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THE JOINT STANDING COMMITTEE ON PUBLIC ACCOUNTS MET AT THE
COUNCIL CHAMBERS, LAUNCESTON ON FRIDAY, 1 NOVEMBER 2013.

INQUIRY INTO GOVERNMENT FUNDING OF AUSTRALIAN RULES
COMMUNITY FOOTBALL IN TASMANIA

Mr PATTERTON - I would like to start from where we began. Our involvement in this
process started after a concerned group of life members continued to read in the media
about the state of our football club. From this, a delegation of our group met with
representatives from AFL Tasmania in June 2013. I was the spokesperson for the group
and was accompanied by Greg Prosser, who is the vice-president of our junior club; Jade
Elmer, Drew Alexander and Dennis Alexander. We all met with Scott Wade and Shaun
Young to seek clarification of where the South Launceston Football Club was at.
AFL Tasmania provided a financial statement demonstrating the financial strain the club
was currently under. The group asked for six weeks so we could become involved and
try to turn things around to see whether we could keep our TSL licence, to which Scott
Wade replied, 'too little, too late', as the joint venture with the Prospect Football Club
was too far down the track. The life members wanted to keep their own identity as the
South Launceston Football Club playing at the Youngtown Oval in the red, white and
blue Bulldog jumper.

Mr BOOTH - Rod, were you working with the old board at the South Launceston Football
Club.

Mr PATTERTON - No.

Mr BOOTH - So this is independent of -

Mr PATTERTON - Totally independent; they were not aware of the meeting. From this
meeting the group started communicating with other life members and supporters, from
which we received a ground swell of support for what we were attempting to achieve.
The group started to consult with the current board, asking for a general meeting of the
members for them to have their say. Finally a meeting was called for 3 July 2013. On
that night more than 100 people attended and even then there was confusion and outrage
from members as the cost of membership had increased over the past week and the rights
for those certain memberships had changed. The week prior to this meeting, when the
current board knew there was a ground swell of support, Daniel Smedley changed our
membership entitlements and price, but on the night forgot to pull down the original sign
of the cost of membership and those membership rights.

Mrs TAYLOR - Can we ask what it changed from and to?

Mr PATTERTON - It was $30 to $50 - so $30 was full membership rights. It gives you the
entitlement to vote, use of the facilities et cetera.

Mr YOUNG - You need to have a meeting of the committee and the board to change those
sorts of things. This had been done at the annual general meeting.
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Mr BOOTH - Was that increase to try to stop more people joining and having voting rights?

Mr PATTERSON - Correct.

Ms KEEGAN - The junior parents, as part of their child's membership, were members, and on that night Daniel Smedley basically told them they had no voting rights and if they wanted to vote at that meeting they would have to buy a $50 membership that had increased the week before.

Mr PATTERSON - Many people had turned up on the right to pay their membership to have a voice. At this meeting there were two motions put to the floor. The first one was to continue to participate in the Tasmanian State League joint venture working group with a view to participating in the Tasmanian State League in a joint venture licence arrangement between the South Launceston Football Club and the Prospect Senior Football Club from 2014.

A second motion was an amendment to the constitution to read: 'The South Launceston Football Club would compete in the highest competition in Tasmania that it could afford'. It was voted overwhelmingly by the members to say no to any joint venture and for the club to continue in its own right and would seek admission into a lower competition - that being the NTFA. This was despite only two senior players attending the meeting, with the rest done by proxy. Not a proxy form as you would know it but a spreadsheet with names of the players, with a tick whether they voted for the merger or a tick voting against. There was no form signed by any player not in attendance, but there were 26 people of the playing group that supposedly voted for the joint venture.

From this meeting, a delegation of our group met with the president of the South Launceston Football Club, Ian Goninon, to give support but to also encourage his board to speak to the players regarding the financial situation of the club and the future liabilities to the players that may not be forthcoming. What we wanted Ian and his board to do was go to the players and share with them the stress of our financial situation earlier enough so something could be done, instead of continuing on growing that debt knowing that at the end of the season our football club would not be in a position to pay the players what they are entitled to as per their contracts.

Mrs TAYLOR - When you say the club was in financial stress, what kind of stress are we talking about because obviously you thought that you could have turned it around?

Mr PATTERSON - If it was very difficult to get the end game. Our president, Ian Goninon, we would go to a meet with him and he would say, 'Don't worry about that, I'm fixing that'. He is not quite up-to-date but I will give you some examples. The football club had two cars -

Mr BOOTH - Two cars?

Mr PATTERSON - Yes. We were told there was $14 000 owed on the Toyota Rukus. We are in the wrong game and I played in the wrong century.
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Mr Patterson - And a Toyota Corolla was outstanding; that was owing $8,000. When I became president of the South Launceston Football Club I rang Toyota and got a payout figure of $22,567 for the Rukus and $14,383 for the Corolla. So the figures were not right and the figures changed every meeting. We just couldn't pin down what was owed.

We knew there was a tax liability. Apparently we have not paid GST, PAYG or super for the last three years, so Daniel Smedley contacted the tax office and with some assistance from other people the tax office set aside $130,000 of debt for the South Launceston Football Club - it might be $128,000 - but $130,000 worth of debt that the South Launceston Football Club had accrued over that time, and had set it aside to be reviewed in April. So they were not going to call that debt in as long as we fulfilled our commitments going forward as we should.

Mr Page - It should also be noted that AFL Tasmania was fully aware of that insolvent situation because it then put in a process of servicing the current and ongoing tax debt from the grant that was coming back to the South Launceston Football Club on a monthly basis. If there was a $100,000 payment to South Launceston, which I assume was taken over approximately 12 months, that was around $9,000. There was an arrangement in place with the tax office to take that money before the grant came back to the football club, so they were fully aware that the club was in excess of $200,000 in debt at that time. As Rod said, we don't know the exact figures but it was something we had some real concerns about at that time.

Chair - Were you talking with AFL Tasmania at this stage? How were they becoming aware of these facts?

Mr Patterson - Through the existing board of the South Launceston Football Club at the time. As Geoff has demonstrated, the president at the time, Ian Gorninson, confirmed that the contribution AFL Tasmania gave to our football club, which was $100,000 - that being $50,000 because we had a general manager and $50,000 because we had a full-time coach - before any of that money was distributed back to our football club all our tax liabilities were paid out of that.

Mr Page - Ongoing ones, not the old debt. I was given the sheet and took over the job as the tax officer of the football club. I rang them and made sure that the arrangements we were being told were in place. They weren't exactly, but it was close enough, and it was in excess of $122,000.

Mr Booth - Was the old debt going to be called in as well?

Mr Page - The tax office said they will review that on 1 April. It is not accruing interest and has been placed into their hardship department. So on the basis that our circumstances have changed and we can't pay the debt, they are going to set it aside in the hardship department and then we are going to start a new account with the new administration.

Mrs Taylor - Is that why AFL Tasmania was saying South Launceston needs to cease to exist, because of the financial situation?

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Mr Patterson - It depends on which story you go for. Some people believe that this was planned in 2009 for Prospect to come in. I don't waste any energy on trying to work out AFL Tasmania's plan because we need all the energy to try to fix with they have created.

After that meeting, a delegation of our group met with the president of the South Launceston Football Club to demonstrate support to him and asked to meet the players. This was denied because they saw it as a disruption to the playing group considering their on-field possibility of success. Although during this time we understand AFL Tasmania representative met the players to discuss their payments in the absence of the president at the time, Ian Goninon. He was in Wynyard and Scott Wade, Shaun Young and Daniel Smedley met the players. Again, as to that conversation, there is a lot of rumour and innuendo suggesting anyone who signed with Prospect, the new club, would be looked after with their match payments.

Mr Gutwein - What month was that meeting, Rod?

Mr Elmer - I'm not sure what time it was. It was during July or August, but the players were effectively told they would be looked after with match payments. They couldn't sign with Prospect at the time until 1 November because they were contracted to South Launceston, but if they showed a commitment and signed - it was in the Examiner - a letter of intent. They publicised that 26 South Launceston players had signed a letter of intent to move to the new franchise next year. The meeting would have been within two days, I would say, of that meeting with Scott Wade, Shaun Young and Daniel Smedley with the current South Launceston players. Basically it was, 'Okay, you'll be looked after if you sign this bit of paper now because we need to get moving on getting next year sorted out'.

Mr Gutwein - For clarification, it is the view of this board that at that meeting held between Scott Wade, Shaun Young, Daniel Smedley and the playing group they were told that should they sign a letter of intent to sign with the Prospect Football Club at the end of the season their match payments would be looked after, they would be taken care of?

Mr Elmer - They would be taken care of.

Mr Gutwein - Okay.

Mr Patterson - We were not at that meeting.

Mr Elmer - That is our strong belief.

Mr Gutwein - And that is your strong belief. Who has told you that?

Mr Patterson - Players have told me that.

Mr Gutwein - Players have informed you of that?
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Mr PATTERSON - Yes. In meetings with myself both Scott Wade and Shaun Young have denied saying that - in.

Mr ELMER - What Shaun Young has said to me also around that is that payments were never mentioned but he did say they would be looked after, so Shaun basically pulled away from the financial side but said, 'you'll be looked after'. When you are talking to players about money and next year and then you say 'you'll be looked after', the assumption would be from a young man that, 'Okay, I will get paid' -

Mrs TAYLOR - How many players did not sign?

Mr ELMER - Well, 26 players at that time because it was publicised in the Examiner had signed the letter of intent. I think probably only 20 out of 30 on their senior list, so it was unanimous pretty much.

Mrs TAYLOR - I was just wondering if you had had conversations with those players who didn't sign?

Mr ELMER - We weren't allowed to.

Mr PATTERSON - They denied that opportunity.

Mr ELMER - We requested that on numerous occasions because we were getting some conflict from the playing group, especially the coach. I won't share one conflict he gave me when I was attending a junior football club meeting because it would make your hair curl.

Mr BOOTH - You understand that 'being looked after' meant they would be paid their back dues, not that they would be looked after respectively necessarily but this is retrospective, 'You're owed money, sign up with this new mob and you'll be looked after.'?

Mr PATTERSON - I think I can clarify later in my submission.

After it became apparent there was no cooperation forthcoming from the current administration, the life members group became more vocal through the media. We were trying to gain enough angst to get action. As a result, the board of the South Launceston Football Club called a members meeting for 7 August to confirm the direction of the club, only to postpone it the day before. It is believed the meeting was postponed as our group wished to advise the members of the club at this meeting that the club was in jeopardy of closing down - we thought the club was insolvent - and that we were prepared to put a vote of no confidence in the board to the floor with a view of putting up an alternative board. The meeting ended up being rescheduled to 2 October, so the day before we thought we would get at least 150 people at that meeting. They were concerned that we would, so Ian Goninon said it was unconstitutional, which it probably was with all due respects to Ian.
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Mrs TAYLOR - Because they had not given enough notice?

Mr PATTERSON - Yes, so it was cancelled the day before. Obviously getting nowhere with the board we reverted back to being vocal in the media, at which time President Ian Goninon asked for all media comments to stop and it was agreed that the two groups would get together through a mediator. On 14 August, mediation was held conducted Mr Alan Larcombe from Newport & Wildman, a professional. Whilst the meeting was sometimes heated, there was a resolution to form an interim board until 2 October, which would be made up of the six current board members plus six members from the life member group, and that Mr Rob Dixon from Knight Frank Tasmania would act as an independent chairperson.

During the six-week period the group worked in good harmony, achieving much along the way, however at times it was still difficult to get a clear understanding of the financial situation of the club. For example, player payments were never shown on any financial report presented at meetings and in fact the player contracts were only received last week by me and were never kept on site. Our football club did not have a copy of one contract up until last week

Mrs TAYLOR - Where were the contracts?

Mr PATTERSON - The CEO appointed by AFL Tasmania, Daniel Smedley, had them, and a copy was held by AFL Tasmania.

Mr GUTWEIN - So your board hasn't had the contracts, but the CEO appointed by AFL Tasmania did?

Mr PATTERSON - Yes, but were not held on the site of the South Launceston Football Club.

The financial records proved very difficult to reconcile, and this still continues today. For example, we have a bus -

Mr GILLOW - We'd been receiving invoices from back in June which aren't on any financial statement. Each week we are continually getting phone calls from creditors that we didn't know we had.

Mr PATTERSON - The interim board applied to the NTFA for a licence in 2014 and started to canvas the member clubs for support. South Launceston Football Club was accepted in the NTFA on 10 September 2013. On 2 October, a new board of the South Launceston Football Club was elected by its members, with myself elected as president. In outgoing president Ian Goninon's final address to the members he committed to paying all outstanding player payments personally, a commitment he also gave to the interim board a week before that. On numerous occasions Ian Goninon said, 'Don't worry about the players. I will play them.'

Mr BOOTH - What was the sum?
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Mr PATTERSON - There are contracts missing and pages missing. We believe it was approximately $44 500.

Mr GUTWEIN - That was the outstanding amount?

Mr PATTERSON - Yes.

Mr BOOTH - Do you think he was going to pay that personally or given to Prospect to be looked after?

Mr PATTERSON - He said personally, that he would use that money as a sponsorship donation. It was going to be to our 2014 campaign at South Launceston, but it appears it's going to be to Prospect's campaign in 2014.

This lead us to the following transcripts. Dennis Alexander and I had a meeting with AFL Tasmania, Scott Wade and Shaun Young, on Friday 11 October to ask for their assistance with the transition from TSL to NTFA and to seek clarification on a few issues. We talked mainly about player payments, as our club did not have a copy at that stage of any contracts of players representing our football club. Under the rules of the TSL a copy of all contracts must be lodged with the competition. During this meeting it was confirmed in everyone's opinion that our club had breached the salary cap substantially - approximately $40 000 - and the new board of the football club, with Dennis and me representing them, wanted to ascertain whose responsibility it was for the playing contracts, as some side agreements outside the contracts had been organised. For example, for every winning game after nine our coach received $1 000.

Mr GUTWEIN - Regardless of where it came from, that was the agreement?

Mr PATTERSON - Geoff had that discussion with [redacted]. He was looking for his money and he said, 'I have an agreement to be paid $1 000 for every win after nine'.

Mrs TAYLOR - Is there a bit of paper that goes with that?

CHAIR - You don't know?

Mr PATTERSON - No.

Mr ALEXANDER - We did ask for a copy of that contract.

Mr PAGE - He did show it to us.

Mrs TAYLOR - So he had a piece of paper that said that?

Mr PAGE - No, he had it on his phone.

Mrs TAYLOR - So not signed?

Mr PAGE - Yes, it was signed. I couldn't pick up exactly how it was signed, but it was a scrolled message and it went to the clause that said, 'You owe me $7 000 on the basis
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that this clause was present and it was part of the contract that was signed 12 months ago. It was signed in 2012 for the 2013 season.

Mr BOOTH - Signed by whom?

Mr PAGE - We believe it was Daniel Smedley.

Mr PATTERSON - It was suggested that between all parties - this is still at this meeting at Aurora Stadium - that being Ian, Daniel and AFL Tasmania, Prospect and the new board we may be able to come to a resolution where the five parties may all contribute to the payments. Sorry, this meeting took place in Tamar Street, in the restaurant.

Mr GUTWEIN - Is this the meeting on Friday, 11 October?

Mr PATTERSON - Yes.

Mrs TAYLOR - This is the $44 000 you are talking about?

Mr PATTERSON - Yes. We took a spreadsheet, that Braden McGee, the general manager, had given us. It worked out to be approximately $44 000 that we owed to the players. It was suggested that between the five parties - Ian Goninon, Daniel personally, AFL Tasmania, Prospect and us as a new board - we may be able to come to a resolution where the five parties may all contribute to the payments. That is what we were discussing with Shaun and Scott. It was very evident that Scott especially was angry with Daniel and was prepared for him to carry the can for this situation. Dennis Alexander later in the day met with Shaun Young and viewed the contracts. It was from this meeting the following email was sent to Ian Goninon, Daniel Smedley, Dennis and myself inviting us to a meeting. The first email came from Shaun Young calling the meeting and the follow-up reply was from Scott Wade.

Mr BOOTH - Why is this cc'd to Ian Bugg, Smedley Sports, Rod, et cetera?

Mr PATTERSON - Because the five parties were going to meet to try to work out a payment arrangement.

Mr BOOTH - So they represented those five parties?

Mr PATTERSON - Yes. Daniel Smedley Sports was Daniel Smedley, Bugg Goninon was Ian Goninon, Rod, Scott, Shaun and Dennis.

The email says:

AFL Tasmania would like to convene a meeting to discuss the South Launceston Football Club's transition from the TSL to the NTFA. The proposed date and time is Thursday 17 October at 5 p.m. at AFL Tasmania offices, Aurora Stadium. Could you please advise your availability to attend.

This was followed by an email from Scott:
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All good with me. Can we be provided with an accurate and up-to-date financial report - i.e. not a report with a whole bunch of surprises to follow.

Ian and Daniel, I would assume that Rod and his new board will need to clearly know what is or isn't outstanding in terms of 2013 payments to players, coaches, trainers et cetera.

Regards
Scott Wade

After that email I received a phone call from Shaun Young informing me that our meeting may not take place, as Scott and he were meeting with Daniel and Ian separately and he would inform me of the result of that meeting as soon as it was concluded. I received a phone call from Shaun suggesting he and Scott would like to continue with the planned meeting even though the player payment issue had been resolved with Ian and Daniel. We agreed to meet on that Thursday night but our main concern had gone off the table, that being the player payment. We were not privy to that meeting.

Mr PATTERTON - Yes. The first e-mail came from Scott Wade on Tuesday, 15 October at 5.42 p.m. It went to Ian Goninon, Smedley Sports, Shaun Young, Braden McGee and Mitchell Thorp.

Subject: today's meeting. Gents, this is my understanding of the outcome of today's meeting. It was accepted that the spreadsheet provided by Daniel Smedley prior to the meeting was the basis of moving forward in regard to what the 2013 South Launceston Football Club players may accept in terms
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of outstanding player payments. Furthermore, this spreadsheet doesn't necessarily correlate with the player contracts that have been provided to AFL Tasmania. In this regard it is apparently accepted by the 2013 South Launceston Football Club players that payments for finals and/or incentives aren't going to be received due to the South Launceston Football Club's financial position.

Item 2: In an endeavour to clear this matter up as soon as possible, and to enable the players to be paid and recommit to the TSL competition, the following was agreed to. Ian Goinon agreed to contribute $12 000. AFL Tasmania agreed to contribute $9 000. The Prospect Junior Football Club will be asked by Daniel Smedley to contribute $8 000.

From the above funds, 2013 South Launceston Football Club players who commit to the TSL with Prospect in 2014 will be prioritised. Ian Goinon and Braden McGee will deal with those players that don't wish to commit to the new Prospect TSL venture. Any unused funds will be returned to each of the three parties, based on their percentage contribution.

Item 4: Daniel Smedley, Shaun Young, Scott Wade and Braden McGee will work together on exactly how and when the funds will be received, and the players will be paid in cash. The payments to the 2013 players will, in essence, become donations to the players for their contribution to the South Launceston Football Club in 2013.

Ian Goinon also advised that he is prepared to continue to support the employment of Braden McGee and for him to work for the new TSL club between now and, say, March 2014. In addition to this, he is also prepared to have a discussion with the new TSL club about sponsorship. Scott Wade, Braden McGee to follow with Michelle Strickland.

Please let me know if the above isn't your understanding of the meeting.

Regards,
Scott Wade.

Then I will refer to Daniel Smedley's email dated 15 October 2013 at 10.57.

**Mr HARRISS** - Point number one of Scott Wade's e-mail in the fourth line says 'the player contracts that have been provided to AFL Tas'. Am I right in understanding that, from what you said earlier, the contracts weren't just provided to AFL Tasmania. They were part of putting the contracts together and signing off on the contracts, weren't they?

**Mr PATTERTSON** - Daniel Smedley was the CEO of the football club who assigned all the contracts. I am not going to suggest whom he was reporting to. In today's paper they were suggesting he was working to the president. The president has never seen these contracts.

**Mr GUTWEIN** - Who else signs the contracts?
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Mr PATTERTON - An AFL Tasmania representative, Wayne Povey. There is a second signature on those, so it's suggesting they have been read and signed off on. Some of these contracts have been signed by Daniel Smedley, Braden McGee and Mitchell Thorp.

Mr GUTWEIN - But are they all co-signed by AFL Tasmania's Wayne Povey?

Mr PATTERTON - Yes; AFL Tasmania has approved the contracts.

Mr GUTWEIN - So AFL Tasmania should have been aware of what the payments were expected to be to South Launceston Football Club players throughout the course of the year, as they had co-signed them?

Mr PATTERTON - I have a copy here of the salary cap straight out of AFL Tasmania's bible. They are supposed to get a mid-year report with an up-to-date financial statement of where the players' payments are at.

CHAIR - Can you table that document, Rod?

Mr PATTERTON - Yes.

Mrs TAYLOR - Forgive my ignorance, Rod, but how can you breach the salary cap if a contract says this is how much the salary will be, or are the contracts breaching the salary cap?

Mr PATTERTON - The contracts collectively are breaching the salary cap.

Mr YOUNG - When you have read the salary cap guidelines it is clearly set out what is included as payments, and they can be sponsorships, donations, even employment of a spouse.

Mr PATTERTON - Tax must be included.

Mr YOUNG - Tax is included; superannuation must be included. It is quite clear in the guidelines as to what amounts to their income. It also covers that checking halfway through the year to make sure it is being complied with. AFL Tasmania is responsible for that, in conjunction with the club.

Mrs TAYLOR - So it is AFL Tasmania's responsibility to see the salary cap is not breached?

Mr PATTERTON - I think there's been a great example over recent years where salary caps are being breached at the highest level in AFL and there have been huge penalties in relation to that. Those payments were made outside the contracts. These are signed contracts by the South Launceston Football Club and approved by AFL Tasmania, and if you add them up they are over the salary cap.

Mr BOOTH - Rod, on that point, one of the emails says:

Furthermore, the spreadsheet doesn't necessarily correlate with the player contracts that have been provided to AFL Tasmania.

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What does that mean, that there are two sets of figures?

Mr PATTERSON - There's no doubt that all the information is not here.

Mr BOOTH - Do you think perhaps AFL Tasmania has a false set of contracts that aren't the same, so that if they look at them it won't appear that the salary cap has been breached?

Mr PATTERSON - Kim, I am as confused as you are because our spreadsheet that Braden McGee gave us does not correlate to the contracts either.

Mr BOOTH - This is from Scott Wade, so he acknowledges there is a discrepancy between the records and the contracts.

Mr ELMER - Even at the end of the football season, when we were trying to access what we owed the players, it was apparent there was only person who had the spreadsheet, and that was Daniel Smedley. The excuse from Ian Goninon was, 'He's in China and we can't access it'. Daniel Smedley all the way through seemed to be the guy employed by AFL Tasmania, put into South Launceston by them, and was the only guy with access to the actual figure. They had just won a grand final and we didn't know what we owed them, and couldn't get access to that.

Mr GILLOW - We had asked Daniel Smedley for all his intellectual property as he was no longer employed by the club, but that spreadsheet was never forthcoming.

Mr HARRISS - Rod, you have indicated that AFL Tasmania require a midyear report as to the progressive payments. Are you aware whether that midyear report was ever provided to AFL Tasmania?

Mr PATTERSON - I am not aware whether it was but if it was they would have seen that the players had not been paid after round 9.

Mr HARRISS - With regard to the spreadsheet, as Scott Wade alerts to here provided by Daniel Smedley, does anybody know how long that spreadsheet had been in existence and why it was produced?

Mr PATTERSON - We have not seen the spreadsheet at all - ever.

Mr HARRISS - So we can only presume, because Scott Wade says here it's different than the contracts, that AFL Tasmania must have a copy of it. Are you aware whether AFL -

Mr PATTERSON - I have not seen the spreadsheet. I have no idea who has it. We have asked for it as part of our intellectual property but it has not been returned to us.

Mr BOOTH - Is there a list of documents that you could suggest we might acquire from the AFL that would be quite helpful?

Mr PATTERSON - I have brought along every contract that Daniel Smedley dropped off to me last week. There is not much else.
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CHAIR - On those contracts, you have referred to missing pages from some of those contracts; what are those missing pages? Have you any idea of what part of the contract those missing pages may refer to?

Mr GUTWEIN - On 11 October, there was a meeting between five parties -

Mr PATTerson - On 11 October, there was a meeting between Shaun Young, Scott Wade, Dennis Alexander and Rod Patterson. It was held in Tamar Street at the City Grand Hotel.

Mr GUTWEIN - At that meeting on 11 October it was agreed that the outstanding payments to players was around $44,000?

Mr PATTerson - Yes.

Mr GUTWEIN - Was it agreed at that meeting or was it understood that there was a breach of the salary cap?

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Mr PATTERSON - Yes.

Mr GUTWEIN - Then after that meeting we then come to this email that you came into possession of on 15 October, the one from Scott Wade. That email demonstrates, by my reading of it, an acceptance that for $29 000 in cash paid by those three parties that this matter would be dealt with.

Mr PATTERSON - Peter, the first email was in relation to organising a meeting between Ian Goninon, Daniel Smedley, myself, AFL Tasmania -

Mr GUTWEIN - Sorry, I'm not talking about that. I'm talking about the email we have in front of us of Tuesday, 15 October.

Mr PATTERSON - Yes, on 16 October.

Mr GUTWEIN - No, on 15 October.

Mr PATTERSON - The meeting was on 15 October; we received the email on 16 October.

Mr GUTWEIN - We can call it the email of 15 October from Scott Wade. That email sets out that for $29 000 in cash the players would be taken care of?

Mr PATTERSON - Yes.

Mr GUTWEIN - That leads us to that next email from Mr Smedley.

Mr PATTERSON - Yes.

Mr BEST - I want to ask about the $500 000 that the state government provides to AFL Tasmania. In relation to the evidence we've heard today, I think you mentioned there was approximately $44 400 overpayment; is that right?

Mr PATTERSON - Approximately $40 000 over the salary cap.

Mr BEST - Yes, or thereabouts. Are you suggesting that money that is being paid for those salary caps is from the government payments provided to AFL Tasmania?

CHAIR - Brenton, there is no suggestion made of that, but I can ask Rod if he has any idea where the money was coming from.

Mr PATTERSON - No, I do not know where the money is coming from.

Mr BEST - If the money for the transactions you are referring to is not pertaining to the $500 000 sponsorship by the state government of AFL Tasmania, then I am not sure what the boundaries are for this committee, Chair.

CHAIR - Brenton, that is a matter for the committee to discuss at an appropriate time. There have been discussions around this at our other meetings, so we will continue at this stage.
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Mr BEST - It's your ruling that the $500 000 of state government sponsorship is what we are inquiring into today; is that right?

CHAIR - Absolutely. The $500 000 made available from the state government is in the terms of reference but it also goes into the second term of reference, which relates to the structure of community football, the future of football and who supports and provides services to it as a result of that funding et cetera. The second term of reference is an important part of this as well.

Mr BEST - I wonder whether we are inquiring into the state sponsorship or just into what is happening at football clubs out of Launceston.

CHAIR - I am ruling at this stage that it's within the terms of reference and we are going to continue. We will make a determination at the appropriate time on where this evidence goes and what we do with it.

Mr BOOTH - In regard to the $44 000, is that in excess of the salary cap or was that payments that were still due to players as part of their contracts?

Mr PATTERTON - That was payments still due to players as part of their contracts.

Mr BOOTH - So therefore the $29 000 they talk about, if you add up that part 2 of the email, Ian Goninon is going to put in $12 000, AFL Tasmania will put in $9 000, and, amazingly, the Prospect Junior Football Club will put in $8 000. That is only $29 000.

Mr PATTERTON - If you read through it they are saying that incentives are off the table. Part of their contracts are incentive clauses -

Mr BOOTH - In other words, the $44 000 is owed to them but they're not going to get it because -

Mr PATTERTON - That's correct. In their contracts they are supposed to be paid for finals, they have incentives, and they are supposed to pay tax.

Mr BOOTH - So by the cash payment, players are effectively agreeing to accept a cash payment in lieu of the full audited amount, which would include tax et cetera.

Mr PATTERTON - I am presenting the spreadsheet which came across from Baden McGee, and this is how we equated the sum of a bit over $40 000 still outstanding to the playing group of the 2013 season.

Mr BOOTH - Do you have any idea how that money would be brought to account in the [inaudible].

Mr PATTERTON - No.

Mr PAGE - We have gone to the tax office to negotiate an arrangement, yet here we have a third party - and you may want to call them a second party; they are not that far removed - that are negotiating to pay a debt of the South Launceston Football Club of which there is an incorporated act which covers us, as the public officers for that
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committee, that club and that entity. You have somebody else who is going deliberately outside the knowledge of these democratically elected board members, and potentially put us at further conflict with the tax office by making a cash payment. We can't confirm whether there was an intention, other than the words 'in cash', not to pay the tax office.

Mr PATTERSON - I have further information relating to that in a discussion with Scott Wade and Shaun Young.

Mr BEST - Chair, I would like to raise a matter. I am quite happy to hear the serious things that need to be resolved, but our inquiry is around the state government money into the AFL and what we are listening to is a lot of evidence about matters that really should be referred to the tax office. They are serious issues. Obviously it could be affected by breaches of the Criminal Code, perhaps, I don't know. I question what the decision is around receiving information not pertaining to public money.

CHAIR - Brenton, the committee has been given evidence previously in relation to moneys coming into the organisation, which we understand goes into a big bucket. The state government funds go into a big bucket with which AFL Tasmania administer football in this state in the way they do, so it is reasonable for the committee to assume that some of the moneys that AFL Tasmania are paid out in this instance came from moneys provided by the state government. That has been the ruling of the committee. The committee's position is that we will continue to receive the evidence. We believe it is important; it is clearly within our terms of reference and we will receive the evidence in that regard.

Mr PATTERSON - I now draw your attention to the e-mail from Daniel Smedley, dated 15 October at 10.57, going to Scott Wade, Ian@bugg.goninon, Shaun Young, Braden McGee and Mitchell Thorp:

Subject: re today's meeting. Scott, in relation to point 1 it was agreed in the discussion with Shaun after you left the hook-up that the amount being paid also ensures that salary cap compliance is achieved for season 2013.
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Mr PATTERSON - Now we go to the Thursday night meeting with Dennis Alexander, myself, Scott Wade and Shaun Young. We met on the Thursday, as organised, and discussed the meeting held on 15 October where those emails came from. They confirmed the discussion and commented that if it was repeated outside this room it would be denied.

Mrs TAYLOR - He said that to you?

Mr PATTERSON - Yes. I asked who gave permission to anyone to talk to our players, as they are still contracted to the South Launceston Football Club until 31 October and as president I was not happy that I was not aware of this meeting. I voiced my concerns about the cash payments, as we had an agreement with the taxation office, which had, thankfully, held over our debt of approximately $130,000. It was explained to me by Scott that it will be a donation and therefore tax was not required to be paid. I stated concern and then raised the issue of the other debts associated with wages, such as superannuation which was still owed $23,000.

Mr BOOTH - The donation would be to the player and not the club in that sense.

Mr PATTERSON - To the players.

Mr BOOTH - So they are talking about the player receiving the donation?

Mr PATTERSON - Yes.

Mrs TAYLOR - They were actually owed that as part of their contract, weren't they?

Mr PATTERSON - They were owed more than that and they have negotiated a settlement between the players that they will accept the cash payment as fulfilment of their contract.

Mr PAGE - And those who signed with Prospect would take priority.

Mr PATTERSON - Yes. I was trying to explain to them that, okay, you may have fixed one part of your problem but we're still left with a superannuation debt of $23,000. It was
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suggested I should write something relating to this to Shaun and he would discuss it with Ian and Daniel, which I did that night.

This email states:

17 October 2013
To whom it may concern:

As president of the South Launceston Football Club I authorise all or any monies received for draft fees or transfers fees to be allocated to the person or organisation who takes responsibility for all superannuation owed to any and all the employees of the South Launceston Football Club to be paid in full by that same person or organisation.

If the above is agreed, the South Launceston Football Club agrees that all financial matters regarding players is settled.

This is the reply from Ian Goninon and Daniel Smedley. It was addressed to Shaun because that is who I address my correspondence to:

We have met to discuss this correspondence and make the following response. Both Ian Goninon, from the 2 October, and Daniel Smedley, from 14 August, are no longer involved in the financial management of the South Launceston Football Club, as per the wishes of the current board of management -

although they met with players and gave them money.

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As well, although we have both provided varying levels of sponsorships and are members and volunteers of the South Launceston Football Club, we have been asked not to involve ourselves in the affairs of the club going forward. Simply put, we are not welcome at the club.

That was made clear to Daniel that he was not; it was not ever the instruction of anyone to Ian Goninon. We have gone out of our way to lessen the impact of what has occurred to Ian Goninon as much as possible.

It goes on:

The club has continued as a historical entity and the current board of management have been fully informed of the financial performance and liabilities since becoming interested in the hands-on management of the club in June 2013. Prior to this, the financial performance of the club had been reported at successive annual general meetings in November, including superannuation liabilities.

The current board of management was partially appointed to the board in mid-August 2013, was given full access to the club's Xero financial accounting system at that time, per Dennis Alexander, as is fully aware that the superannuation debts of the entity must be paid as a priority in 2013, unless an alternative arrangement could be entered into with the Australian Taxation Office.

The superannuation liability for Braden McGee is already the subject of a payment plan. While we understand that the debts of the South Launceston Football Club, including the superannuation debt, may place the entity at risk of liquidation, we are unable to provide further personal funds towards the debts of the club.

The club was at risk of liquidation throughout 2013 but over the course of the year the club has been able to significantly improve its financial position as a result of our efforts to cut costs and improve efficiency, fundraising, achieve sponsorship, manage expenditure on a cash basis, and negotiate appropriate arrangements with the creditors, including the ATO, and to provide or negotiate support towards the senior playing group in the current post-season phase.

As you are aware, our ability to continue with Tasmania's State League and support our senior playing group enabled the club to win the 2013 premiership and, as a result, we had in place some strategies to further fundraise to pay down debts in the off-season. However, these have been rejected by the current board of management. We still believe there are some opportunities to conduct fundraisers over the next 12 months, which leverages the achievement of 2013. These could be used to pay off the superannuation debts of the South Launceston Football Club. However, we wish to stress that no matter the approach that is adopted, there is no guarantee of success with fundraisers in the current economic climate, and
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all debts of the South Launceston Football Club would remain the
responsibility of the club and the current board of management.

Yours sincerely
Ian Goninon and Daniel Smedley

CHAIR - And signed by the same person?

Mr PATTERSON - Yes.

Mr PAGE - It's an electronic signature.

Mr BOOTH - But it's not an electronic signature.

Mr PAGE - You're right; it's just an italic signature.

Mr PATTERSON - Here we are, this is the reason we have asked for an in-camera hearing.
We have been totally honest and transparent with the information we have provided you
and we are happy for you to have this information.

CHAIR - Thank you very much for that, Rod.

Mr GUTWEIN - Rod, is there any doubt in your mind, based on the conversations, meetings
and now the emails that have come into your position, that Scott Wade, Daniel Smedley,
Ian Goninon and Shaun Young are part of an arrangement to pay contracted footballers
at South Launceston Football Club cash for their services this year and call it a donation?

Mr PATTERSON - It has already been done.

Mr GUTWEIN - Are you aware of players who have been paid?

Mr PATTERSON - Yes.

Mr GUTWEIN - And they have confirmed to you that this arrangement has gone on?

Mr PATTERSON - Not to me personally, but to members of the board.

CHAIR - Can you detail how you know?

He is a contracted player at South
Launceston Football Club and has confirmed to me that he's been paid in cash.

Mr GUTWEIN - Who made that payment?

Mrs TAYLOR - Did he have to give any receipt? Is there any paper trail to say he has
received this money?

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CHAIR - Is there any other confirmation of players being paid out?

Ms KEEGAN - I spoke to [redacted] and was told the same story.

Mrs TAYLOR - Did they do it together?

Mr ALEXANDER - Yes.

Mrs TAYLOR - Was a gathering or a meeting to do the sign on?

Mr ALEXANDER - They were called to a meeting and as they went in they signed up and were given their envelope. They walked out and the next one walked in.

Mr GUTWEIN - Who was present at that meeting, to the best of your knowledge?

Mr ALEXANDER - Braden McGee and, I think, Shaun Young, but I am not 100 per cent on that.

Mrs TAYLOR - When they walked in, who was there they signed up with and gave them the envelope?

Mr ALEXANDER - Braden McGee and Shaun Young.

Mr BOOTH - But these payments were the money we're talking about that was going to be fixing up monies owed, not future money?

Mr PATTerson - Contract payments for season 2013.

Mr GUTWEIN - I have a question around the salary cap. I am trying to understand what the breach might have been. Also, there was some public evidence we received at the last committee by Tony Newport and Dean Lawrence that went to this and I would like to ask you a question in regard to that. Looking at that sheet you have provided us with, the South Launceston Football Club player payments, it tallies the payment from round 9 to the end of the finals. There is a figure of $30 780 for match payments and $7 200 for incentives. What was the total payment up to round 8, do you know?

Mr PATTerson - No.

Mr GILLOW - That is a spreadsheet that Braden McGee put together and presented to Dennis Alexander. It is based on his knowledge of what the players were in their contracts, so that is his knowledge of what players were on in the contract. He put that sheet together because he had never seen the spreadsheet that we had spoken about that Daniel Smedley had. Daniel Smedley was the only one to see that spreadsheet. I believe he put this together for Ian Goninon because Ian needed to have an idea of what was owed after 8.
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Mr GUTWEIN - Is it reasonable to presume, then, that since from round 9 to the finals as listed here it is about $44 000, that for eight rounds as opposed to the 10 that are here, if the same payments were carried backwards, that roughly another $30 000 worth of payments or thereabouts would have been paid?

Mr GILLOW - Yes.

Mr GUTWEIN - Can I also clarify that what is not on this sheet is the $1 000 to [redacted] you have indicated?

Mr ALEXANDER - The last line.

Mr GUTWEIN - The last line on here is additional, which is $800.

Mr ALEXANDER - I think you'll find that that is [redacted]. It would be less tax, I would say.

Mr GILLOW - The incentives part, Braden had explained that not all players but some players were on $50 a game after the 10.

Mr GUTWEIN - If they won?

Mr GILLOW - Yes.

Mr GUTWEIN - Okay, so over and above.

Mr PATTERSON - Peter, can you tell me what it says for [redacted]

Mr GUTWEIN - That is a question I want to come to, Rod. On here there are incentives that aren't shown that players were expecting to get. The $5 000 sign-on fee for [redacted] that we have spoken about does not appear here. Before talking about [redacted] and others, I wanted to ask the question about the four salaries on here. I note from reading the tabled document that you have provided that there is a total of $10 000 which is allowed to be paid in salary to assistant coaches or specialist coaches. [redacted]

Mr PATTERSON - I have [redacted] contract here. His maximum payment is $9 000, being made up of $500 per roster game. This includes match payments, $300 a game and [redacted] payments of $200 a game.

Mr GUTWEIN - Then why doesn't he appear on this list? Why is he just listed as salary? Should he appear?

Mr PATTERSON - His contract states that he was getting $500 per roster game - $300 as match payments and $200 as [redacted] payments - to the maximum of $9 000 for the season. Equal payments over six months, with tax paid as you go, commencing at the end of March each year. Assistance with medical expenses [redacted] an additional $2 000 there. Player insurance for $300 per game after an excess period. All of these things must be included as part of the salary cap.
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Mr GUTWEIN - Have you arrived at a figure, if the players were paid as they should have been, what that breach might have been?

Mr PATTerson - We think it is up to $40 000. In discussion with AFL Tasmania that was the number bandied around.

Mr GUTWEIN - I will summarise Mr Newport's and Mr Lawrence's public evidence that they provided a couple of weeks ago to this committee. They were of the view that AFL Tasmania had deliberately, in the appointment of Daniel Smedley, set about to wind down the membership of the club and therefore affect its revenue base, but had then gone on to contract players and pay. They didn't claim there was a salary breach but they said it was pushed to the extent of the salary cap; they paid to the maximum they possibly could. Do you believe, based on what you have seen, that that did occur and that, rather than pushing to the maximum of the salary cap, they went over the salary cap with those players?

Mr PATTerson - That is my belief and it's this board's belief. What astounds me is in relation to a press release as late as this morning: they were well aware of our financial position. As the governing body, and their duty of care, they did not instruct our football club, especially the CEO whom they appointed to our football club, that we cannot afford to maximise our salary cap, let alone go over it.

Ms KEEGAN - I was on the board a couple of years prior, probably the only person here who was on that board when Daniel Smedley first came to our club. I personally had an argument with him across the board table relating to exactly that, that we had paid approximately $40 000 or $45 000 the year before. That included all trainer payments, coaches, the works, and we were still in $40 000-$50 000 trading debt at the end of the year. He basically told us at that board meeting that we had to get some on-field performance or we would be pulled from the TSL and that we didn't want that to happen so we needed to appoint a coach and we needed to do this and that. He cut our juniors off from the club because they were part of our club - it was all one. He pulled out a football budget with the tears of how much they would be paying and offering each player and that they were going to max it out to the $70 000 or whatever it was at that point. I said to him, 'We're in debt now and we've only paid half that, and you're not even including trainers and coaches; that is just football player payments out to $70 000. There's no way we can afford to do that.' I was shut down; they didn't care.

Mr GUTWEIN - I am reading that document you've tabled, in section 5.12, 'Breach of the salary cap':

5.12.1 A salary cap officer to investigate any alleged breach.

It goes on to explain that breaches would be referred to the salary cap officer. It then goes on to the penalties for breaching the salary cap. If you exceed the salary cap by 15 per cent or more - and in this the cap is $70 000, isn't it?

Mr PATTerson - Yes.
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Mr GUTWEIN - So $40 000 is a breach of the cap by close to 60 per cent. The penalty would be the $10 000, plus twice the amount the salary cap is exceeded.

Mr PATTERSON - We would have to go on a payment plan. We would not be able to pay that.

Mrs TAYLOR - It shouldn't really be your responsibility because you are a new board.

Mr BOOTH - Rod, you keep referring to the newspaper article from this morning. Going back to the contributions - AFL's $9 000, for example - you talked about this meeting that's just been had that you are aware that people have accepted payments. This email is 15 October, so since that point in time it's your understanding that the $9 000 from the AFL, the $8 000 from Prospect Junior Football Club, and the $12 000 from Ian Gonnion has been expended? They have provided the cash and paid those payments?

Mr PATTERSON - We are confidently saying that players who have signed with Prospect have been paid.

Mr BOOTH - Specifically from that money?

Mr PATTERSON - I am only going through the paper trail, as you are, Kim. It certainly has not come from the South Launceston Football Club's current board. We have had no communication with any of the players in relation to what is owed. This is what I said at our meeting on that Thursday night. Who has given these people the right to speak to our players on any matter, because they were currently contracted to us until 31 October? I am the president of this football club and no-one has sought leave to contact.

Mr BOOTH - Much less purport to act with authority and pay the money.

Mr PATTERSON - Correct.

Mr BOOTH - Effectively, what we are looking at here is an external body, if you like, that hasn't any official role in the South Launceston Football Club, has collected cash somehow, and we think it is from those three sources, and paid those players and they have actually walked off and now will not have a claim against South Launceston for moneys owed. Is that right?

Mr PATTERSON - I am not sure, Kim, to be honest. These contracts here are signed by the player, a representative of the football club, and been approved by AFL Tasmania. All of those have a tax component responsibility. Where does that fall?

Mr BOOTH - That is what I am trying to get to, because how would you bring this to account in your books?

Mr GILLOW - That is not on our books.

Mr BOOTH - There is no debt showing on your books?

Mr PATTERSON - There is no debt for player payments.

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Mr BOOTH - Because it was the excess?

Mr PATTERSON - No. There is no debt shown on any of our -

Mr KEEGAN - It was never on there.

Mrs TAYLOR - But the club hasn't paid all these player payments, so you must owe them?

Mr PATTERSON - We paid up until round 9, apparently.

Mrs TAYLOR - But they have contracts which say that you have to pay them this much money?

Mr PATTERSON - No-one has rung me for anything and as people around the table will know if you owe money people would normally give you a call.

Mrs TAYLOR - In one way it is rather nice for you, but they have the claim. They could at any time come to you and say, 'We haven't been paid' -

Mr PATTERSON - No, it is not nice because they can still come and double-dip. We have been fortunate enough - and this is the really key ingredient for our board - that the taxation office have given us the opportunity to set aside debt that we haven't incurred, so the last person this board is going to upset is the taxation department, because don't worry about closing the doors, they will take the doors if they come.

Mrs TAYLOR - But you haven't upset them because the South Launceston Football Club hasn't done anything. From this, it doesn't appear to me that the South Launceston Football Club has actually made these player payments and come to an agreement, but as far as I can see they can still claim what their contracts say because unless you have a piece of paper from them saying, 'I don't want any more money, thank you. I'm prepared to write this off,' you have no guarantee that they can't come back to you say, 'Please pay us the money you owe'.

Mr PATTERSON - What this inquiry gives us the opportunity to do is this. There is AFL Tasmania money, which could be mine. I pay quite a large amount of tax. But some of that money that AFL Tasmania have confirmed in an email could be mine.

CHAIR - Hence, the reason it falls within the terms of our reference.

Mr PATTERSON - In my opinion. Secondly, this gives our football club an opportunity to show this committee that we are drawing a line in the sand. We were not responsible for that. We need someone's help to say, 'Okay, this is a mess and it has not been created just by a football club. It has been created by the running of a league that the state government contribute $500 000 to'.

Mrs TAYLOR - That is the issue for us.

Mr PATTERSON - It is an issue for everyone.
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Mrs TAYLOR - I know, but from our point of view that is what the Public Accounts Committee does.

Mr BOOTH - I want to get back to the money that has been paid, with your knowledge now, but this would have occurred entirely without your knowledge had you not discovered the email?

Mr PATTERTON - No. Again, it was confirmed to me and Dennis Alexander at the meeting on Thursday at Aurora Stadium. They had a private meeting on the Tuesday and I received a phone call from Shaun Young on the Tuesday night to say, 'We still want to proceed with the meeting on Thursday, but don't worry about the player payments because that's been sorted'. On the Thursday night they confirmed how it had been sorted.

Mr BOOTH - That leads by implication to tax evasion.

Mr PATTERTON - As Scott said at the beginning of the meeting, 'What I'm about to say I'll refute'.

CHAIR - The statement was made by Scott Wade that if it's repeated outside that room it would be denied?

Mr PATTERTON - Correct, yes. Dennis Alexander and I were at that meeting.

Mrs TAYLOR - So he doesn't know you have this evidence of the emails?

Mr PATTERTON - No, and that is why I believed they were very keen to know what we were presenting. I state that publicly because I am not going to be intimidated. I didn't want to use the word 'intimidation', but I was being pressured by Scott Wade in the first instance. I couldn't believe Shaun Young would be dumb enough; he didn't know whether I had anyone in my car and he's on the phone saying, 'Patto, what've you got? What are you going to talk about? Are you going to bag us? If you bag us, mate.' I kept going down the line that our board had instructed me not to speak to anyone outside of the inquiry. He said, 'Patto, it's us', and I said, 'The board has instructed me' and he said, 'You leave us no option, mate. We'll get in first. We'll make you blokes look like idiots.'

Mr BOOTH - Did you get the feeling they were trying to stop you giving evidence here?

Mr PATTERTON - No. I said to Shaun, 'Shaun, you do what you believe you need to do. I am doing what I believe our football club should. That is the role I play in this. I am the president of the football club, that is my responsibility, but if you feel you should go to the media, that is totally up to you.'

Mr BOOTH - The reason I was asking that is because parliamentary committees have a right to seek information and if people try to prevent someone giving evidence before a committee or intimidate a member, that is a contempt of parliament.

Mr PATTERTON - Kim, I don't think he was trying to intimidate me. They know me very well. I am probably a bit difficult to intimidate, but they were attempting to seek what
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information was going to be presented at this inquiry. That is my interpretation of the first phone call from Scott. I can't believe Shaun rang me.

CHAIR - How far apart were those phone calls?

Mr PATTERSON - One was on the Wednesday night and one was on the Thursday morning. Shaun said, 'I know the answer you've given Scott, but I'm asking you, Patto, what are you talking about? You're not going to be bagging us, mate, are you?'.

CHAIR - Have you had any contact from Daniel Smedley?

Mr PATTERSON - No. Daniel and I have a strained relationship, as I suggest would the current board. All we are left with now has not been of our doing, and this has not happened in the last three months. This has been under Daniel Smedley acting as our CEO.

Mr BOOTH - It's a rather interesting letter you got from Shaun Young, the one signed by Ian Goninon and Daniel Smedley where they say they're not going to have any debts that are left:

All debts of the South Launceston Football Club would remain the responsibility of the club and the current board of management.

That is you guys.

Mr PATTERSON - We have an extra space left, Kim, if you're interested in joining us.

Laughter.

Mr BOOTH - If you can show me your balance sheet, I might.

Mr HARRISS - At the start of that correspondence to Shaun from Daniel and Ian, they say, 'We have met to discuss this correspondence' - which correspondence?

Mr PATTERSON - It's the correspondence in relation to the super, that I sent. I was hoping I could exit the $23 000 that we owed in super by someone paying it and then any funds coming from draft or transfer fees going back to that.

Mr HARRISS - When you addressed that letter of yours, 'To whom it may concern', who did you send that letter to?

Mr PATTERSON - Shaun Young suggested that Daniel Smedley and Ian Goninon would make that go away.

Mr HARRISS - In relation to the letter written by Daniel and Ian to Shaun, it says in the second paragraph that both Ian Goninon and Daniel Smedley and so on are no longer involved. 'You said earlier as you were reading out that paragraph, 'although they had met with players and given them money'. What is the substance of that, please?
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Mr Patterson - The $29,000 cash has come from those parties. That is why I referred to, 'they had met with players'. They have paid cash to our contracted players.

Mrs Taylor - And that was after 14 August?

Mr Patterson - That was after 14 August, and after 2 October when we were elected by our members to represent the South Launceston Football Club.

Mr Booth - So at that stage Goinon and co had no standing whatsoever with the players officially?

Mr Patterson - Correct.

Mr Harriss - With regard to what I would refer to as the damning email trail from Scott Wade, Daniel Smedley and co regarding these cash payments, the first one from Shaun Young, dated 12 October, of which you were an addressee, Rod, where it says, 'We need to have a meeting', that is from Scott Wade?

Mr Patterson - No, it was Shaun Young first.

Mr Harriss - Yes, it was Shaun Young first. Scott Wade says, 'It's all good with me and don't turn up with a heap of surprises'. You were in that loop -

Mr Patterson - Yes.

Mr Harriss - and yet when I go to the emails you have extracted, which were addressed after the meeting on 15 October, you are not on that list as being an addressee.

Mr Patterson - Dennis Alexander and I met on 11 October with Scott Wade and Shaun Young. From that meeting, Shaun Young asked Ian Goinon and Daniel Smedley to meet on the Thursday night to work out how the players were going to be paid. It was suggested that five parties may all contribute to the payment of the players. On the Tuesday, unbeknownst to myself or Dennis, Ian Goinon, Daniel Smedley, Shaun and Scott Wade on speaker phone had a discussion.

Mr Harriss - That would have been Tuesday, 15 October of the meeting day?

Mr Patterson - Yes. Our planned meeting was the Thursday night - 17 October - and they had a meeting prior that we were not aware of. I received a phone call from Shaun Young after that meeting and he said, 'Patto, we're meeting and we may not need to meet on Thursday night'. So after the meeting he rung me and said, 'Scott and I would still like to continue that meeting on Thursday night, but don't worry about player payments; they have been fixed'. We met on Thursday night as planned and Scott Wade said, 'Anything I say here I will refute. The players are fixed and this is how they've been fixed.'

Mr Harriss - You have taken me back to that email from Shaun Young which said the planned time of the meeting is 17 October, and two days earlier they meet and sort it out.

Mr Patterson - Yes.

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Mr HARRISS - And part of that sorting out is absolutely clear that Daniel Smedley produces a spreadsheet and he says, 'That's what I think the players will accept as full and final settlement of what they are owed for 2013'. It's different than their contractual processes but they may accept it. Having done that, it ensures that the salary cap issue is buried.

Mr PATTerson - Yes.

Mr ELMER - To follow up from that, in mid-October Prospect had no players signed whatsoever, so all of a sudden Wade and so on are panicking and thinking how are they going to get this off the ground. We've committed to it so all of a sudden they are saying, 'Let's fix the players up. In lieu of that they need to sign.' The latest number, as of yesterday, from what I can gather they have 22 South Launceston players signed.

Mr HARRISS - Relying on that email again, payments to those who commit to the new team will be prioritised, so are you aware whether that prioritisation has occurred and whether there are still players who have played with South in the last season who haven't yet been compensated appropriately for what they are owed?

Mr PATTerson - I can't answer that categorically but I would suggest 22 of the contracted players have been looked after. As for the others, part of the email said that Braden McGee and Ian Goinon will sort the non-prioritised people out. Further to that, part of our payment plan structure was to we owed [redacted] one more payment and we paid that on Tuesday. He asked for that to be paid in cash. I said, 'No'.

Mr HARRISS - With regard to those contracts that you addressed your mind to earlier, and as Adriana said you could get a demand to satisfy those contracts, do you intend as a new board to contact all or any of those players and just ask them whether that debt will be called in?

Mr PATTerson - Paul, we have so much work to do as a board to actually ascertain to whom we owe what. We are receiving invoices from June that have not been tabled anywhere. I am not exactly sure where and what we do from here, to be honest. We have a mammoth task. We have part of our group working on players. We need 90 players for next year and that takes a lot of work. In the community we are seen as a risk for not paying our players, so that make it even doubly difficult. We have a football club that has $2,000 a week committed for things like superannuation, council and things like that, and we had no members from the 2013 season. The bar was closed, so we have the bar operating four days a week now. We changed the licensee of that and we have volunteers running the bar. We are starting to get people back to our football club and they are very, very supportive of what these people here are volunteering to do. I know it is a minimum of 25 hours a week currently with what I am involved with. We would love some help.

Mr YOUNG - We got these last week. We weren't familiar with the contracts and now we are familiar with them. We could go through and contact those.

CHAIR - I understand there was no correspondence or anything provided [redacted] in relation to the moneys that he received as his match payments or owed money. Was there any correspondence?
IN CAMERA

Mr ALEXANDER - As in a receipt?

CHAIR - Yes, any receipts.

Mrs TAYLOR - Did he get a letter saying, 'We're offering you this'. How did he know - a phone call?

Mr ALEXANDER - A phone call, yes, or I think it might have been a text message.

CHAIR - The reason we're following that through is from a taxation point of view as to what the position will be with those players receiving money. As to whether they start disclosing it, because it is a pretty dangerous game they are playing. Do we know of any undertaking those players have had to give to receive that money?

Mr PAGE - Ivan, we are little perplexed at this time as to whether we shouldn't be disclosing what we know to the tax office. That is a discussion within our board at the moment and part of the reason we wanted to be here today was to get some counsel back as to where all this goes.

CHAIR - That is why we want that little discussion now because there is a procedure we have considered that may well satisfy some of those issues.

Mr BOOTH - I do not think we got the end of that questioning with regard documentation or other evidence that you feel that you need access to that this committee could find useful for our own deliberations. If there are areas you think we should be asking questions or people we should be calling, it would be appreciated by the committee if you could provide that.

Mr PATTERSON - Kim, I believe our football club should be audited - a personal opinion. A complete audit.

Mr ALEXANDER - How does an organisation like AFL Tasmania provide for $5 000 in cash?

Mr BOOTH - It is a very good question and to help the committee get to the bottom of this - it is public money - any suggestion with regard to where skeletons might be -

Mr PATTERSON - We would open our football club to a complete audit, and you can go through all documentation and computers. We are a clean sheet. From 2 October we drew a line in the sand and this is the way we are operating - being totally transparent and honest.

Ms KEEGAN - For the past 12 months Ian Goninon has employed Braden McGee, although he has worked for our club. Talking to Braden, apparently that work relationship, that agreement, was that he does 20 hours for Daniel Smedley and 20 hours for Ian Goninon on special tasks or special events. I now know that he still works for Daniel Smedley part of the time and still works for Ian Goninon for part of the time. He would probably be somebody who, if he was put under oath, would have to tell you the truth about issues
IN CAMERA

from both sides. He may have information from both sides that he is not allowed to tell anyone.

CHAIR - Thank you very much for that.

Mr HARRISS - Anne was about to give her view of how the players became aware that they turn up somewhere and get some payment.

Ms KEEGAN - Yes, that was Braden McGee; he instructed after that meeting. I only know this because a board member sat in the bar and told me. He was instructed by Ian Goninon to call a meeting of the players and that was after the meeting he had with regard to player payments. He called the senior group of players that were owed money to Prospect - I'm pretty sure. I am not sure who else was at that meeting but I know Braden definitely was. They were then told that if they signed with Prospect they would get their player payments.

Mr BOOTH - That was en masse?

Ms KEEGAN - Yes, they met collectively as a group.

Mr BOOTH - Do you know if they were all paid at the same time?

Mr ALEXANDER - They weren't paid at that meeting. That was Mitch Thorp and Braden McGee who held that meeting, and they were told they would.

Mr HARRISS - Were any AFL Tasmania representatives at that meeting?

Mr ALEXANDER - I am fairly sure Shaun Young was the signature to it.

CHAIR - Thank you all very much for your attendance here today. I remind you of parliamentary privilege and I ask that you not raise it at all with anybody.

THE WITNESSES WITHDREW.