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THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON AFL IN TASMANIA MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON TUESDAY 3 MARCH 2020

Mr ANDREW DEMETRIOU WAS CALLED VIA TELECONFERENCE AND WAS
EXAMINED.

CHAIR (Mr Dean) - Hello, Andrew, thank you very much for ringing. This matter is not being broadcasted, but it is a public hearing. Hansard will produce it in writing and it will be placed on our website in due course. You have parliamentary privilege here in answering any questions and making any statements, but once this session finishes, you are on your own.

Andrew, if you could start by talking a bit about your position and previous position with the AFL, that would be good. I then leave it open to you to make any statements or comments if you like, prior to our asking questions, or we can go straight to questions.

Mr DEMETRIOU - My name is Andrew Demetriou; I am the former chief executive officer of the AFL. I had that position from October 2003 until June 2014, over 11 years. Previous to that I was the general manager of football operations for three years, under Wayne Jackson. Before that I held the position of AFL CEO for the better part of 18 months. Currently I sit on various boards; I am on the board of Crown Resorts as a non-executive director, I am Chairman of Crown Melbourne. I chair the board of management of Cox Architecture. I am non-executive chairman of Capitol Health, a public company that owns radiology practices, and I am on the board of Bed Eazy [TBC]. I spend a lot of time chasing four children around and that's probably the hardest job. I am still keeping active and keeping an interest in football.

I am happy to try to make whatever contribution I can make to this discussion. I have been out of the AFL for the better part of six years and taken a very direct position to do my best not to comment on any AFL issues. I've found it more preferable not to be one of those ex-CEOs or ex-politicians who comments on what the current state of play is; it is pretty boring to listen to the next CEO or the next politician. I am not close to what is going on at the AFL now so basically whatever comments I make will probably be formed around what I used to know and what I have been reading. I'll do my very best to be as constructive and helpful as possible and I'm happy to answer whatever questions you have got.

CHAIR - Thanks, Andrew. The Brett Godfrey report has been released and is a public document. Have you had a look at that?

Mr DEMETRIOU - I have read the executive summary and I've made myself familiar with it before these hearings. There are 270-odd pages.

CHAIR - Can you make any statement on that as to how you see it, some of the positions and matters that were brought forward? Are you able to comment?

Mr DEMETRIOU - I think it's a well-put-together document, with a lot of very good people involved in the task force who are very capable. It has some very good input and some insights and is very well researched. There are some assumptions there that are probably a little bullish, but nevertheless it's well intentioned. Corraling supporters and profiles of people are positive, so I think it's a good beginning to what is a journey. I commend the people for putting together the report.

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CHAIR - Thanks, Andrew. I will go straight to Kerry Finch, who has some questions.

Mr FINCH - Could you give some thoughts about your connections to and thoughts about Tasmania when you were in the hot seat as the CEO of the AFL?

Mr DEMETRIOU - When I became the general manager of football operations in 2000, my then CEO Wayne Jackson asked me to replace Dan Collins, and he asked me to take a trip down to Tasmania to fulfil a commitment to see the then premier Jim Bacon. I had only been in the job probably the better part of four to six weeks. I went down to Kevin Chan, who was in charge of our development, and met Jim and his advisors. Probably for the better part of half an hour we were berated and yelled at by Jim. Unbeknown to me - apparently the AFL didn't know - he went to the election committing to AFL games in Tasmania, 'What was the AFL going to do about it?', and I was just stunned because I wasn't expecting it. We left that discussion saying to Jim that I would, in good faith, take his comments away and do my very best to bring some games to Tasmania, which we did. I then formed a pretty close relationship with Jim and started to understand his intentions. He told me that he was very keen at that time to bring people back to Tasmania post-Port Arthur. His intention was to bring football to the north and cricket to the south. I didn't really understand 'the divide', but his strategy was, at that time, to get people from the mainland to come to Tasmania and enjoy Tasmania, as they should. Football and cricket were going to play critical parts in that.

We did our best and we brought games to Tasmania on that basis. He fulfilled his commitment to invest some money in the Launceston stadium, and we started the journey about bringing AFL games.

That was my first connection and then we had AFL Tasmania in there; our Chairman was Peter Hodgman, who was very passionate about the game. Scott Wade was the CEO. We then started to navigate our way through the very complex nature - which I didn't understand - of the issues that divided the north and the south.

We had our chairman, Peter, who wanted to bring games to Hobart; we had the premier, who wanted to keep games in Launceston. We committed to playing the games in Launceston on the basis of what the premier wanted, and then from there worked with every premier over a number of years to continue to support AFL football. Each government, whatever political persuasion, always supported the AFL football, whether it was Paul Lennon - I think I've got all the premiers on speed dial on my phone, , I don't even recall most of their names.

Tasmania was always supportive of having AFL football. We finally managed to get some games in Hobart. An investment was made in Hobart and that was done through a very fine gentleman who was involved in Cricket Tasmania, whose name I will recall because I quite liked him actually, he was the Chairman. What was his name?

Mr ARMSTRONG - Dennis Rogers.

Mr DEMETRIOU - Yes, Dennis Rogers, he was a character. We'd have a go through that and ended up getting some more games in Tasmania,

Mr FINCH - During your time there as CEO from 2003, tell me about the discussions you might have had about having a Tasmanian team represented in the AFL.

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Mr DEMETRIOU - To be honest, we didn't have that many discussions; it was obvious that people wanted a team. In my discussion in the early days with Jim Bacon, his desire was to have four games in Tasmania in the north and hopefully get an average of 18 000 people coming to them rather than have 10 games with 8000 people. That was his desire. I think that was a very sensible and pragmatic position to take.

There were noises about having a team; I think at one stage Paul Lennon gained an election, brought the team to the fore and wouldn't want be part of any process that politicised getting a team. The team certainly came up during the discussion of expansion when we took a decision to introduce a new team into south-east Queensland and the Greater West of Sydney, while putting Tasmania on the radar, and we had discussions around that. But there weren't any very serious discussions with government, other than the desire for one day for there to be a team. We weren't opposed to that, it just wasn't in the sequence of events in my duration of the AFL that a Tasmanian team was going to get priority over New South Wales and Queensland at that time.

Mr FINCH - Any discussions then about relocating a team to Tasmania?

Mr DEMETRIOU - Yes, there were discussions about the potential whether at some stage North Melbourne was a team that might look at playing a hybrid format of being based in Tasmania playing x amount of games and having x amount committed in Melbourne so they wouldn't affect their membership. That wasn't something that North Melbourne pursued or were that interested in. Hawthorn were pretty well entrenched. They'd done a great job under Jeff Kennett building a pretty solid base, foundation and commitment in the northern part of Tasmania, so that then transcended into having four games in Launceston and four games in Hobart with two clubs playing, having eight games. Eight games seemed to be the number that could be sustained in Tasmania at this time. I think the AFL continued with that. What their current thinking is at the moment I'm not privy to.

Mr FINCH - Other than those mentions you have made of the parliamentarians and premiers who were desirous of AFL football in Tasmania, do you think that the government getting fully involved in this new task force's business plan makes a difference to what might be considered by the AFL?

Mr DEMETRIOU - It certainly does. If you look at everywhere where AFL football is played - and, by the way, I'm not saying the Government hasn't been involved because it has, but in my time we had nothing but support from the government in supporting AFL clubs playing there or supporting development of stadiums et cetera. If you look at where AFL football is played, there is significant investment from government at state level. In Western Australia the Barnett government committed \$1.2 billion to \$1.5 billion into stadium infrastructure at Burswood. The South Australian government committed \$525 million to the Adelaide oval. The Victorian government has committed significantly to the MCG; it has just given grant to the AFL of \$225 million for the Marvel Stadium. With their new team in New South Wales, Greater Western Sydney, the then Keneally government committed \$60 million to the redevelopment of the showgrounds. The Gold Coast team had a significant contribution both from federal, state and local governments of about \$115 million to \$120 million into that facility. That's just in infrastructure; and then there have always been other government commitments in development, women's football, facilities et cetera. You actually need to have government support.

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Make no mistake, if you take it on a partnership approach, the government gets a return on its investment: it gets a return in significant economic benefits, significant community benefits, significant social benefits, there is no doubt. I don't think the government would do it unless it was getting benefits. That's why, when the AFL competition has been a recipient of significant government funding over a long period of time, I think it's always on the basis that it's paying its way, contributing significantly back into the community. It's the only argument we could make when we were being questioned that 'Don't you think hospitals and schools should take preference over AFL infrastructure?'. The simple answer is, of course they should, but make no mistake, they are a significant contributor to the economy as well.

Mr ARMSTRONG - Andrew, you touched on infrastructure that governments have done in other states. There has been a lot of talk here in Tasmania about building a big stadium in Hobart on the waterfront that could possibly be weatherproof, much like the one in Melbourne. Do you think that would help attract players in the long term if we do get an AFL side in Tasmania, and where do you think the team should be based, in the capital city or should it be based in Launceston? I don't know if you have anything that you would like to add to that.

Mr DEMETRIOU - Let me answer the last question first. I have no real knowledge of where it should be based and nor would I offer an opinion because it's more a local issue. I don't necessarily believe it has to be based in a capital city, but it's for the AFL to determine in conjunction with government. I will leave that for someone else to determine.

The first part of your question interests me. I just don't believe the reports that say that \$300 million has been allocated, or should be allocated, for a 27 500-person stadium because that's way off the mark. I chair Cox Architecture, which developed Adelaide Oval, Perth Stadium, the refurb of the MSG, the Sydney Football Stadium, which suggests you are looking at a \$500 million to \$550 million investment, and that's a significant amount of money to spend on a roof stadium that would not be having 11 home games, based on what's in the model. I think those numbers are not accurate. Putting that aside, I don't think a roof stadium is a retention tool for players. I think it's a very holistic approach to what we are paying players. If you look at the example of GWS - that was probably the most challenging group of young people, staff included, attracting the staff, coaches, fitness people, players, girlfriends, partners et cetera to go into the western part of Sydney, where 99 out of 100 people wouldn't know AFL if they saw it. It wasn't down by the beach at Bondi; it was in the western part of Sydney.

So it's a lot of things: it's getting people in place who can support younger players who are still looking after the families perhaps; it's about the support mechanisms; it's definitely about new training and admin facilities; and it's definitely about the support of parents who are visiting and bringing them in to a particular area, allowing them to go back and visit family. It's the whole approach that retains players. You have to have very experienced and seasoned professionals who know which boxes to tick when looking after a group of 45 young men - and in this case it would be men and women perhaps. They won't all be coming from locally. You need to put a lot of thought into it.

We found this when building two new teams. One of the more positive aspects about building new teams was the great learning curve everyone in AFL had because those people weren't working in club land. When you are building two teams from scratch, you become much more intimately knowledgeable about what's required for a new club. Player retention is a very challenging part of the exercise. Make no mistake, if you are a very talented player and you have been drafted or recruited, within a few weeks of being there, there will be other clubs and player

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managers saying, 'What's he living in Hobart for? We need to get him back to Melbourne close to his family so when his contract finishes we have to get him back in two years time.'

Lots of issues go to retention, but I don't think a roof stadium is one of them.

CHAIR - Are there any other questions in relation to this matter on the roof stadium and where games should be played?

Mr FINCH - No, only that Adelaide has their roof stadium and that should really excite the football public in South Australia even more. They are pretty passionate about what they've got.

Mr DEMETRIOU - Adelaide hasn't got a roof stadium. Adelaide Oval is not a roof stadium.

Mr FINCH - It looks very much like it with all the modern facilities they've got in there - it looks fantastic.

Mr DEMETRIOU - Yes, it does.

Mr FINCH - If I could touch upon the first term of reference, and you did touch upon it, Andrew, and you might like to expand. The first term of reference was the likely benefit to the broader Tasmanian economy and community from having a Tasmanian team in the AFL. Could you comment on that, please?

Mr DEMETRIOU - This is an easy one. No doubt, I think an AFL team for the benefits it would bring to the state of Tasmania, would be significant, just as they are for every state where you put an AFL team. They have a significant economic impact. I don't think [inaudible] all the things, whether it's job creation, tourism, the spend, the hotels, the restaurants, the significant benefits of social cohesion, whether it's more diversity, inclusion, women - no doubt. Then, there are the community effects: the sense of belonging to a particular club, club membership, particularly in times of economic downturn people do benefit from being part of a football club. We found in AFL when I was there, that when the global financial crisis was on, AFL membership of clubs went up. People will resort to their club for a sense of belonging and a sense of community. There is no doubt there are benefits - absolutely no doubt. For a state like Tasmania, an AFL club might just be a great catalyst for more economic boom.

Mr FINCH - Since 2008, when Tasmania was denied a team, when Gold Coast and GWS entered the competition, our rates have declined dramatically. In your view, would the acquisition of an AFL team for Tasmania help improve that circumstance, boost those numbers, get the interest back into football from our young footballers, male and female?

Mr DEMETRIOU - It has to be a benefit, but I don't subscribe to the theory that participation rates have dropped because a team was denied in 2008. Tasmanian football has not been united for a number of years preceding 2008. You know as well as I do - you are in politics - disunity is there. Having brought through a number a good people who are now together, there is not as much lack of harmony as there was in the past; that's a contributing factor to going forward.

Lots of things like that contribute to participation. Again, it's a very whole approach. There are things like investment in schools football, investment in facilities and infrastructure,

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investment in Auskick programs, investment in community football, investment in coaching and [inaudible] identification. There are lots of aspects to participation, and having a football club is just one aspect of that formula. It would be helpful, no doubt, but don't assume that if you have an AFL team, there that that'll be [inaudible] for a boost in participation. You have to put all the investments in place in all of those things I mentioned to get the whole approach to growth in participation.

Mr FINCH - I have a sense that people are concerned that participation rates in cricket have increased by 64 per cent and the AFL increase is 29 per cent. We have had the announcement of the strong possibility of a national team for basketball. Is AFL missing the boat here with not progressing the idea of a Tasmanian team and exciting our young people to get involved?

Mr DEMETRIOU - I don't mean to sound disrespectful, but you can make what you want with numbers. First of all, there are doubts around the cricket numbers; there are doubts about those reports, and that has already been well documented by *The Age*, so I won't talk to those. The AFL has the highest participation rate in this country so it's coming off a very large base. If it has gone up 29 per cent off a large base, that's a pretty good result. On the question of basketball, if they had a growth in participation rate, it would be coming off a much lower base. But it doesn't matter, having young people participating in any sport, in physical activity, is a good thing. It's a good thing for the state, it's a good thing for the nation and it's a good thing for the economy.

Having an AFL team will help contribute to the growth in participation. But I can tell you it's not the formula for success for participation. If you don't have those foundations, those building blocks I mentioned, 'building a team and they will come' is not the answer. Having a team is helpful, but you must put all the foundation building blocks in place to make sure you build it from the base up. The AFL has done a remarkably great job in investment in Auskick, in tracking youngsters from five to nine, getting them to bring a parent along on a weekend, in boys and girls being involved in a physical activity and tracking them through their teams, trying to retain them - which is difficult for any sport - in their team and getting them involved in community clubs.

Whether they become a player or not, it's keeping them in the game and they track them. They might become an umpire, they might become a volunteer, they might become a purchaser of merchandise, they might become a member, they might become a viewer - that's how you grow participation. You don't just grow it because you put a team somewhere.

CHAIR - Can we go to term of reference (2): 'Whether or not the Tasmanian taxpayer, or the AFL, should subsidise Melbourne based AFL clubs playing in Tasmania'.

Mr ARMSTRONG - What's your position on that? Do you think the taxpayers should be funding football here in Tasmania to get games here? I believe the Labor Party has come out and said they won't be subsidising North Melbourne into Hobart in the future if they are elected to government. Do you think it is reasonable that taxpayers fund football in Tasmania?

Mr DEMETRIOU - Yes, I do. I'm strongly of the belief they should because it's a return on their investment. I might be completely wrong about this because I'm not close enough to it at the moment. I think the government fully funds Hawthorn playing in Launceston and Hawthorn does a fantastic job. I don't know to what extent the government is funding North Melbourne, but I think they get a very large sponsorship from the ferry service.

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Mr ARMSTRONG - TT-Line.

Mr DEMETRIOU - I don't know whether that's a government instrumentality or not, but it would be disappointing if one of the political parties decided not to continue the investment because they are contributing significantly to the economy. Not having AFL football games up until the time an AFL team may or may not enter the competition would be a backward step in the journey. If North Melbourne weren't playing here because they weren't being subsidised or funded, it would set back the journey of getting an AFL club into Tasmania. I don't understand the reasoning, but I'm not a politician.

CHAIR - Are there any other questions on term of reference (2)? If not, I will go to term of reference (3) and I might ask a question there. Term of reference (3) is: 'The on-going support required to sustain a Tasmanian AFL team'. I note that back in 2007 you were fairly strong on your position that Tasmanian wouldn't be able to financially sustain a Tasmanian AFL team. I think you used the words 'it would be unsustainable'. Has that position changed? Have there been significant changes in your position and the financial position that Tasmania will now have? I remember that for the membership survey sent out, I think about 64 000 were returned from people who would probably become members of a Tasmanian AFL club. Do you want to comment further on your position in relation to that?

Mr DEMETRIOU - I think the Godfrey report, on the broader notion - what is required to fund a team - I'm not going to go into the specifics on how they come to their numbers, but I think they talked about \$45 million to \$50 million to fund a team. That's probably right but I would say it's probably \$50 million to \$60 million to fund a current AFL team. When I use the term 'sustainable', I still stand by my position this is for all the clubs. If you want to compete in the AFL competition, you have to have that revenue not just for one year or two years or three years, you need to have that revenue being committed ongoing for a very long period. You don't want to be just a survivor and then be under the pump, and then fail and not be able to because for one year you got \$55 million, then you get \$50 million and then you get \$43 million. You want to be a team that's sustainable that cannot only survive but thrive in the competition. When I use the term 'sustainable', I'm saying a club in Tasmania would need to have, at its core, a sustainable revenue of \$50 million to \$55 million, to \$60 million and growing. Every other club is going in leaps and bounds; they are getting further and further investment in sports science or tech or players or coaches, and they will continue to grow. This \$50 million to \$55 million has to be \$60 million in two or three years and \$62 million and \$64 million. That's what I call sustainability.

CHAIR - Thanks, Andrew. I have one further question in relation to this situation. There has been concern expressed by a number of people - and I think the Brett Godfrey report covers this to some extent - that there ought to be a level playing field with Tasmania fielding a team with, say, the Suns. If you look at the support the Goldcoast Suns are receiving from the AFL, in this last year they received \$27.5 million. There is some concern that Tasmania is being treated differently. How do you see that?

Mr DEMETRIOU - I have seen that report and I don't know whether that's accurate or not, I can't comment; I'm not privy to the AFL numbers so I won't comment on that. All clubs, under the AFL system, which is a pretty quirky system, disequalised form of socialism. There are clubs like St Kilda or Gold Coast - from time to time some of the foundation clubs have needed financial assistance and the AFL has always been there to support them. There was Port Adelaide a few years ago; there was Melbourne; there was Carlton once upon a time. If a club requires

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support, in my time the AFL was always been there and found a way to support it, and it had had the support of the other clubs.

I'm not privy to what funding model the Tasmanian team is purporting to have, what the government's contribution may or may not be and what the AFL says it may or may not be. I'm sure over a period of time that will fluctuate; on some occasions it may be more than other clubs. There are clubs today who are getting \$10 million more than other AFL clubs through the distribution model, but that's with the support and knowledge and the full transparency of the 18 clubs, and that's the best way it should be. There is no secrecy about this and it's good for the competition.

Someone might say, 'Why is that club getting more?' Well, overall, it's contributing to this uncertainty of outcome in a very even competition that creates a lot of interest. That's the secret formula you are trying to find. Do I think the proposition that the Tasmanian team should be on a level playing field is a sound one? The short answer is yes. What does that mean? What does it look like? I'm not privy to the numbers.

Mr FINCH - There is a lot of discussion about the television rights. We are talking about introducing a team after the television rights have been secured and nailed down, and we know what they are. What is your view of basing a lot of the figures on what the television rights outcome or distribution might be back to the various teams?

Mr DEMETRIOU - Again, I'm not involved in the intimate knowledge of broadcast rights and current state of play the AFL is at, or any code, only by what I read. If you believe what you read, there is a lot of downward pressure on broadcast rights outcomes; it's happening globally. You've seen in this country a lot of stress on the free-to-air networks to deliver sustainable profits at the levels that they have been used to; advertising dollars are difficult to come by, Foxtel is going through its own issues. Some of the sports other than AFL - NRL and cricket - will struggle to achieve what they had been getting before. The AFL and the NRL people have their work cut out trying to get the same numbers or trying to get any increases - but that's pure speculation; I'm not intimately knowledgeable enough.

I would say though that the proposition in the report that says there is significantly more broadcast rights in having a Tasmanian team or that there is an increase - unless something has changed in the world I used to live in, I can't see that. Having an odd number of teams does not deliver any additional broadcast rights. Having a bye is not great for the competition. Having an extra game can contribute to an additional broadcast right, I concur with that. It may just be that a Tasmanian team coming in with another team is a better outcome for broadcast rights than having one team come in and having nine games still and having a bye - that doesn't help anybody.

Mr FINCH - Don't the byes represent a good opportunity for players to recuperate, to rest, have that one-week break - as we do now, with half the competition playing one week and the other half, the next week, to give that opportunity for a break?

Mr DEMETRIOU - No doubt that's true. I'm only answering the question about broadcast rights uplift. There is no benefit in having nine games and a bye for broadcasters. There is benefit in having 10 games.

Mr FINCH - Do you think then a possible increase to 20 teams would make it a better competition and a better proposition for TV rights?

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Mr DEMETRIOU - I have no idea whether there are 20 teams on the agenda or not; it's pure speculation. All I'm saying is that hypothetically a 20-team competition that has 10 games, a tenth game, potentially could generate more revenue as distinct from 19 teams with nine games.

CHAIR - Thank you, Andrew. I think we will now move on. I want to get through all the terms of reference in the time we have. We'll go to the next point, which is an interesting one -

The possible solutions to the AFL's perception of Tasmania being geographically and politically divided.

You have already made some comment on that, and Robert Armstrong raised it by way of a new stadium down here in Hobart as well. I'm not sure that would help heal that division we currently have in this state. I think you are saying that is one issue the AFL has had some concern with, and also the financial sustainability - two fairly big issues that Tasmania would need to resolve. Is there anything further you would like to say in relation to that matter?

Mr DEMETRIOU - Again, I don't know what the perception of the AFL is at the moment of the current state of play between north and south. As an outsider, to me it looks like it's heading in the right direction and that there is a much more unified approach. The Godfrey report talks to that. It's a pretty positive reflection about bringing the state together. I think there is goodwill. I would imagine the perception would be a more favourable and positive one on that front - tick.

I heard what you said about putting a roof stadium down in Hobart, that it would cause further division. I wouldn't know, you are probably right. You'd know better than I would, but it would make much more sense to invest \$40 million or \$50 million in both stadiums to get them refurbished up to capacity of 25 000 to 27 000 and have two comparable stadiums, and use the balance of this so-called \$300 million to put into the club. That would be my view, but what would I know?

CHAIR - On the next term of reference then and that is: the impact on the aspirations of Tasmanian youth in the knowledge they can only be drafted into mainland teams. How do you see that drafting?

Mr DEMETRIOU - Sorry, what was that one?

CHAIR - This one is the impact on the aspirations of Tasmanian youth in the knowledge they can only be drafted into mainland teams. I think the position is being put that if there were a Tasmanian team, the youth could probably have better aspirations of getting into an AFL side by remaining in Tasmania and playing with a Tasmanian team.

Mr DEMETRIOU - I didn't get that on my terms of reference, but that's a very good point. I think the proposition that having an AFL team - and I am using the term as including men and women here - would enhance the aspirations of young people in this state is a valid one. No doubt being able to associate, identify and observe the elite, both male and female, is hugely aspirational and inspirational and may just be something. It doesn't get around those draft rules, but it might mean more youngsters getting drafted across the border. I think even with a new club there is a really good argument that concessions could apply for the first few years to keep local Tasmanians playing in Tasmania, just as it happened with the GWS Giants and Gold Coast. If that were the case. I think it's a very strong argument; I think we'd set up a subcommittee

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[inaudible] that involves players, football operations managers, CEOs, a couple of presidents and our people, to make sure that concessions were supported by all the club. I do think that it's a positive, an aspirational thing, that would help inspire youth and retain youth in this state.

CHAIR - Any additional questions on this point?

Mr FINCH - The next term of reference would be the impact on the future participation rates in AFL in Tasmania of not having a Tasmanian team in the AFL. You've touched upon this. Would you like to elaborate a bit more, Andrew?

Mr DEMETRIOU - No, I think I covered that pretty comprehensively before and I stand by what I said: it's a whole approach, not just the team. The team being there without all the other building blocks is not as advantageous as having all the building blocks for the participation rate.

Mr FINCH - You mentioned a couple of times your disconnection with the AFL and what is happening now. Our sixth term of reference was: 'If Tasmania were to establish an AFL team, when would it be the optimal time for it to commence?'

Mr DEMETRIOU - I don't know what's in their thinking. I'm sure the factors that they are considering are issues that were raised in the Godfrey report - the financial sustainability, the financial requirements, if they are \$45 million, \$50 million or \$55 million today, in five or 10 years there will be obviously more. Broadcast rights - we already touched on those; they will be factoring that in. They will be factoring in the impact of having 19 teams versus 20, or 18 versus 19. An odd number is not as good as an even number. They will be thinking about the state of football in this state - being united behind one club, people pulling in the same direction. They will be thinking about the impact on Hawthorn and North Melbourne, I guess. What does that mean for the time line? I have no idea.

Mr ARMSTRONG - On sponsorship, Andrew, many years ago we heard that one of the chocolate bar companies was prepared to put money into Tasmanian football for a sponsorship. The sponsorship dollar is hard to come by all the time. Do you think a Tasmanian team would be able to attract a good sponsor from interstate? Or do you think we would mainly be based with a Tasmanian sponsorship?

Mr DEMETRIOU - I don't see what prevents you from aspiring to get -

Mr ARMSTRONG - Nothing prevents us, but would people be -

Mr DEMETRIOU - I don't see why a global or a national company wouldn't want to sponsor - not to mention the local, whether it is whiskey or milk or TT-Line or whoever. Companies want to be associated with sporting clubs that are well run and are successful and can help grow their brands. They want to sell more cars or more beer or more milk, whatever, and if you've got a very well structured, well-run, well-credentialed, well-represented club, I don't see why you can't attract sponsorship. What sponsors don't want is being associated with disunited, incompetent, unprofessional sporting clubs or codes.

Mr ARMSTRONG - Stadiums would come into that - if they are good stadiums where companies can advertise professionally compared to a smaller stadium, that would help attract good sponsors too, would it?

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Mr DEMETRIOU - I don't necessarily subscribe to that. All the stadiums now are pretty sophisticated with LED signage. Whether you have a 20 000 or 27 000 capacity with a nice shiny roof, it's not going to get you better sponsorship. Sponsors will still come if the club is successful, if it's well run. Look at the Geelong model. Geelong, up until recently, was playing in a 25 000-seat stadium before its recent refurbishment, and it was doing quite well financially out of getting 22 000 to 23 000 people attending, capturing all the income and all the signage and all the corporate hospitality. You can have a financial model that works but it's a well-run club. It's got a community behind it, it's unified; they are a good model.

CHAIR - Aurora Stadium's current capacity, I think, is just over 21 000. If we look at Blundstone, I think the capacity there just over 19 000. If an AFL team commenced in Tasmania, could it exist on those capacity crowds for a period of time? Is it possible for it to operate?

Mr DEMETRIOU - Yes, of course it can. What you really want as part of the journey and making sure you are successful is having those stadiums sold out. A good result would be six games at Launceston getting 21 000, with people not being able to get in, and Blundstone for five games having 19 000 sell out and not being able to get in and then membership packages sold at capacity. The club would do very well out of that - the signage, the corporate boxes, dining - it would do well. That might be the catalyst and the demand then compels you to go to a much greater capacity; the next stage is like Geelong, it could go to 25 000; and there might be a second stage and go to 30 000. You don't have to do it at the beginning. It would be terrible to have a 22 500-seat \$500 million investment and be getting 13 000 people there.

CHAIR - That has been raised by a strong supporter of an AFL team in Tasmania. He has made it fairly clear that we ought not be, at this stage, committed to these extensions to Aurora and/or Blundstone, and that we should commence with them as they currently are. I guess that's in alignment with his position on that.

Mr DEMETRIOU - I guess what I'm saying - and I'm not a politician, I don't pretend to be - a push to get \$200 million out of somewhere - call it a government - to build a new stadium which is going to cost more, I think that investment would be to the detriment of using half as much money and investing that in the club and the new team. It's a far greater investment, with better bang for your buck and a better return than investing in infrastructure.

CHAIR - I just make this statement, Andrew, whether you agree with it or not: it's important that we take the people with us. If we don't do that, it's not going to assist our position. We've got this thing about money being put into Health and Police, Housing and other issues. It has been raised because of that purpose, and that subscribes to what you are saying.

Mr DEMETRIOU - I would support that. One of the lessons we learnt out of the exercise when we asked North Melbourne if they would consider relocating to the Gold Coast was that the Gold Coast community told us in very strong terms, over a long period, that they wanted their own team. They wanted to build from the grassroots up, engage the community in all part of the Gold Coast and all the boroughs that have their own teams. I totally understand Tasmanians wanting to have their own home-built team as distinct from a relocated team.

CHAIR - That was going to be my next question, Andrew, on that line. You have talked about this and it has been raised today a number of times: if Tasmania is accepted, should it be the nineteenth team, should it be a relocated team or should they be looking at another team, a

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twentieth team? I think the Northern Territory has been referred to, hasn't it, and probably another state for an additional side as well. What is your position on that?

Mr DEMETRIOU - If you had a relocated team, you'd solve the issue of having 18 teams and having an even number. A relocated team, by virtue of being relocated, means that a team has been persuaded to go. That has its advantages on this issue of even numbers. It doesn't address the issue of Tasmania having its own homegrown team. It will be up to people like Brett Godfrey, that committee and others. As you quite rightly say, by the way, bringing the community along on the journey. What is it they want? You need to listen to what the people want. If the people are saying they don't want a relocated team and they want a homegrown team, you have to listen to that. If they say, 'We want our own team but if [inaudible], we'll support that', then you have to listen to that.

CHAIR - Thank you, Andrew. Are there any other pressing questions? If not, we are running close to time. Andrew, is there anything you would like to leave with us in finishing the session?

Mr DEMETRIOU - Not really, just to repeat I'm not involved in AFL football. I'm not close enough to it. A lot of what I've talked about is either based on previous experience or being a reader of lots of newspapers and media.

CHAIR - Andrew, thank you very much for joining us today. We understand and accept you are a very busy person still in your working life. We appreciate very much your position in relation to an AFL team in Tasmania. It is fairly important. You were there, you were the CEO at one time and you understand the situation well. We appreciate the candid manner in which you have answered our questions and the comments you have made.

Mr DEMETRIOU - Thanks for your time, I appreciate it.

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PETER GORDON, PRESIDENT, WESTERN BULLDOGS, WAS CALLED VIA TELECONFERENCE AND WAS EXAMINED.

CHAIR - Peter, we've got our quorum so we will commence. This hearing is not being broadcast, but it is a public session and Hansard is recording it. In due course it will go online when it is available. Parliamentary privilege applies whilst you are talking to us today, but once we finish this session you are on your own.

Peter, thank you for joining us today; we appreciate it. I'm not sure if you have seen the terms of reference, but I think they were provided to you, and we are intent on working through those. Is there anything you would like to say to the committee at this stage, any position you would like to put forward or any statement you would like to make? Then we can go into questions from there.

Mr GORDON - I would like to say a couple of things. First, thanks for inviting me. I want to make it clear that I attend today at the request of this committee. I'm happy to do it but there are always, in the goldfish bowl environment of the AFL world, those who think that whenever someone in my position makes a comment, they are buying into something. I just want to make it clear that I'm appearing as a courtesy to your committee and the parliament at your request. I'm happy to give my views and answer your questions. To a large extent I do so on my own behalf. I have no reason to believe my views won't reflect those of my club and my board, but I should make it clear formally, to the extent that you are seeking my views about the subject matter of the terms of reference, I will be giving you my views as an AFL club president.

CHAIR - I think that would be extremely satisfactory to this committee, Peter, with where you have been, what you have gone through and what you have done for AFL in this country. What you've done for your club is nothing short of amazing. It's for that reason we want to talk to you. The financial position of Tasmania fielding its own side is an important point and how we can retain the sustainability of a team as well. That question has been put to Tasmania now for many years and I think we have a fairly good position.

Peter, if you prefer for us to take questions at this stage, perhaps I could ask: Have you had a look at the Brett Godfrey report? Have you seen it?

Mr GORDON - Yes, I have, I've read that in the last few days.

CHAIR - Is there anything you would like to say, or a general statement you would like to make, on the outcome of that report?

Mr GORDON - Yes, I have a few comments. Would it be useful if I gave you some general comments at the outset? Is that a good way to proceed?

CHAIR - It might be better if we could do that now because we could then feed off that for some further questions as well, if you are comfortable with that.

Mr GORDON - Yes, I am. Overarchingly, I think it's a very good report and its principal observations are both philosophically and economically on the right track. I don't agree with every statement that's in it, but, as the old political expression goes, the things that unite us about

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the report are far more important and bigger than any differences I might have with particular sentences in it.

In particular, if I could go to page 14 of the report, which is under the title 'A Tasmanian AFL licence funding and commercial model is sustainable', that has a number of dot points in it. I would like to record that I agree with all those dot points. A sustainable business case model for a Tasmanian team can be and, in effect, has been made outside that report, and it does stack up as the expression in that report goes. I believe it can be done in a way that would make a Tasmanian team, in the terms of the report, not a drag on the state. Nor do I think it would be, if it is done in the right way, a drag on the 18 clubs, and I don't believe it would require a significant uplift in investment by the state beyond that which the state is currently contributing to AFL footy in Tasmania.

I also agree that it could be AFL-cost neutral. I also believe that Tasmania's brand - and I am quoting here from the report - 'will and does add tremendous additional value', both to assisting AFL sponsors but also to the AFL itself, which is really Australia's only indigenous sport and sporting code. The idea of having a Tasmanian side in it would add considerably to the philosophy, the culture and the spirit of the AFL. That is my primary observation.

The report states very early on that it's very important that the AFL itself wants to have a Tasmanian team and be prepared to offer a pathway to licence - I think that is stated on page 8. I want to offer the observation that, in my experience and, for the record, I was first president of Footscray Football Club in the last month of the VFL competition in 1989 and I took it over when it was in receivership and being forced into a merger with Fitzroy Football Club. I ran it - I think it's fair to say - in the environment of a hostile head office at AFL for seven years. I returned to it in November 2012 and I have been its president under the changed name of the Western Bulldogs since that time. It would not be unfair to say that therefore I've experienced both a head office that was at best indifferent and probably more accurately described as hostile to our existence, back in the 1990s, and an AFL that has been broadly supportive of our club and our team, its place in the AFL competition and its role in the broader western region of Melbourne.

I'm here to tell you it makes a very big difference. The report is right to put a lot of emphasis on the need to have the AFL as an enthusiastic partner in the venture. I think that's important and if they are, if I can put it colloquially, dragged kicking and screaming to [inaudible] of an AFL club because they don't believe in the economic model, they can find ways to vindicate their own opinion. I think the committee is right to seek the enthusiastic support of the AFL.

In the context of that I want to make a related point. In the time of my first stint as president of the club, a lot of things that have been said about Tasmania were said about the western suburbs of Melbourne and my club. It was said that the western suburbs of Melbourne couldn't support an AFL club, that there was no money in the west, that the economy of the western region was too small, and that it's really antithetical to the economic interest of the AFL to retain an AFL club in the west of Melbourne. Commissioners who portrayed themselves as economic gurus who knew a whole lot more about the economy of football than anyone else repeated that view for years and years.

They were wrong. It took a long time to establish that they were wrong, but wrong they were. I am sure that if you asked any of the AFL commissioners today and the senior management of the AFL, they would say that with the emergence of competitor sports like soccer, but in particular with the vastly growing population of the western suburbs and the western

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regions of Melbourne, the flagship Western Bulldogs, with its heritage and its vibrancy in that region, is a really critical part of the growth plan and the business strategy for the AFL.

I think it's entirely possible for the naysayers about the size of Tasmania, its economic sustainability - it's really important to [inaudible] the learning [inaudible] of the Footscray Football Club, Western Bulldogs Football Club and the western region of Melbourne, which is now itself a vibrant and growing economy probably bigger than the size of Adelaide. It's important to draw that comparison and say that could be a short-sighted view to take.

When I reflect on the period I was president of the Bulldogs in the late 1980s and early 1990s, the mantra of the AFL and its commissioners was reflected in an aphorism called the truly national competition. Almost every media interview any of them gave started with the predicate that if we want to have a truly national competition, certain things must follow.

I think history has demonstrated that a more accurate first priority of the commissioners in those days maybe was not so much a truly national competition, but the biggest possible revenue base to the competition. I want to make it clear that I don't criticise this as an objective, but it's very clear that the focus was to grow new clubs and franchises in the biggest television markets, so there was a focus on getting a team into Sydney and a second team into Sydney, and team into Brisbane and second team into Brisbane. We support all those clubs, I want to make that clear, and we support initiatives of the AFL in the earlier part of the decade in creating the Gold Coast Suns and the Greater Western Sydney Giants. It is important to distinguish between the philosophical notion of a truly national competition and the notion of the biggest revenue model. They are coexistent to some extent but there are differences.

To use the aphorism that has been used to some extent competitively with me in my first stint as President, if we want to have a truly national competition and if we do recognise the role of the AFL, and in particular the AFL commission to be the keepers of the code and the preservers of the heritage and the culture of Australia's only indigenous sport, the obligation is to focus on keeping us financially strong but it's not confined to that. A truly national competition needs to have proper representation of the AFL in Tasmania. I would argue that, over the medium to long term, it also includes the Northern Territory because both of those places are important parts of Australia. They have important and long histories and cultures deeply ingrained with Australian Rules Football.

As much as the more recent focus on international markets for AFL is interesting and worthy of discussion and even investment, this is our Australian game. There is a real obligation as well as an opportunity to truly reflect the national character of that in a way that the AFL doesn't quite do now because it isn't represented by a Tasmanian team. Again, I argue for the long term that we ought to consider the depth of the history of footy, in particular amongst Indigenous people in the Northern Territory. Those are some important points to make as well.

I also want to endorse the core findings of the report that a viable business case can be made for Tasmania. I imagine, based on my dealings with other AFL clubs and people in the AFL, that there may be some debate in relation to that, and I will talk about a few aspects of that later on.

The two foundation points, if I can call them that, in the report about recognition of the dividend from the AFL - that is one important piece; the report adopted a number of \$17 million. I will leave aside the two most recent expansion clubs, which are obviously on particular arrangements with respect to dividend from the AFL.

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Focusing on some of the Melbourne-based AFL clubs of Melbourne - the Bulldogs and North Melbourne, which are on a recurrent dividend in the order of \$16 million to \$16.5 million, and St Kilda, which has been at a higher level of between \$19 million and \$20 million for the last three or four years - those numbers would seem to me not unreasonable. At least in the first five years of its operation, the Tasmanian business model would be entitled to rely upon a similar dividend from the AFL in its startup phase.

The second component to the report predicates that there is an investment, a recurrent annual investment, in football from the Tasmanian government of between \$7 million and \$11 million. I think that is right, from my understanding and experience. That really correlates to a reasonable to very good outcome in terms of corporate sponsorship that the clubs I just mentioned have grown and expected.

I also accept, and I think I have been quoted in the media as saying it costs \$45-odd million to run a medium-sized AFL club at the moment. The report has a few tables in it, which nominated a figure of \$46 million - not a lot of difference between those two numbers. If you predicate an AFL dividend coming off that at between \$17 million and \$19 million and if you then add in a recurrent commitment from the Tasmanian Government of between \$7 million and \$11 million, it means you have to find, effectively, and be assured of recurrent revenue of, between \$15 million and \$18 million as well.

As a matter of theoretical competition economics, there will be some who say that the median size for current revenue for a club ought to be higher than that, but the fact of the matter is that it isn't. Most operations of clubs, in particular if you strip out gaming from those clubs which continue to pursue it, when you benchmark how much salary cap is, the total player payments amount and then the soft cap, so the direct football-related costs, and then think about the cost of administering a club, the number of \$45 million to \$46 million is pretty much on the money.

I don't think it is a lot more complicated than analysing if the Tasmanian Government is prepared to make that robust commitment over a long period of time and the AFL is enthusiastically on board and believes that it can justify another dividend - I think there is plenty of good reason to believe that it can - it seems to me the rest of the business case is really about justifying the robustness of the other revenue streams that a Tasmanian team could be expected to generate. I want to make a few comments about that if I am not going too quickly or overstaying my welcome.

CHAIR - No, you're right, Peter, as long as we have time for some questions. It is covering some important points we are interested in and concerned about.

Mr GORDON - Well, I wanted to sound a couple of notes of caution. Membership is the lifeblood of any club - if you [don't?] have people who are passionate enough and interested enough to become members and want to have a say in the club but also want to support the club recurrently, we are all wasting our time. I choose to believe there would be a lot of people in Tasmania who would get an enormous amount of enjoyment out of a club, but I want to caution that it is a long, slow build. General numbers - people might sign up to a petition in support for a club, or surveys which show the number of people who are members of other AFL clubs within Tasmania or indeed the numbers of members who are already members of Hawthorn and North Melbourne, who play games down here - they are interesting numbers but I don't think anyone who is building the case there ought to take them for granted; it's a long slow, build.

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If I were charged with helping to take this along the next stage, I guess I would be looking for robust ways both to build the attraction of a club and to seek more of a robust commitment, or at least indication that people are prepared to vote with their feet. It is a truism of running an AFL club, which I have now been involved in - it's my thirty-first year since I first did it and we haven't been, as a club, the biggest club in terms of membership. We have grown from, I think, 3500 members when I first became president in 1989. We are reasonably optimistic that we will get over 50 000 this year but it ain't easy, as the old expression goes.

It's a lot more difficult to get people, for example, to change brands of AFL clubs than it is to get them to change brands of cereal or toothpaste. There are dyed-in-the-wool loyalties, the time-honoured, affectionate story of babies being given their memberships or nappies in yellow and black or brown and gold or whatever. It is thought of as a charming in each family in which it goes on across the nation, but it is the bane of a small club that is actually trying to increase its market share by poaching members from other bigger clubs. Those sorts of things are real challenges.

It is important to record that the lifeblood of any club, in addition to members, right across the AFL is because of the extraordinary support that individuals are prepared to give. Without naming names, across all the Melbourne clubs and most of the interstate clubs I am familiar with, there are individuals, high-net worth individuals, who put in very large sums of money, and you need to find those guys. A Tasmanian club would need to find those guys. Speaking on my own behalf, from the time that I resumed the presidency in November 2012, we have come from a net debt situation of \$11 million.

Today, we have over \$10 million in the bank; we have won an AFL flag; and we have started an AFLW franchise, won a flag in that and a couple of VFL premierships and grown our facilities. Three of the unsung heroes of that are three guys who have put their hands in their pockets for extraordinary sums of money, year after year, both in good times and in bad. They wouldn't want me to mention their names, but they are reflective of people who are absolutely essential to a club. You need to have those and I am sure there are such people in Tasmania. Building a culture where those people see their role, are welcomed into that role and are treated appropriately - truthfully, that is part of the recurrent revenue you need to make things work in addition to building the corporate support you've got to get. I won't dwell too much more on the individual revenue stream. It is safe to say that it would be important in your dealings with the AFL community as this thing moves forward to see that there is a robust plan to build initiatives with respect to those other revenue streams.

I saw in the report also, and I have seen press releases about it, the question of a provisional licence and also the fact that there's never been Tasmanian representation either on the AFL commission or at presidents' meetings. I don't go to commission meetings, of course, but I do go to presidents' meetings and I think that the idea of seeking a provisional licence is a very good idea. I support that. I think that's in the interests of the push for a Tasmanian club. I also believe that representation at those periodic presidents' meetings, at least with respect to the ones addressing the question of a Tasmanian team, it is important that Tasmania has a voice there.

There are legitimate voices, obviously of the clubs that play there; the other clubs have their own sectional interests. The AFL and the commission have their own interests as well, which I have also tried to describe today, but none of them approaches it from a uniquely Tasmanian perspective with respect to the state of Tasmania. I don't say that critically of any of them but

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they've all got the interests of the constituencies they represent. I have come out of such meetings, including recently, thinking it would be no bad thing if someone who spoke for Tasmania was at those meetings. I guess I am done. I am happy to take any questions.

CHAIR - Peter, thank you very much for those comments because they cover a lot of the issues we are concerned about.

Mr FINCH - Thank you, Peter, for your positivity; that was very heartening. You mentioned the 20-team competition. Can you talk about that? You do not see that as a backward step? Is it of concern if you have Tasmania and the Northern Territory in the competition?

Mr GORDON - No, I don't. I have a number of points I would like to make about that, so thanks for the question. There are a number of fantastic, elite sporting competitions around the world which live and prosper very comfortably with more than 20 teams. I don't think we should be uncomfortable about that. We can see around the world many examples of competitions, which not only have more than 20 teams in the competition but which have a geographic focus of a large number of those teams in one particular, confined geographic location. For example, in the English Premier League a very large number of teams are located around London and no-one feels awkward about that.

That ties into the next thing I wanted to say, which is that it has been unfortunate in the debate about Tasmania to the extent that there are inferences about it in the report. I think that is regrettable. The way in which the argument has devolved into why there should be a Gold Coast team when Tassie hasn't got a team. I think it is unfortunate, particularly if you accept the premise that we can expand. There is a critical need for the competition to welcome, accept, continually encourage and continue to fund the Gold Coast. I don't think that's an argument against the Tasmanian team.

Likewise, I think the discussions about there being too many teams in Melbourne and we should move one of them to Tasmania is also unfortunate. There is a real economic and cultural strength, a unique strength, in the history of the AFL and in the number of AFL clubs, each of which in Melbourne is over 100 years old and has tremendous heritage and tremendous culture. The co-location of them all in Melbourne not only provides employment and business opportunities but also in many ways it is a lot of the economic strength of the AFL. To the extent various people have promoted this argument as one against the other and who deserves a licence more, I really think that is to be avoided. I deplore that.

I support a Tasmanian team coming into the competition in the context of expansion of the number of clubs in the competition. I thought it was important to make those points; if there is a continuation of this kind of 'we deserve one more than you' approach to it, that only serves to be divisive rather than encouraging unity around what we want in our Australian game.

CHAIR - Thanks, Peter. Has there been much talk amongst the CEOs of the clubs in relation to Tasmania joining the competition and the president's meetings?

Mr GORDON - I don't know what the CEOs talk about. They cut us out of their meetings, but the presidents of the AFL clubs are a harmonious group. We have our differences from time to time and we talk about matters in general but there is such a bewildering variety on the AFL plate and agenda at any one time, I think it is fair to say that the focus of attention on Tasmania resides more with the clubs that play games there than with the AFL. That's a compelling reason

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why, at least in some of the forums in which we discuss these issues - and we don't get a lot of time to discuss them - there ought to be a voice for Tasmanian representatives at those places. All of them, the AFL commission included, come from the position of the constituency it needs to protect and guard and advance, and people have different constituencies. That is the best answer I can give to that.

Mr ARMSTRONG - You were talking about the 20 teams. When you have meetings with your fellow presidents, do they talk about having a bye? If Tasmania came in, there would be a bye in the competition. Has that been discussed?

Mr GORDON - No, there was one other point. There remains, from everyone's point of view, we've really tried and I think we've made tremendous progress in the last decade on various issues that make the competition fairer. Competitive balance has been the greatest economic and cultural boon to the AFL in its history, and it has those pillars of an equal salary cap, a guaranteed capacity to pay the salary cap and equalised support for a soft cap. The fact that every member of every club these days has a reasonable expectation of making the final and the fact that the football media find it much harder to pick the final eight, whereas 10 years ago you would pretty much know, within a field of eight or nine, who was going to finish up the top and who was down the bottom. That has been a tremendous thing for the competition.

One of the things we are yet to find a completely satisfactory outcome to is the fixture. That is because, under the current number and configuration of teams, you have 17 games against each team won and then you have five double-up games at the end of the season. Although the AFL has really ingeniously tried to find ways to equalise that, they equalised it over time, it sought to make it fairer over a two- or three-year period. The second thing is that it is inherently incapable of being made completely fair because competitive balance itself means that it's actually impossible to know which teams are going to be the strongest forming the second half of the year. They weight the double-up games of a particular club based on the teams they are playing, whether in the top third, middle third and bottom third of the competition - it is an imperfect market.

The relevance of this to your question is that as we increase teams, we increase the possibility that we can have a season which is comprised entirely of each team playing the other ones once, which is an inherently fairer and more equitable way to distribute the fixture than is currently done. It's very hard to equalise the fixture without reducing games and there is a very significant economic impost to reducing the number of games in the season. Long term, if we can get to 20 or even more, we can achieve a solution to one of the remaining elements in the competition, which isn't quite as equalised as we've been able to make all the other key components of the game.

If you ask many of the players, and indeed a lot of the administrators, there'd be some enthusiasm for the idea of a bye by having a 19-team competition. There are already byes in the competition and with all the focus these days on injuries and rehabilitation and mental health, the more we can incorporate those into the fixture, the more helpful it will be. A lot of steps have already been taken from the mental health perspective to make changes to the gap at the end of the season and when players start playing again. I don't think there is any compelling reason with respect to the desires of clubs.

I make the point that clubs that run both an AFLM team and an AFLW team - and I include in this the football department staff, admin staff, volunteers, including board members - the

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season has gone from 26 weeks to 33 weeks. Often, that is just people working hard at doubling up and working longer hours. We are thrilled to have AFLW competition, but it is worth recording in a forum like this that a lot of people are working hard both in paid and in unpaid jobs to make sure that happens - ground staff, for example. To the extent there are developments in the game which reduce the odd bye, there are as many arguments to recommend that and describe it as an advantage as there are in contrary.

Mr FINCH - Peter, in the earlier part of your presentation you quoted from the task force about the points they made on page 14. You didn't quite make it to the last point, that a clean stadium changes the game. It says that they are redeveloping the UTAS stadium in Launceston as the initial primary football venue but seeking a long-term Hobart CBD-based roof stadium in an appropriate entertainment precinct. We have heard earlier from Andrew Demetriou and, to paraphrase him, he was suggesting that money would best spent developing the club rather than the venue. Do you have any thoughts on that?

Mr GORDON - For anyone who may be listening and perhaps for you guys as well, the term 'clean stadium' has its own meaning within the AFL industry. My understanding of it is that it means a stadium in which the host club has the rights to food and beverage and the revenue sources that come in from staging the game. We see that and those revenue streams, certainly at the Bulldogs, as an important component of our recurrent revenues, of our P and L [profit and loss]. With respect to the broader issues of stadia, it has historically been a mistake to seek to build a stadium to the requirements for the biggest crowd you will ever have - even if you only have that crowd once every five years.

If you go back to the days of AFL Waverley, it was really designed around a vision of getting 80 000 people to a monster ground. If you recall, even the boundary lines were 15 metres because of someone's grandiose concept of what the ultimate AFL stadium would look like without thinking about what it meant to someone who was at the back of one of those stands. It makes a lot more sense these days to build stadia that economically and most efficiently use the capital resources available for the people and crowd sizes that can be expected to regularly attend those games. I don't think there is anything wrong with the concept of building or fashioning a stadium that actually creates a bit of competitive pressure amongst the spectators to get in.

From the point of view of the fan experience, if you are in - and let me use the comparison of if you are in Melbourne Park watching a tennis match between Nadal and Federer - there might only be 14 000 to 16 000 in the stadium but the closed, compact and packed nature of the crowd makes it a great fan experience. In the same way, you can build to a capacity to of between 20 000 to 30 000 and create a great football experience and a great fan experience. I don't think the numbers run dramatically differently if Tasmanian was running to those sorts of numbers than planning a stadium that was bigger.

If you could confidently predict that you were going to get 40 000 to 50 000 people there every week it might be different. With the growth of AFLW and the rebirth and enlivening of suburban venues around Melbourne, we are starting to experience a new phenomenon in communities wanting to come along and watch their footy teams, and with a new enthusiasm for it. We are starting to learn that you actually don't need the biggest, most glitzy American-style new \$1 billion-stadium in the world if you can provide infrastructure which is family friendly and creates a great crowd experience.

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I am not an expert in Tasmania - and I wish I had said that more times during the course of the last half an hour - I am aware, from reading the report and from going down to Launceston for the odd game we have had against the Hawks, that there has been an issue which various people have tried to come to grips with as to the centres in Launceston and Hobart. I read in the report some suggestions of trying to increase the capacity of Launceston from about 23 000 to about 28 000. I wouldn't have thought - again, if I were running it and I'm not and I'm not an expert, I am only offering a view because you've asked me - the ambition for Launceston needs to be any greater than that. If I were planning a new stadium in Hobart, I wouldn't necessarily think that the stadium size and cost need to be a lot greater than in Hobart. I think it's way better to fill a 28 000-capacity stadium 10 times a year in a place like Hobart, Footscray or Marvel Stadium than to half-fill a 50 000-capacity stadium nine times a year and fill it twice, from all sorts of points of view and not just financial.

CHAIR - Thanks, Peter. Andrew Demetriou also talked about this issue, and I raised with him about taking the community with us. We must do that. For the Launceston Aurora Stadium, there is a suggestion it be increased to about 28 000, as you have said, which requires quite a large expenditure. There is also suggestion that Blundstone oval in Bellerive is to add to its capacity. There is a lot of money involved. Is there any reason that we couldn't host an AFL Tasmania team at those two stadiums as they currently are in the short-term?

Mr GORDON - No.

CHAIR - Thank you. People are concerned about expenditure. They talk about health, police and education. There is a need to be careful in our approach and there was a need to look at the stadiums we currently have. You have played at Aurora and other stadiums. Do they provide for the current requirements of an AFL team?

Mr GORDON - I'm sorry, I missed the last part of that question.

CHAIR - Do UTAS Stadium and Blundstone Oval provide for the requirements of an AFL team? You may not want to answer it.

Mr GORDON - No, I'm happy to answer it. The question of how you evaluate an AFL venue spans across a lot of categories. From my discussions with our players, I'm not sure we've played in Hobart, we've certainly played in Launceston a lot and the ground has been fine. The proximity to the hotel is great and it's quite a short walk for the fans. It's a really great town. Our club has found it a pleasant experience. Are the changerooms state of the art? No, they're not, but they're not the worst of the AFL experience, which I might add are probably the opposition changerooms at Kardinia Park down at Geelong. For all of the money that's been foisted on Kardinia Park down at Geelong, we'd much sooner get to use Geelong's home changerooms than the opposition ones. They're not the worst in the competition. They're pretty rudimentary. One of the issues these days is that, with the tremendous growth in new stadia - for example, the state-of-the-art facilities at Adelaide Oval and Domain Stadium and they're just sensational - they set a pretty high benchmark.

It's very easy for me to say because I'm not doing the warm-up and showering there after the game, but there is something charming and old-style footy about facilities like UTAS. Truthfully, they're not that different to the Western Oval in Footscray as well. I don't think any of them, if I can put it this way, kill a point against the existing facilities in Launceston. I haven't seen the rooms at Blundstone so I can't comment.

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CHAIR - It has been raised here as well: what do you need to do to get players to come to a club and what do you need to do to retain players? That has been an issue with the Suns. It has become an important part of their existence and where they are currently going.

Mr GORDON - First of all, a tremendous amount has already been achieved through the competitive balance mechanisms of the AFL. Back when I first resumed the presidency of the Bulldogs in November 2012, I noted that in the 2013 year, because the Bulldogs actually couldn't afford the full salary cap and because other teams got, and I will note the extreme end of them - the Sydney Swans not only had the ability to pay the full salary cap but they also had veteran's allowance and cost of living allowance - the net differential between what we were able to pay our players and the Sydney Swans could pay their players in 2013 was about \$3.5 million.

The fact that they were on top on the ladder at that time and we were down on the bottom, in one sense that had an entirely plausible, pure economic explanation for it. They were able to pay their players millions more than we were. I don't mean to single out the Sydney Swans but that was true of pretty much two-thirds of the competition that could pay the full salary cap and veteran's allowances. About six or seven clubs simply couldn't and the quality of their lists affected it. That has been solved in recent times by the competitive balance mechanisms which are in place.

It is probably fair to say that there are two other elements that continue to need to be addressed. I want to emphasise in this my support and my club's support for both of the expansion of clubs and for the need to continue to believe in the vision for them and to invest in them. One is the point we last touched on. Increasingly, players look at facilities and you need to be able to provide a competitive offering as a club, with respect to facilities, not just changeroom facilities but training facilities, gymnasias et cetera. I worry from time to time that, when we are in a beauty contest for a particular player, that it may be the issue of how often they get to play on the MCG as opposed to Marvel Stadium, which is our home ground. I wonder how much that may be an issue. It's certainly not an issue that we are in a position to solve in the short term.

The other thing that is a challenge for clubs like the Gold Coast Suns is that we need to be frank and acknowledge there is a difference in the football presence, culture, strength and identity between traditional football states and the northern states, the growth states, in which those clubs are taking a vanguard role in developing our code. There may be a natural advantage for Tasmania because of the richness of the Australian Rules Football history, traditions and culture you have there. Football in Tasmania goes way back into the second half of the nineteenth century. It's a rich tradition and that, in itself, means something. There's local footy club infrastructure and even things as simple as when you get up and read the local press and watch the local TV, footy is the main game, literally. Let's acknowledge the natural advantages that Tasmania's got as well as the challenges there.

CHAIR - Peter, you have covered it very well. We are running out of time. I have one quick question to ask you, with a brief answer from you. Does the AFL need Tasmania?

Mr GORDON - Look, Tasmania is one of the six states of Australia. It is a really important part of Australia, it's an iconic part of Australia and it has a rich football history. I have already said and want to repeat that I think it is a matter for the people of Tasmania. If the will of the Tasmanian football community and the Tasmanian people is to have their own Tasmanian team, and I accept that what I hear from you this report and from a lot of other people that that's the

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case, then, from my own position, I endorse what's been said in this report about the business viability of that and the case for it.

I do want to take the opportunity to say that it's really important that we take an expansive and not a divisive view of this. There is a statement on page 14 of that report which says -

Team Tasmania will not be a 'drag' on the 18 clubs: The Tasmanian model suggests a long-term Government underwrite...it will not expose the League to another Greater Western Sydney, North Melbourne or Gold Coast Suns scenario.

I don't know what that sentence means. I can take a guess and I think it's regrettable. I don't know what the authors of this report think exposing the league to another North Melbourne scenario means, but I think that North Melbourne are a great club. They're a well-run club, they're very well managed and I think expressions like that in the report are regrettable. I don't think we need to disparage any particular club in order to endorse promote and find a way for Tasmania to participate in the AFL.

CHAIR - Peter, thank you very much for your comment on that point. You're right, and thank you very much for agreeing to join us today. Thank you for the statements you've made and for the candid manner in which you've answered our questions. We appreciate it very much, from a person with your background and what you have done for AFL in Australia. What you've done for the Western Bulldogs is nothing short of amazing. We appreciate your giving your time to present to us today. It will be transcribed, in writing and online in due course.

Mr GORDON - Thanks. All the best.

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Mr SAUL ESLAKE WAS CALLED VIA TELECONFERENCE, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Saul, thank you very much for agreeing to join us today. This is a public session. It is recorded and will be available in print in due course and will be available online for anybody wanting to access it as well. Saul, are you in Tasmania today?

Mr ESLAKE - I am.

CHAIR - Thank you. You are accorded parliamentary privilege while giving evidence to the committee. However, you are on your own once the session completes. The witness information was sent to you. You may have seen the terms of reference as well. I would like to give you an opportunity to make a statement about where you've been and what you've seen. You said that your time may have dated, but your perspective and how you saw the situation unfolding a few years ago are still of interest. I also ask that you provide us with some background regarding your experience for our records.

Mr ESLAKE - Certainly, Chair. I've been a professional economist for 40 years or so and my career as an economist includes periods as chief economist of a number of significant financial institutions, some of which are no longer in existence such as McIntosh Securities, which was a stockbroker, and National Mutual Funds Management, which was the funds management arm of what at the time was the second-largest life insurance company in Australia.

I had 14 years as chief economist of the ANZ Banking Group, three and a half years as chief economist at the Australian arm of Bank of America Merrill Lynch, and two and a half years as program director with the Grattan Institute. Since mid-2015, subsequent to my return to Tasmania after 32 years living in Melbourne, I have been operating as an independent consulting economist. I have had, during that time and previously, some board positions, including 10 years on the board of Hydro Tasmania.

I would also like to say a little bit by way of background and introduction. My main exposure to serious consideration of this issue was as a member of the steering committee oversighting the preparation for the business case by a Melbourne-based consultancy firm called Gemba for the Lennon and Bartlett governments in 2008-09. That steering committee comprised a number of other businesspeople, football personalities and some senior public servants.

It prepared a business case at a time when the cost of running an AFL side was considerably less than it is today and the competition was smaller than it is today. At that stage, it was thought that the cost of running an AFL team in Tasmania would be of the order of \$18 million or so; that amount could be reasonably assured of being raised based on reasonable assumptions about the number of members, attendances, government contributions and sponsorship. That case was presented to the AFL by the then premier, David Bartlett. Subsequent to that meeting, the then AFL CEO, Mr Andrew Demetriou, said that the Tasmanian business case ticked all the boxes but Tasmania was still not going to get a team. This was at a time when neither the Gold Coast nor Greater Western Sydney had joined the competition but their accession to the competition had been well flagged. The AFL, at that stage, subsequently had no plans for further expansion and there was no real enthusiasm at that time on the part of the AFL for inclusion of a Tasmanian team.

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I have never played football nor been a part of the administration of any AFL club in Tasmania or during my time in Melbourne. I'm just an interested supporter, a passionate Tasmanian who would like to see a Tasmanian team in the AFL, which I believe would be a source of pride for Tasmania and would produce net economic benefits for Tasmania. I also acknowledge that, as you said, Chair, my experience is somewhat dated and there have been a lot of developments, both in the code itself and the cost of running an AFL club since that time, which I wouldn't pretend to be fully familiar with.

CHAIR - Thank you, Saul. We did send you through some documents that Russell Hansen provided to us. Did you have a chance to have a look at those documents and are you able to make any comment in relation to the financial considerations of an AFL team in Tasmania?

Mr ESLAKE - Yes, I did have a chance to review those documents, although I certainly didn't check Mr Hansen's arithmetic, but he seems to have made reasonable assumptions and undertaken a considerable amount of research with a view to establishing what the cost of running an AFL side would now be. My understanding based on his work is that a reasonable figure for a Tasmanian club, which would put it in the bottom half of the distribution of running costs of AFL clubs but not at the bottom - I think about five from the bottom out of what would then be 19 clubs - was of the order of about \$45 million.

A key point for the committee out of Mr Hansen's analysis is the suggestion that the contribution from government would need to be of the order of \$14 million per annum. My understanding is that is more than the government is currently putting in through various channels into the arrangements it has with Hawthorn and North Melbourne, so that is a fairly important point. The analysis that Mr Hanson has undertaken of the likely contribution to the Tasmanian club from the AFL itself, based on the distribution of TV rights and the current arrangements, the revenue that could be generated from merchandising and from gate attendances, bearing in mind that an AFL team based in Tasmania would be hosting games that would have much more interest under current arrangements, those numbers that Mr Hanson presented look fairly reasonable to me. They could be challenged by people with more knowledge than I have but, based on the knowledge I do have, his analysis seems reasonable, subject to the caveat I mentioned. His arithmetic suggests a somewhat larger government contribution would be required than the \$4 million that was required in the report I started preparing about a dozen years ago.

Mr ARMSTRONG - Saul, the first term of reference is the likely benefit to the broader Tasmanian economy and the community from having a Tasmanian team in the AFL. Would you like to touch on that?

Mr ESLAKE - Mr Armstrong, I don't want to give anyone the impression that I have undertaken any independent analysis or modelling. I haven't. I am aware that modelling has been undertaken for state Government by Price Waterhouse which, among others, suggests that the games that have been staged in Launceston have produced net economic benefits for the northern Tasmanian economy. I am not aware of any similar analysis or the economic impact of the games that North Melbourne hosts in southern Tasmania. I suspect the net benefits, assuming there are some, would be smaller, commensurately, than those generated in the north.

The point I would make, and I underscore that this isn't underpinned by any modelling on my part, is that a fully-fledged Tasmanian team would be hosting games each year against teams with significantly more following than the usually non-Victorian mainland-based clubs that are

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rostered to play games against North Melbourne in Hobart and against Hawthorn in Launceston. They would likely attract bigger crowds, bringing more people to Tasmania.

The other point that is fair to make is that there appears to be some loss of enthusiasm on the part of the Tasmanian community for games selected to be played in Hobart or Launceston precisely because the games here are against sides with virtually no following in Tasmania, such as Fremantle and Port Adelaide. It is more difficult for supporters of those clubs to travel from their own bases to Tasmania for the new Melbourne-based teams. If there were to be a proper Tasmanian team playing 11 home games in Tasmania each year, there would be bigger crowds on average, even for less popular teams than has been the case in recent years.

Mr FINCH - Saul, could you reflect on that 2008 business case by Gemba? What were your feelings at the time in respect of the quality of that report and where it might lead with the AFL in respect of us getting a Tasmanian team? Were you positive about an outcome?

Mr ESLAKE - I was positive about the quality of the report, although I should say that I never saw a more detailed business case presented to the AFL. What the members of the steering committee were given was a 30-page or so summary of the key points, which was adequate for my purposes in terms of understanding the logic behind the business case and various assumptions on which it was made and allowed us to test their reasonableness and so forth. I thought it was a well-founded case and, as I mentioned before, Mr Demetriou, the AFL CEO at the time, conceded that the business case had ticked all the boxes but, nonetheless, Tasmania was not a priority for the AFLs expansion plans at that time.

In all honesty, that conclusion didn't surprise me. I thought at the time that Mr Demetriou, in particular, had, for reasons that I could not explain, a longstanding prejudice against Tasmania's participation in the AFL. An event that particularly captured that for me was an occasion when St Kilda was still playing home games in Launceston. If my memory serves me correctly, this was in either 2007 or 2008, and St Kilda had been drawn to play the Western Bulldogs in August. It was a game which, when it was originally scheduled the previous year, would probably have been thought to have had no particular significance on the outcome of the season as a whole but, as it turned out, was crucial in determining whether St Kilda or the Western Bulldogs would make the final four and thus have a double chance of reaching the grand final. Mr Demetriou was quoted in the papers as saying that they would not make that mistake again.

In other words, from Mr Demetriou's standpoint, scheduling a game that was important to the outcome of the competition and to teams' final standings was a mistake. I emphasise it is only my point of view; that seemed to me to encapsulate Mr Demetriou's and perhaps others' attitude to the AFL. Subsequently, you've seen the previous chairman of the AFL, Mike Fitzpatrick, express similar disdain to Tasmania's aspirations. While I don't think the presidency of Gillon McLachlin has exactly the same attitude of either Mr Fitzpatrick or Mr Demetriou, nonetheless, I sense - and again I underscore it's only my sense, I've never had a conversation with Mr McLachlin and I've never met him - again that he doesn't really see or doesn't firmly believe that Tasmanian ought to be part of the national competition.

To be as fair as I possibly can, I sympathise with the view that it wouldn't be in the interests of the competition as a whole to have 19 teams, to have an odd number of teams. It may make running an even competition more difficult to have 20 teams. That is, if another team as well Tasmania were to be admitted to the competition at the same time. As it is now, it is not possible for each side to play the other twice. To some extent, any new teams fortunes are affected by the

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luck of the draw, how often they're scheduled to play, whether they're scheduled to play stronger teams once or twice during the year, and a Tasmanian side would complicate that. I would still think that, if one of the other sides presently in the competition ceases to be viable, there is a very compelling case for a Tasmanian side to be admitted to the competition, from the perspective of the competition as a whole as well as from Tasmanians interests.

Mr FINCH - I'm assuming, Saul, that you would like very much for us to have a Tasmanian team in the AFL competition?

Mr ESLAKE -Yes, it's been a sort of personal dream of mine, I suppose, since I've been an adult and a follower of Australian Rules Football. As I say, I've never played it, but I've been a keen supporter of the game for a very long time.

CHAIR - Saul, have you been able to have a look at the Godfrey report?

Mr ESLAKE -No, I haven't seen a copy of that; one hasn't been available to me.

CHAIR - If we can go to the second term of reference. That is, whether the Tasmanian taxpayer or the AFL should subsidise Melbourne-based AFL clubs playing in Tasmania. Are you able to comment?

Mr ESLAKE - My instinctive reaction to that question is that the AFL would not see it as its responsibility to subsidise Melbourne-based clubs playing in Tasmania. I understand they don't do that at the moment. Given that they won't do it for the five or six games that are currently played in Tasmania, they wouldn't be doing it for 11 either because it would cost considerably more. As far as I am aware, they don't subsidise Melbourne-based clubs playing against teams based in other non-Victorian states. Likewise, while it is clear that the Tasmanian Government would need to make a contribution and perhaps, based on Mr Hansen's figures, a significant financial contribution to a Tasmanian team in order for it to be viable. I don't think Tasmanian taxpayers would appreciate their money going to support financially weak Melbourne-based clubs to play in Tasmania.

CHAIR - Good point.

Mr FINCH - Saul, it has been shown that there is a great return to Tasmania in having these AFL football teams coming to the north and to the south of the state.

Mr ESLAKE - I absolutely agree with that. It would be even more apparent were teams with large followings, such as Collingwood, Richmond and Essendon, to play in Tasmania, which they have never been scheduled to play in regular competition. I suppose it's an indication of how far Carlton has fallen in the AFL's eyes, that what used to be one of the AFL's leading clubs has been scheduled to play a game against North Melbourne down here at least once in the last two years. The big-drawing clubs have never been scheduled to play in Tasmania. That, presumably, is the sort of thing that Mr Demetriou would have described as a mistake.

Mr FINCH - The suggestion from Peter Gordon of the Western Bulldogs and from Andrew Demetriou regarding the two venues, one north and one south, is that if we did get those big supporter-based teams coming here that have packed out UTAS Stadium and have packed out Blundstone Arena, it is a good look for the game and better to have them full.

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Mr ESLAKE - Absolutely. You can draw a comparison with Geelong, for example, which is a city of similar size to Hobart. I'm not sure of the precise capacity of Geelong's crowd but when that's packed out, it looks very good for the game in the same way the games in Adelaide look much better now that they're at the Adelaide Oval rather than the previous venue, which was much less popular. The games telecast from Perth also look very good when the Domain Stadium, I think it's called, is full. By contrast, when Greater Western Sydney is playing at home in front of a crowd of between 8000 and 10 000 and a significant proportion of those you know haven't paid to get into the game, I think reflects poorly on the competition.

CHAIR - Good point. You have touched on this to some degree, which is the ongoing support required to sustain a Tasmanian AFL team. With your background and understanding of the finances of Tasmania, are we in a position to be able to sustain a Tasmanian AFL team?

Mr ESLAKE - The answer to that is, broadly, yes, in the sense that they have the financial capacity to put up an annual sum of that magnitude, although - to reiterate something I said before - \$14 million per annum does seem on the high side and would certainly raise some eyebrows. I note in passing that the government has been happy to make a significant financial contribution in recent days to Tasmania having a basketball team. Personally, I have no interest in basketball but I don't begrudge taxpayers' money being given to allow those who are passionate about basketball to get behind the Tasmanian team, but basketball has a much smaller following than AFL in Tasmania.

CHAIR - Do you see that might have some negative impact on getting an AFL team?

Mr ESLAKE - No. There may be some overlap between supporters of the two games. The only risk, perhaps, is if it turns out to be very bad investment, that would then be used - it is going to take some time for a fair judgment to be made as to whether that has been money well spent or not. I am personally prepared to give them the benefit of the doubt at this stage. I haven't looked at the business case or the economics of basketball at all, but if it turns out to have been a bad investment, if it doesn't attract the crowds and it doesn't generate the broader economic benefits that have claimed for it, similar questions would be asked about any financial contribution that the government might choose to make toward having an AFL side based in Tasmania.

The issue you are always going to confront is that, for every dollar the government spends on one thing, there are competing claims for the same dollar to be spent somewhere else. Health, in particular, and hospitals are an ongoing claim on the cash the government might have and I understand that the public thinking behind that. There are other important priorities that the government has identified or that alternative governments would like to see money spent on, including housing and transport. There is always going to be competition for government money.

Broadly speaking, I would say Tasmania's public sector financial position is fairly healthy. We are always going to be challenged by things that are outside our control, particularly as regard to the share Tasmania gets of the GST pool and how big that pool overall is. That will be challenging in the year ahead, given the outlook for the economy in the short term as a result of the coronavirus and other challenges we are currently facing. In an absolute sense, Tasmania has the capacity to find that money. The political question that governments have to decide is whether that amount of money, whether it's \$14 million or some lesser sum per annum, should be spent on an AFL team or on some other competing priority.

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Mr FINCH - When people talk about the inability to attract the corporate sponsors, the AFL is a major attraction, to be on that stage and to have that exposure through the television rights for their product.

Mr ESLAKE - That's absolutely correct. The suggestion that has often been made over a long time, that Tasmania can't have a team because people ask, 'Where is the major company based in Tasmania that can become a major sponsor?' There isn't one based in Tasmania, but if you look at major sponsors of clubs from other places, the prime example is Collingwood's major sponsor being Emirates. Emirates headquarters is not in Abbotsford or any other inner suburb Melbourne, it's in Dubai, but Emirates thinks, and it would appear thinks correctly, that sponsoring a club with a very strong following gives them exposure they could rarely get in other ways, in the same way that their sponsorship of the Melbourne Cup has done that.

To take another example, Toyota has been a longstanding sponsor of the Adelaide Crows, even though Toyota's manufacturing operations were not based in South Australia. They were based in Melbourne, with their administrative headquarters based in Sydney. Toyota, perhaps relevantly, is also a major sponsor of the North Queensland Cowboys in the rugby league, even though they have absolutely no operations in Queensland at all, let alone in north Queensland. They and other major sponsors are doing this precisely for the reason you outlined - in order to get exposure to the hundreds of thousands or millions of people who watch AFL on television every week.

It is relevant that when the business case I was involved with at the end of the last decade was being prepared, Mars had agreed to be a major sponsor of a Tasmanian team. That was part of how we demonstrated the evidence against that point that is so often made. Unfortunately, Mars has gone on to be a major sponsor of Carlton, again, absolute [inaudible] that Mars' headquarters are in the United States, somewhere just outside of Washington. Their manufacturing operations, if they have some, I think are in Albury-Wodonga or thereabouts. Sponsors don't have to be based in Tasmania. It would be good to think, and the committee I was involved with 12 years ago [inaudible] supported the idea, that Tasmanian businesses would be quite keen to be second and third tier sponsors - and you would hope that that's so - but the major sponsor would have to be found elsewhere, and I don't think there would be any great difficulty in doing that.

CHAIR - Thank you, Saul. The next term of reference is concerned with the possible solutions to the AFL's perception of Tasmania being geographically and politically divided. That's been a big issue in this state for a long time. The AFL has referred to it as being an issue we need to get on top of, that we need to satisfy them that we are not, and I think that we've done that. Do you wish to make any comment?

Mr ESLAKE - Nothing that I haven't seen before and nothing that reflects any particular expertise on my part, just an observation as a passionate Tasmanian that I think an AFL side would be a unifying force rather than a divisive one. In the same way that there are no parochial divisions over cricket, it will be interesting to see whether, on a much smaller scale, the basketball team to be entered into the national competition attracts support from those who are interested in basketball all over the state. My thinking had been that a Tasmanian side may be based in Launceston but play five games in Hobart each year. My understanding is that the recent exercise chaired by Mr Brett Godfrey had concluded on the basis of some careful research that it would be easier to attract players, for lifestyle and other reasons, if the team were based in Hobart. The compromise would then be that the home games against bigger-drawing clubs like Collingwood,

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Richmond and Hawthorn would be played in Launceston. That may well be a reasonable comprise.

Mr FINCH - Yes, I think it was six and five alternating each year in the submission.

Mr ESLAKE - There are good reasons for important games to be played in Launceston, not least out of consideration for the interests of supporters of the team based in the north-west of Tasmania. The trip to Hobart is quite a significant outing. Travelling between Hobart and Launceston is really no more challenging than travelling between Melbourne and Geelong. Lots of supporters of Geelong and teams drawn to play Geelong are there every time there is a game down there.

CHAIR - Could that divide the state even more? If you have all the good games, blockbusters, being played in Launceston and the lesser games being played in Hobart, do you think that would not help heal the division we currently have?

Mr ESLAKE - It partly depends on how well the Tasmanian team performs. If the Tasmanian team performs well, supporters based in Hobart aren't really going to [inaudible] at the idea of travelling a couple of hours to go and see them play against big-drawing clubs in Launceston, in the same way accepting that there are some dyed-in-the-wool Collingwood supporters based in Hobart. If they want to go and see their club play, it would take them less time and cost less for them to drive up to Launceston than it would to catch a Jetstar flight to Melbourne, given how long it can take to get from Tullamarine to the MCG already, even on a Saturday morning these days. It's possible. I won't want to say that the idea is completely out of left field but I wouldn't say it is core.

CHAIR - Thank you for that, Saul. Are there any other questions of Saul?

Mr FINCH - We've garnered a lot of good comments. The other terms of reference are about future participation. Through us not having a Tasmanian team, the numbers have been dropping. I don't want to overemphasise it but, seemingly, participation rates are dropping in Tasmania. The women's is increasing and that has breathed a bit of fresh life into the AFL footy scene in Tasmania. Generally, the participation rates are down but an AFL team might boost that and create more enthusiasm for people to get involved in the game.

Mr ESLAKE - I think it would, Mr Finch. As I said to the committee secretary before agreeing to come to this hearing, my other major concern, apart from the apparent size of the amount of government support that might be required to make this work, is the deterioration in the quality of the competition here in Tasmania. This may well mean that it is more difficult to put a competitive side on the field than it would have been a decade or so ago. I remember thinking a decade ago that Tasmania probably could put a team on the field each week without requiring the draft to be as corrupted as it was in order to get a team playing out of the Gold Coast or Greater Western Sydney or without the degree of player support.

There wouldn't necessarily be in the same need for a higher salary cap for people to live in Tasmania, which there inevitably has to be for people to live in the high-cost location of Sydney. That is a concern. I would say that the lack of a pathway for people playing in the regional competitions in Hobart, in the north and in the north-west, is probably one of the reasons, not the only reason, for the decline in participation. You have seen a team like Burnie pull out of the statewide competition and Smithton, which is in some sense my home town, not being able to

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field a team in the north-west competition any more. These are sad indictments and one of the reasons for that is the lack of a pathway for young men to be able compete at the highest level.

CHAIR - Thank you. Saul, is there anything you would like to leave with us in concluding? We have covered those points we wanted to talk to you about.

Mr ESLAKE - I don't think so, Chair, other than to simply say that I accept this isn't something that should be contemplated as a form of indulgence, something that is a good use of government money in particular to make Tasmanians feel better. I have always believed that whilst some ongoing support from government would be required, it would be money well spent and that there does need to be a strong business case for this to work. My understanding is that the Godfrey committee has said that there is a strong business case. The exercise I was involved in 10 or 11 years ago found that there was a strong business case. Assuming that is still the case, it is something that government and the broader Tasmanian community should continue to pursue.

CHAIR - Saul, thank you very much for giving your time to present to us today and to answer our questions. We know you are a busy person, so we appreciate you answering our questions and bringing forward the information. It will assist us with our report and to get the report into parliament, which we hope to in the next few weeks.

Mr ESLAKE - Thank you, Chair. It has been a pleasure helping you with your work and I wish you all the best in preparing your final report and hope it is well received.

THE WITNESS WITHDREW.