting a team in Tasmania. I do not know whether or not it is going to do that.

Senator O'BRIEN—Is that an issue to be considered in your strategy?

Mr McLachlan—As I said, we continue to look at what we can control and at what we are doing and what we think is the best decision going forward for the Australian Football League as we look at all of our responsibilities across all of Australia.

Senator O'BRIEN—You cannot control much, really, can you?

Mr McLachlan—We can control where we invest and who we partner with, and we continue to partner and invest with governments and state bodies. We are the only sporting body that I know of that continues to put money into infrastructure, to partner with governments at local, state and federal level to build infrastructure and game development programs. The investment we make is more than \$35 million a year. We continue to work, in our view, in the best interests of—

Senator O'BRIEN—Are you seriously telling us that you only consider the things that you can control in your strategy?

Mr McLachlan—No, we can contemplate other external forces. We have not specifically contemplated an A-League licence.

Senator O'BRIEN—I thought you said earlier that you only consider the things that you can control.

Mr McLachlan—We work very hard at controlling what we can control. Some of that may be influenced by external things.

Senator O'BRIEN—Everyone does, do they not? That is a bit of motherhood, is it not, Mr McLachlan? Are you really telling us that you only consider the matters that you can control in your strategy? Is that the AFL commission's position?

Mr McLachlan—No. I said that we look at other external factors, but—

Senator O'BRIEN—But you have not looked at the A-League factor for Tasmania as an input into your strategy deliberations?

Mr McLachlan—No, we have not.

Senator O'BRIEN—Mr Chairman, do have you any questions?

CHAIR—I do—no dramas—but I am quite happy for my Tasmanian colleagues to squeeze in every question they can. But, Mr McLachlan, I just want to talk about parochialism, and it is only an observation and please set me straight if I am wrong, but when the West Coast Eagles

were first invented—I am envious of you, actually because you were probably still playing Auskick, and that is not derogatory, because you are a lot younger looking than I am.

Mr McLachlan—I use moisturiser.

CHAIR—Is that what it is? I might get a 44-gallon drum before I leave here. I think one of the successes of the AFL's expansion into Western Australia, certainly from my observations, was when the Eagles were formed there was a huge contingent of Western Australians in that team. Would that be a fair assumption?

Mr McLachlan—There were a lot of Western Australians. I think Brian Cook, who just walked in, was the inaugural chief executive and might be able to comment, but the way the player base was established was through concessions through the state league, yes.

CHAIR—Exactly, and there was—I would not say a mass exodus but a great flow-through of traffic from the Victorian teams back to Western Australia in Glendinning and Co. In Western Australia, too, the parochialism there is incredible because it is said that the rabbit-proof fence was there to keep rabbits out but when I went to school I learned that it was to keep the Victorians out. Not even a bite. Okay. But what I am leading to is that—

Senator MILNE—Where are you going with this, Chair?

CHAIR—Just east of Perth. Just about every Western Australian had a Victorian team.

Mr McLachlan—Yes.

CHAIR—And they had that Victorian team because their local club, whether it be South Fremantle, East Perth or whatever their WAFL club was, produced a player who ended up playing for that team so they followed it. But it was amazing to get the ball rolling for the expansion of the great game. As soon as the Eagles were invented, everyone had their own team and that was the parochialism. So what I am leading to—and I think it was brilliant marketing by the AFL, and we have heard witnesses today being very parochial about having a team in Tasmania—is do you think if there was ever a Tasmanian team that that would be an integral part of making it a success, that a large number of Tasmanians were in that initial squad?

Mr McLachlan—I think local content, if you can actually achieve it, would be important in the growth of any team. You will have noted that we have made some concessions to try to get talented young Queenslanders into the Gold Coast side. If it is possible in the constructs of a draft and an equalised competition, yes, we would like to achieve that, but you need to contemplate the needs of the other 16, 17 or 18 clubs that happen to exist at the time. So I think your premise is entirely right. It is how you achieve that in the context of, as I said, a draft and an equalised competition.

CHAIR—And how would you see the Western Sydney team applying that same train of thought or do you think there is no need to because it is not traditionally an Aussie rules area?

Mr McLachlan—It is interesting. Walid Ali spoke last night at an AFL function and basically said that the next step forward for the AFL is to engage multicultural communities and it will be

regarded as truly a code for all these different and diverse cultures when they can see a reflection of the game in themselves. As we try to attract different groups in Western Sydney to endorse our game—as I understand it, there are 200,000 people of Indian descent in Western Sydney, for example—if we could have people of different cultural backgrounds and diversity engaged in that team, I think that will be a great step forward in Western Sydney. As I said, the AFL does not underestimate the challenge and actually trying to get talented athletes out of Western Sydney is also a reason to have the team. There is not a lot there now, but we have been investing heavily in the past five or six years, and the kids, whether they are age 10, 11 or 12, we hope will actually be the players who come through and play for that Western Sydney team.

CHAIR—Is there a strong junior AFL development program in south-western Sydney at the moment?

Mr McLachlan—In the greater west of Sydney, yes, there is obviously an Auskick program and a schools program, and I understand that there is in the order of 18,500 participants now in greater Western Sydney.

CHAIR—In Auskick?

Mr McLachlan—No, across Auskick, school programs and senior competitions.

CHAIR—18,500?

Mr McLachlan—Yes.

CHAIR—That is a sizeable amount. And just one last question from me because I know Senator O'Brien will probably have some more questions before we run out of time. Talking about the local Tasmanian league and, of course, talking to my South Australian colleagues, and you do not have to be Einstein to work it out, since the advent of the West Coast Eagles in Fremantle and the Adelaide Crows in South Australia, the local competition, the former WAFL and SANFL, are just hanging in there. In fact, I take my hat off to the WAFL. I think they are doing a very good job considering that we are bombarded with top quality football at every time we turn on the TV.

Mr McLachlan—Yes.

CHAIR—What would happen if the new Tasmanian league, the state league, was to fall over? What would that mean for the chances of Tasmania ever getting their own AFL team?

Mr McLachlan—We know we need a strong state league like in Western Australia and Victoria to support the league competition. We are partnering with the government and AFL Tasmania to try to develop and grow a strong state league that embraces the whole of Tasmania and all the major population centres. So I cannot really talk about what happens if it falls over. We are just actually kicking it off now.

CHAIR—I wish it all the best, because it was frightening to hear earlier on that the Tassie Devils are no longer in the VFL. One would think that in terms of skills levels the VFL would be a lot greater than the local league, and I am just trying to put together in my own head reasons

that it was not successful, and there is probably myriad reasons why it was not successful. I am not privy to it.

Senator O'BRIEN—I think, Mr Chairman, you have to consider the fact that playing a non-affiliated side against AFL affiliated sides and the VFL was an impediment, and I am not saying any possibility, and then an unsuccessful affiliation with an AFL side in Perth brought the team to a point where its supporter base had declined, as I understand it, and also some internal problems.

CHAIR—So there were some huge hurdles before—

Senator O'BRIEN—In the early stages the team did get into the finals, but it fell away over time and the attendances for the Tasmanian VFL games were probably the highest attendances of any of the VFL games. Certainly that is how it was reported in Tasmania.

CHAIR—Okay. On that I will flick to Senator O'Brien for our last remaining few minutes. Thank you.

Senator O'BRIEN—The commission has done a strong job in reflecting a decision that has been taken, but it is difficult to explore rationales of the commission itself through the witnesses who are before the committee at the moment. Were you specifically authorised to appear here by the commission or is that an executive decision to send you as a representative—

Mr McLachlan—I was doing it as an executive in charge of expansion, and, being across the detail, I was regarded as being the person best placed to answer all of your questions.

Senator O'BRIEN—I am not seeking to be critical. You have got a job to do and you have done it to the best of your ability, but you are not able to put to us the thinking of the commission. Do you sit in on all the commission meetings—

Mr McLachlan—Yes.

Senator O'BRIEN—Or are they policed privately?

Mr McLachlan—No, we—

Senator O'BRIEN—So you are familiar with all of the discussions around—

Mr McLachlan—Yes, I have been present at every discussion the commission has had on this issue.

Senator O'BRIEN—And you are familiar with all the documentation that has been put to it?

Mr McLachlan—Yes.

Senator O'BRIEN—Or, I suppose, potentially any issues which might have been put to it but have not been?

Mr McLachlan—I am confident that the rationale that I have articulated represents the basis on which the commission made the decision.

Senator O'BRIEN—That did not quite answer the question I put to you. You are familiar with all of the documentation that was put to it, and in terms of any issues that we have raised, any matters that were not big in the consideration in making the decision?

Mr McLachlan—To my assessment, yes.

Senator O'BRIEN—And so it is fair for us to assume that the issue of a potential challenge to the code in Tasmania through a national competition soccer team being based in Tasmania was not one of the issues?

Mr McLachlan—That is correct. Is there going to be an A-League soccer team in Tasmania?

Senator O'BRIEN—I do not know. There are significant stories in the media at the moment about a wealthy sponsor being prepared to fund such a team. I do not know whether that means one will happen. Lots of speculation occurs in the media, and one cannot automatically assume that that is correct, but it is a strong participation game in Tasmania, as it is in most parts of the country.

Mr McLachlan—Yes.

Senator O'BRIEN—Were that to happen you would imagine that just as Tasmanians finding their way into the national cricket team has had an impact on support for that game in Tasmania, a pathway from a local team into a national team would have a similar impact. That is why the question has been raised by a number of witnesses, and I felt duty bound to raise it with you. I think we have run out of time. I am more than curious about exploring some of these issues with the commission rather than its executive, but that is a matter for this committee.

CHAIR—Thanks, Senator O'Brien. Mr McLachlan and Mr Martin, thank you very much for your assistance to the committee today.

Mr McLachlan—Thank you very much.

[12.50 pm]

COOK, Mr Brian, Chief Executive Officer, Geelong Football Club

CHAIR—We now welcome Mr Cook from the Geelong Football Club. Before I start the formalities, Mr Cook, it has been discussed by the committee that we have no problem with the filming by the media but we have to make sure that you are comfortable with that.

Mr Cook—No, that is fine, Mr Chairman, thank you.

CHAIR—Thank you, Mr Cook. Do you wish to make a brief opening statement before we go to questions?

Mr Cook—Yes, very brief. First of all, Frank Costa has an apology. We were supposed to be here together. He is acting talking today at the Rural Press Club of Victoria about the future of fruit and veg and—

CHAIR—A much more important subject.

Mr Cook—Yes, so I am leading the cause. I plan to present a very quick position. I have some information here that committee members may wish to read as I am talking, but I am, of course, very willing to answer questions. So you have a document—

CHAIR—You have got a tape.

Mr Cook—Yes.

CHAIR—And if the staff can pick up the document we can have a look at it while you are speaking.

Mr Cook—Thank you, yes. Geelong Football Club felt it worthwhile to make a contribution to this cause because it believes it is in a very similar position in relation to its business model and stadium economics when compared what Tasmania may possibly face if and when it does enter the Australian Football League at some time in the future. Our club's position is that it would support the entry of a Tasmanian based AFL club into the AFL competition, ideally after the introduction of licences from Gold Coast and west Sydney. The club also believes that a Melbourne based AFL club's licence should be relocated to Tasmania, incorporating a large number of its contracted players. Any proposal for entry into the AFL from Tasmania should include a business plan that highlights five main areas as outlined in the submission, and outside of quality player attraction, which we see as a high priority. A stadium partnership with a favourable long-term lease enabling a high yield per game is of the utmost importance. That is our brief statement. It is one more of helping and providing some information to you about what might be the best methods and the best business model if and when a side enters the AFL from Tasmania.

CHAIR—Thank you. I will kick off if I can. I know Senator O'Brien and Senator Milne will have some questions.

Senator MILNE—I just want to apologise. I have to go—sorry.

Mr Cook—That is fine.

CHAIR—Mr Cook, we have heard a number of reasons or a number of indices that count for success of an AFL club from merchandising to stadium sizes to supporter base. How important is it to get those people through the turnstiles for the survival of an AFL club?

Mr Cook—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, and one of the issues at the moment around Australia, and particularly in Melbourne, is that the yield per head per game is not high in both the Etihad Stadium issue as well as the MCG. I have provided to you a table, which is on page 10 of our submission, which clearly outlines that 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.

CHAIR—Yes. I have to declare an interest. I am a financial member of the Geelong Football Club, just so it is all clear, and I will stay away from the conversation I would like to have with you, Mr Cook. But for the purposes of this inquiry also, is it beneficial—because Geelong is not central Melbourne or within Melbourne—that the benefits spin off to the club, to its supporters and locals who live in Geelong?

Mr Cook—Absolutely.

CHAIR—At home games, I mean.

Mr Cook—The economic impact of each game at Skilled Stadium in 2004 was \$1.2 million, of which around \$600,000 was spent inside the stadium and \$600,000 spent outside the stadium. I have to keep reminding myself that that impact is generally due to Geelong supporters travelling into Geelong as distinct from opposition clubs coming to Geelong because we can only sell about 500 tickets to the opposition these days, which is a good thing and a bad thing. If we had more opposition people travelling, the economic impact would be much larger and much more advantageous to the local community. There is no doubt about that.

The social impact of Geelong Football Club in the community is unbelievable. The club carries out 800 player appearances in our communities, including Geelong, and it is no secret that business increases dramatically when Geelong wins. The *Geelong Advertiser*, for instance, sells about 30 per cent more papers when we win, not to mention the moods at the workplace on

Monday morning. There is a tremendous social impact from having a club in an area. But the question was about the economy and the economic impact, and it is about \$1.2 million. If, for instance, when we played Port Adelaide or the West Coast Eagles, and we can provide 2,000 or 3,000 tickets to those clubs, it would have a much larger impact economically around the community, and I think you would have that advantage in Tasmania from the Melbourne based sides, of course, travelling across.

CHAIR—And they would travel.

Mr Cook—Absolutely.

CHAIR—Thank you, Mr Cook.

Senator O'BRIEN—I will proceed with the position that you put which tailors the commission's position, I suppose. You are duty bound to put that submission because that is the position that your president has signed up to at the commission. You have nodded, so—

Mr Cook—Is that a question, Senator?

Senator O'BRIEN—Well, you were nodding, so I am taking it that you are agreeing with me, is that right?

Mr Cook—That is a fact, yes.

Senator O'BRIEN—*Hansard* does not pick up the nods, so I have to put it to you.

Mr Cook—No, sorry.

Senator O'BRIEN—What matters more: having a team in Western Sydney or whether the team is relocated or created afresh?

Mr Cook—You have asked me a question that has not been discussed at board level at Geelong in terms of what are the priorities for a relocated licence or a new licence in Western Sydney, so that is difficult for me to answer. I think 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.

Senator O'BRIEN—It was suggested that a new team would need a 30,000 capacity stadium with 2,000 corporate seat capacity. How does that total with your thinking?

Mr Cook—I think that is a fair comment and a fair statistic based in 2009. Geelong has a capacity of about 24,000 this year. We are knocking down a stand and we are rebuilding for next year. Our capacity will go to 30,000. Profits go from \$1.2 million to \$200,000 this year because of the stand being taken down, but also the economic crisis has some extension into our corporate world. Unless football expenditure reduces or its rate of increase to inflation is reduced

dramatically, I think you will need a 30,000-seat stadium to break even in the future, and I am talking 2010-ish.

CHAIR—Just to break even?

Mr Cook—Just to break even, yes; because 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.

Senator O'BRIEN—Given your professional knowledge of what it costs to support a team, are you saying that in the absence of those dynamics, a team in Western Sydney would have the same problem?

Mr Cook—Absolutely.

Senator O'BRIEN—And in the absence of those sorts of attendances, how much would be needed to prop up a team?

Mr Cook—In terms of underwriting, it would depend on what sort of crowds one gets. My guess is, and this is quite a flexible guess, 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.

Senator O'BRIEN—Over the AFL's dead body, apparently.

Mr Cook—That is a 2009 view, obviously.

Senator O'BRIEN—A 21st century view is probably a better way of putting it at the moment. Who knows what will happen in the future. But what you are saying is the way that you would see a Tasmanian side getting into the competition would be effectively a Victorian side falling over because the AFL Commission would no longer fund its losses?

Mr Cook—Yes.

Senator O'BRIEN—And you are also suggesting that somewhere between \$20 million and \$35 million for the first four years would be the cost of supporting a team in Western Sydney?

Mr Cook—I believe so. That is my guess. That is over and above the existing AFL dividends, which are round about \$6 million or \$7 million at the moment.

Senator O'BRIEN—Seven.

Mr Cook—Seven. Thank you.

CHAIR—We are told.

Senator O'BRIEN—Yes, well, we were told that effectively the over and above component for those sides was \$20 million to \$30 million, so they are a bit under, and that was for eight to 10 years.

Mr Cook—Right.

Senator O'BRIEN—Not four. So, what you are suggesting is that there is possibly an underestimation by the AFL Commission or its executive as to what a Western Sydney team will cost it.

Mr Cook—A lot will depend on the existing conditions the AFL set for the introduction of any new licence. When I was in Western Australia with the West Coast Eagles, if the AFL sold the licence to the West Australian Football Commission as the owner of the licence there, they became the owner and it cost \$4 million upfront. I believe that those sorts of fees are not relevant today, but that is the type of assumption of conditions that we need to talk about.

Senator O'BRIEN—But you are not going to be able to sell something to something that does not exist in Western Sydney, are you? How can you sell a licence to an entity that is not there?

Mr Cook—There are entities, though.

Senator O'BRIEN—There are entities?

Mr Cook—There are entities of a football nature that probably would put up their hand and say, 'We could manage the ownership of this licence under subletting arrangements.' I am just giving you one option. There are probably plenty of others, but I do not think one of the options is private ownership. We can knock that one on the head, I think.

Senator O'BRIEN—In terms of the alternative scenario of a team going to Tasmania some time towards the end of the next decade, how would that happen? Would it really be the case that the team would be presented with an alternative 'move or die'? Is that what you think the AFL would have to do to make that team move?

Mr Cook—I do not know how it would happen. It has never happened before, so that is something the AFL would need to work through. Of course, new licences have been granted. The

merging of licences occurs. An existing licence being transferred into a new market has never been done. How it would happen legally and practically, I do not know. It could go through the Tasmanian football league, et cetera. It could be many ways.

Senator O'BRIEN—I think the NRL has had some experience of trying to rationalise its competition by moving teams out of Sydney, and they have ended up in the courts. Teams that they thought were gone are still there. Some have gone, some have merged.

Mr Cook—Some say, 'No, I have a blueprint.'

Senator O'BRIEN—Well, you are talking about South Sydney. Newtown has gone. Balmain and Wests have merged, and South Sydney has clung on by its fingernails and has held on because of, effectively, private control.

Mr Cook—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 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.

Senator O'BRIEN—I suppose I was making a judgment having seen Mr Arocce's response to some comments about merging teams in Melbourne to create one in Tasmania. That is hardly something that would give confidence about a mature approach in the future.

Mr Cook—The merging with clubs in Melbourne is probably space ages in difficulty ahead of setting up a new licence in Tasmania.

Senator O'BRIEN—So it is financial catastrophe that would bring it about. That is about the only conclusion I can reasonably suggest.

Mr Cook—Yes, I think that would be the trigger point. I do not think it will be two presidents who get together on the basis of a cup of coffee about joining.

Senator O'BRIEN—I have been trying to force it on you.

Mr Cook—That is right. Who wants to be the last president of an existing licence? There is no-one who wants that. That is right, yes.

Senator O'BRIEN—It would boil down to a decision by the commission not to support an existing licensee or to reduce the support to a point where that licensee could not continue viably.

Mr Cook—As well as the support of the existing licensee. I think that would be right. History shows that AFL clubs in these types of precarious positions defy gravity. They find a way of surviving.

Senator O'BRIEN—It sounds like this transfer of a team more and more is pie in the sky. The resistance will be so strong that it will not happen.

Mr Cook—Possibly, but there could be a stage in the future where it will have no alternative but to move or to die.

Senator O'BRIEN—It will be financial. It will be such indebtedness that the clubs cannot go on, cannot pay their players and cannot pay the bills for the stadiums.

Mr Cook—Unfortunately, I believe that is the case, yes.

Senator O'BRIEN—Do you believe it is inevitable, that, as is suggested, Victoria cannot support the number of clubs it has at the moment?

Mr Cook—No, I would not say inevitable. I would say it is most likely that there will be a licence or two that will really struggle in the years to come. There are no guarantees on television rights, and you would have heard that from the AFL, no doubt. That is a major issue. It makes up around 50 per cent of the total income of the AFL and the revenue source of the AFL at the moment, so a lot depends on that. If the AFL turned around in years to come and said, 'We are reducing the dividend by a million dollars to every club' you would find four or five clubs would automatically be in a very precarious position. At the moment there is only a handful of Melbourne based clubs who actually can make a profit on football activities. Geelong relies on football primarily, but it would not make a profit unless there was non-football revenue coming into its coffers on a regular basis, in particular gaming, and therein lies another issue for the Tasmanian side.

Senator O'BRIEN—What do you mean? They need gaming?

Mr Cook—The Tasmanian side will probably need non-football revenues to make profit even with the capacity of 30,000 people.

Senator O'BRIEN—In some form, whether it is sponsorship or other business revenues.

Mr Cook—Yes, that is right. Non-match day income is probably a better way of putting it, and that could be raffles, website options, memorabilia or gaming. It could be a travel business—call it whatever: Tassie Devils Travel, or something. Geelong Football Club makes around \$3 million a year out of those areas, and it is making a \$200,000 profit this year. That just shows you that a club that has appeared in the last two grand finals still relies on non-football revenues to make a profit, as do, I think, seven of the other nine Melbourne based clubs.

CHAIR—That is entering reality now.

Senator O'BRIEN—Do you want to ask a question?

CHAIR—I just say that actually puts it into reality. A club that has been successful in the last couple of years and you talk about losing a million dollars from the AFL, it does really ring the bells and you think, 'Well, hang on, nobody really is safe.' We are talking about a club that has

success. I pity those poor clubs that have not experienced it, except for the likes of Footscray, and you think, 'How the heck have they survived?'

Mr Cook—The sides that are turning over \$50 million I think are pretty safe for a while.

CHAIR—And how many of them are there?

Mr Cook—West Coast, Collingwood.

Senator O'BRIEN—Essendon.

Mr Cook—They have come backwards a bit in terms of the dollars. They are not up there any more. They are in the mid-40s. I would say there are probably two that I can pretty much guarantee. There is a couple on the borderline there. I think Essendon is one.

Senator O'BRIEN—Crows?

Mr Cook—Well, the Crows, yes and no. Yes, because they do turn over about \$40 million and if you added their box income, which the SANFL keep, it would be close to \$50 million, for sure. There are not many. This year we will turn over \$40 million and make \$200,000 profit. It is not a great margin. It is a bit like Frank's fruit and veg, without trying to be funny. It is about one per cent. It is about half a per cent profit margin. It is not big.

CHAIR—I am glad I have paid my dues.

Mr Cook—Yes. They are going up.

Senator O'BRIEN—In terms of an economic benefit for the state, obviously a club that turns over that money spends a significant amount of it in its catchment. In Tasmania's case, most of the money would end up being spent in Tasmania. The players have got to live there, as do the coaching staff, et cetera, and they would spend a significant amount. Is it fair to say that the economic benefit from Tasmania would be from both the generation of income spent within the club and the income generated from visitors who went to see the game?

Mr Cook—Yes.

Senator O'BRIEN—When we get a team in Tasmania, and when Geelong comes—presumably Geelong would organise a visiting group to go and watch its team—

Mr Cook—Yes.

Senator O'BRIEN—and would have an allocation of a number of seats—

Mr Cook—Yes.

Senator O'BRIEN—How many seats would normally be allocated in an interstate trip. I am discounting Victoria for the moment.

Mr Cook—The allocation between clubs is 500. On top of that, the opposition club can purchase through the ticketing agent of that particular club over and above the 500, of course. This is a real guess, but you would probably find, depending on the side going to Tasmania, anywhere between 1,000—possibly with the Kangaroos—and maybe close to 5,000 would travel over with Collingwood and the Hawthorns, perhaps more with Hawthorn now, given their presence. That would be my rough guess.

Senator O'BRIEN—Given that a fly-in usually means people spend a night or two, and often, in the Tasmanian experience—with Hawthorn at the moment and St Kilda before that—visitors come and add on to their stay and plan it, it would be reasonable to talk about a spend per head and between 1,000 and 5,000 people as that economic experience for the Tasmanian economy.

Mr Cook—Absolutely, and that is one of the jewels in the crown, there is no doubt. What we found at Geelong is that the interstate visitors do make a two or three-day tour out of it and go down the Great Ocean Road, et cetera, but we are finding more and more that the intrastate travellers go back that night to their homes. So there is not the impact there once was.

Senator O'BRIEN—You get busloads too, don't you?

Mr Cook—We get busloads, yes. And I dare not transfer or relate that to the Tasmanian environment, because it is completely different in terms of travelling through Tassie in terms of hills, et cetera. I just do not know.

Senator O'BRIEN—From your experience with the west coast establishing a new team, what sort of lead time would you expect before a new team coming into the competition would be competitive?

Mr Cook—Just to clarify things, I was actually the third chief executive of the West Coast, I think, three years in.

Senator O'BRIEN—Right.

Mr Cook—You tend to find CEOs do not last on the introduction of new licences; it takes a while to actually make ends meet. I can talk about West Australian case. I was actually chief executive of the West Australian Football Commission at the time, but not of the Eagles. The commission was given something like only three months or four months lead-in. It was dynamic, it was dramatic and it was not enough time. The commission was given access to local clubs; we could recruit players out of each club, and some of those players were of AFL calibre at that time. There is no doubt that we recruited pretty much a state team, and it was a strong state at that time. Therein lies the difference now, whereas I would assume that the calibre of players in Tasmania means that they could not automatically just walk into an AFL side and be successful.

Senator O'BRIEN—It might be closer than Western Sydney is, perhaps.

Mr Cook—True. I think the way the AFL is treating the Gold Coast licence is ideal in respect of recruitment of players: two or three years as a draft, priority picks through the draft, and I think that is probably the way to go.

Senator O'BRIEN—You would expect that within, what, three years, they would be competitive?

Mr Cook—Three years would be ideal, but practically speaking I am not so sure that if a transferred licence occurred you would get three years notice. I think it could be a much more dramatic and shortened period of notice.

Senator O'BRIEN—You are talking about a transfer of a licence in Victoria to Tasmania or to Western Sydney?

Mr Cook—No, Western Sydney will get us three or four years.

Senator O'BRIEN—If the scenario changed, a transfer licence into Western Sydney would get up and running quicker than the current proposal; is that what you are saying?

Mr Cook—If that were the case, it would be up and running quicker, but the Western Sydney licence I do not believe will be a transferred licence; it will be a new licence.

Senator O'BRIEN—That is not the proposal at the moment, that is certainly true. And there is no prospect of a transferred licence to anywhere at the moment, just to be clear.

CHAIR—I am going to go to Senator McGauran to give you time to catch your breath, Senator O'Brien.

Senator McGAURAN—Just about everything has been covered, but I will perhaps get you to comment on this statement. It is becoming obvious to me, as I said to the previous witness, that so long as all the Victorian clubs are being propped up with valuable resources, Tasmania will be set back in the foreseeable future 10-plus years. It is never going to get its licence. It has to be a vacancy of a licence, if you like, or a relocation, as you have suggested. So it seems pretty obvious that when North Melbourne did not take up their Gold Coast licence, it not only increased the cost of setting up a Gold Coast team but also it increased the cost to all other clubs and the AFL by staying in Melbourne and being propped up in Melbourne. Also, as I said, it set back the Tasmanian licence at least 10 years. What do you think of that comment: so long as Victoria props up its distressed clubs, in particular North Melbourne.

Mr Cook—That is a hard one for me to answer.

Senator McGAURAN—I thought it might be.

Mr Cook—I am contemplating the answer at this point of time, because I am representing my club.

Senator McGAURAN—All right, let me put it this way. I know you cannot answer that. I did want to make that statement, and in many respects your non-answer is an answer, or is that just me reading the tea leaves? We know that Mr Lane spoke of the Oakley effect, when Footscray tried to merge with, who was it?

Mr Cook—Fitzroy.

Senator McGAURAN—Fitzroy and, of course, the emotion of the game, which is so important, came out, and I think the AFL has been bruised by that ever since. Whether that was then and it is different now amongst the public is debatable; it would be interesting to see. It strikes me that the AFL is too bruised by the Oakley effect, and perhaps it should have made the hard-headed decision sooner or later—in particular with the North Melbourne case—to pull the rug from under that club. Instead, the AFL offered North Melbourne more, I believe, when it decided to stay in Melbourne by not taking up an offer, which was for the betterment of the game. Should they now start making hard-headed, rational decisions instead of the emotional ones?

Mr Cook—I think the first consideration from my point of view is the AFL industry should not be guaranteeing the permanency of life to all Melbourne based clubs including Geelong. That statement has never been made. That position has never been tabled. I suppose the reasons for that are several, including political, but also the fact that from an economic and social point of view, one side leaving Melbourne would have a dramatic effect in this state. I think there is some hesitation, of course, for the hard decision to be made. Even if a decision is not made, I think we need to at least get to step one where we say, ‘We are not actually guaranteeing the future of every club forever in its current format’, for what it is worth. We are not even there.

CHAIR—Mr Cook, if I can come back and talk about the parochialism. As everyone is aware here, the West Coast Eagles were seen as a state team, and that was absolutely securing strong, solid membership and support from day one. Regarding Fremantle, it goes without saying for those who know Western Australia, that most of us from Fremantle, I being one, do not like the West Coast Eagles and so it was a good reason to jump on the Fremantle bandwagon—and probably the same for Adelaide and Port Adelaide, with their little Power.

But I think one of the biggest things that came out of the Fremantle experiment—apart from tasting finals success, which I certainly hope they do soon for the fans—is the common line of conversations in Western Australia that most of the good Fremantle identities are still tied up with the West Coast Eagles, either in a coaching role or senior training positions. I listened to the passion from our earlier witnesses about a Tasmanian team, and nowadays people want success; they really want success but they want local identities as well.

Mr Cook—That is right.

CHAIR—And I am of the view that the Tasmanian team should have this massive input of Tasmanian locals, and if success does not come in the first four or five years I find it a recipe for disaster, and that is only my view. Would you like to comment on that? I hope Tasmania gets a team eventually.

Mr Cook—I think the days of instant success for new licences are probably gone, mainly because the playing talent is just not there. You cannot put 17-year-olds in and expect them to win premierships the first two or three years.

CHAIR—Yes.

Mr Cook—It takes four or five or even six years for players to play regular senior footy. I am not here to tell you how to suck eggs, but there needs to be a plan which is communicated to the

supporters and the public that, 'This is going to take five years. You must have patience. You must have tolerance. We are going to develop our own. We are going to develop as many Tasmanians as we can as well, and we are going to try to recruit some great support staff from Tassie as well, but it is going to take time, and we are going to lose some games in the meantime.' In 1999 Geelong got rid of—that is a terrible word—

CHAIR—Shed.

Mr Cook—shed, thanks very much—about 40 per cent of our squad in the first two years, and in 2000, 2001 and 2002 we actually put sides on the field which we knew dramatically reduced the club's chances of winning those games, all for the longer term. We can say that now, of course, with some surety but that was the reality; the club knew that at the time. We communicated the fact that it was going to be a long haul, that it was going to take time, and to bear with us.

CHAIR—Yes, but the Geelong mob is special. I do not live in Geelong—I went to school there—but they are a special mob because rain, hail or shine, they will be there week in, week out, year in, year out, and I am thinking that Tasmanians would be very similar. I know you can plant a team in a non-AFL area, like Fitzroy into Brisbane or South Melbourne into Sydney. I do not think there would be anywhere near that pressure as there would be from a real home-grown, AFL established state. I think, and it is only my view, that Tasmanians would probably see that a little bit differently than having a team planted on them.

Mr Cook—Winning in football is the most important thing, we cannot get away from that, but it is not the only thing, and sporting clubs that think that often fall on their sword. We in the sports industry and in sports administration have got to make sure that they do everything properly and well. Clubs cannot put all their resources into football games and winning games. They have to put money into their commercial aspects, into their brand, their merchandise, into the way they answer the phones, into gaming. Clubs have to do everything extremely well. They have to communicate to the supporters, who do believe, by the way, that winning is the most important thing, but who also believe that giving back to the community is the second most important thing. The third thing is value for money, et cetera, and every club has a different set, no doubt. If clubs can get all of the other factors right, even during times of poorer team performance, they can keep their supporters relatively satisfied. Believe it or not, winning is the most important variable in terms of all that but it is not the only thing.

CHAIR—Yes, I appreciate that.

Mr Cook—And I think Tasmania has an opportunity to build a really solid brand that might be able to withstand some periods of loss because of its parochialism.

CHAIR—Yes.

Senator O'BRIEN—The state cricket team would be an example; we have been through a lot of drought but, in fact, won the equivalent of the Sheffield Shield after a relatively short time in the competition if you compare our performance to Queensland, for example, in terms of the time it took to go from initially entering the competition to winning. Equally with Queensland, we have had players from all over the country play cricket for Tasmania, and so has every other

state. It is the same with AFL teams at the moment and into the future, I suspect, unless they change the draft. Given the value of the TV licensing fees, is it fair for us to assume that that is, if not the dominant, one of the dominant criteria that the commission is applying to its decisions about Western Sydney and the Gold Coast?

Mr Cook—I believe that is the case, yes. I believe that the television potential in relation to importantly the increased revenues in that area is very important, but I also believe that is still an assumption. I, like most people, have not been able to peel back the assumption and then the assumptions behind those statements. I, like you, would like to know more about that.

Senator O'BRIEN—If you assume that TV rights will be bought and sold on the basis of potential audience, and have been in the past, is it reasonable, in the absence of any direct evidence to the contrary, for this committee to assume that that is the dominant factor for the decision making processes of the commission now?

Mr Cook—I think it is. I cannot speak for the commission, but my communications with the AFL have indicated that that is a major issue, a major reason for the new licences in those two areas.

Senator O'BRIEN—And if I read into your answer, you are not certain that that will be the outcome of the current approach?

Mr Cook—I am not certain that will be the outcome of that approach, that is correct.

Senator O'BRIEN—Can you expand upon that? That is just your feeling or from your experience?

Mr Cook—I have seen the statistics, I have seen the facts, I have seen where the growth in the population is and I have seen the demographic facts, but experience as a football administrator tells me that unless I have the managing director of Foxtel and the consortium around the table and actually say that and it is being recorded, then how do we know what their deal is going to be? I do not know.

CHAIR—Senator O'Brien, it is 1.30 pm. Did you have one last burning question?

Senator O'BRIEN—No.

CHAIR—Okay. Mr Cook, we do take up the conversation you and I had earlier that, should the committee wish to visit Geelong, today could not have been a worse day, but that offer is still there if we would like to come down?

Mr Cook—Absolutely, yes.

Senator O'BRIEN—Oh, there is one burning question. Are you jealous of Hawthorn getting the \$4 million a year from the Tasmanian government?

Mr Cook—I think it has been a great deal for Hawthorn.

Senator O'BRIEN—Yes. Everyone else has said they are jealous, so I just wondered if you said the same thing.

Mr Cook—I take my hat off to them. I think that has been a fantastic arrangement for them.

CHAIR—On that, then, Mr Cook, we wish you the best of luck for tonight and thank you very much for your assistance to the committee.

Mr Cook—Thank you, Mr Chair.

CHAIR—That concludes today's hearing. Thank you.

Committee adjourned at 1.33 pm