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**THE PARLIAMENTARY STANDING COMMITTEE ON PUBLIC ACCOUNTS
MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE, HOBART, ON TUESDAY
10 DECEMBER 2013.**

INQUIRY INTO GOVERNMENT FUNDING OF AUSTRALIAN RULES COMMUNITY FOOTBALL IN TASMANIA

Mr DOMINIC BAKER, CHAIRMAN, AFL TASMANIA, WAS RECALLED AND EXAMINED; **Mr SCOTT ANDREW WADE**, CHIEF EXECUTIVE OFFICER, AND **Mr BRIAN STUART ROE**, DIRECTOR, AFL TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Dean) - Welcome, gentlemen, to the public hearings of the Parliamentary Standing Committee of Public Accounts. This is an inquiry into government funding of Australian Rules community football in Tasmania. All the evidence taken at this hearing is protected by parliamentary privilege but any comments you make outside the hearing may not be afforded such privilege. Once you leave this table, you no longer have the protection of parliamentary privilege. The evidence you present is being recorded and a *Hansard* version will be published on the committee website when it becomes available.

Mr BAKER - I would like to start proceedings this afternoon on our behalf by having a written statement submitted and read by our CEO on behalf of our management team.

Mr WADE - AFL Tasmania management has been disappointed by the narrow focus of the inquiry into government funding of Australian Rules community football in Tasmania. Therefore, in an endeavour to set the record straight, we have deemed it necessary to publicly present this statement.

From the outset, it needs to be clearly understood that AFL Tasmania only directly conducts two football competitions: the Tasmanian State League and the Tasmanian Women's League. The other 16 community football competitions are conducted and operated under a club delegate ownership model. As the peak body, our role is to ensure that each competition is operating within the laws of the game, and in consultation with our members we conduct game development programs statewide.

Many individuals who have appeared before the committee have expressed comments or opinions that have little or nothing to do with the terms of reference of the inquiry; specifically in relation to the \$500 000 of government funding provided to AFL Tasmania. Most of the comments and personal opinions made to the committee have been unbalanced, inaccurate, misleading or unfair, and virtually none have backed up their claims with any factual data or credible evidence.

There are 118 football clubs that make up 18 leagues in Tasmania and only a very small percentage of current football officials have been called to present to the committee. In fact, apart from the Launceston-based NTFA and NTJFA, the overwhelming majority of senior and junior football competition presidents appear to have been ignored by the committee. How can an inquiry that relates to community football ignore so many

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officials of the day, particularly those that cater for the bulk of Tasmania's club participants?

In 2013, AFL Tasmania turned over \$4.1 million, and therefore the \$500 000 government grant represents just 12 per cent of our total revenue. AFL-sourced revenue equates to 58 per cent, and the remaining 30 per cent is generated from activities related to the state league, out talent pathway, our participation programs and our marketing activities. All of the revenue generated by AFL Tasmania, incorporating the government funds, is used to employ 15 staff members and to provide resources to deliver outcomes in line with the AFL's seven national game development objectives.

In 2013, AFL Tasmania provided grants to state league clubs of \$690 000, and one small grant of \$9 000 to the Prospect Hawks Senior Football Club. Approximately \$250 000 of the funds provided to state league clubs was used to deliver AFL-endorsed development programs in schools throughout Tasmania. Our community football department, led by Nick Probert, cost AFL Tasmania around \$480 000 in 2013, and we invested \$250 000 in support of umpiring.

AFL Tasmania employees work with and support state league club managers and development staff, community football volunteers and we manage AFL community development initiatives in schools and the community such as Auskick, football for females, AFL9s, AFL indigenous and multicultural programs, coach and umpire development programs et cetera.

The KPIs contained in the government grant deed and the reporting requirements challenge AFL Tasmania management to deliver on what the leaders of Sport and Recreation demand; we wouldn't expect it to be any other way. The fact that the department has temporarily withheld \$100 000 of our 2013 grant funds is evidence of the appropriate funding and reporting relationship between AFL Tasmania and the government and we will continue to work with Sport and Recreation management to ensure all KPIs are met by the end of the grant deed period.

Many of the individuals who have been before the committee have questioned the credibility and competency of AFL Tasmania management. Many of these people clearly have an axe to grind and none has presented any factual data to support their personal opinion.

The reality is that Tasmanian football, under AFL Tasmania's leadership, has performed exceptionally well against key national game development indicators of participation and talent. Unlike the state of Tasmania, our key indicators are trending in the right direction. Tasmania has the highest player-to-population percentage of any state in the nation - only the Northern Territory betters Tasmania's performance.

The recent AFL national draft saw six Tasmanian players drafted, one rookie elevation and another two rookie listed players - far exceeding the performance of the AFL's development priority states of Queensland and New South Wales.

Australian Rules in Tasmania remains fundamentally strong. However, this is not to say that some football clubs are struggling, particularly in communities that are most affected by unemployment and the declining and social economic environment.

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In December 1998, AFL Tasmania was established by the AFL, and the facts highlight that we have performed very well over the past 15 years. Participation has increased by 72 per cent. Players drafted to the AFL have increased by some 82 per cent from 19 in the five-year period prior to 1998 to 35 over the last five years. AFL-sourced revenue has increased by 75 per cent. Total operating revenue has increased by 82 per cent. AFL games being played in Tasmania has risen from zero to six. AFL Tasmania's government-sourced funding for the development of football has increased from \$30 000 to \$500 000.

AFL Tasmania is in reality the AFL in Tasmania, and our independence from clubs and leagues enables us to drive change when necessary. AFL Tasmanian management knows better than anyone that we aren't in a popularity contest, however we will remain fully committed to implementing our plans for the future in consultation with our key stakeholders. As a leadership team we take our role seriously and we know that genuine progress will come from being bold and innovative. We are also acutely aware that most people initially resist change, and that challenging traditional thinking causes unrest. However, as industry leaders we will continue to make what we consider to be the right decisions for the development of football in Tasmania, not the easiest or most popular.

The reality is that lifestyle changes, community expectations, the Tasmanian economy and the ongoing success of the AFL national competition will continue to place traditional senior football clubs in Tasmania under pressure. Football officials at all levels need to continue to focus on providing quality pathways and environments for the next generation of players, and they must adapt to the changing needs and standards of young men and women. Staying the same is not generally a solution if you wish to progress and improve.

It is disappointing that this inquiry appears to have regressed into a northern region football inquiry, rather than whole-state. It doesn't seem that the committee is interested in the views of the leading football officials from the north-west and south. Furthermore, the narrow focus on the South Launceston Football Club is strange, to say the least, particularly when the president of the club for the past three years, Ian Goninon, hasn't even been called before the committee, where the president of North Launceston was.

One of AFL Tasmania's strategic plan priorities is to strive for improvement, and that we accept as a leadership team we can improve our communication with Tasmania's community football stakeholders and we will soon announce some exciting initiatives to enhance our performance in this area.

In conclusion the recent Hydro Tasmania AFL conference held in Launceston on November 2013 highlighted that the Tasmanian football family is engaged and is looking forward to working together under the leadership structures of AFL Tasmania and the Tasmanian football council.

That has been signed by myself, chief executive of AFL Tasmania; Nick Probert, the general manager of community football at AFL Tasmania; Sachie Yasuda, general manager of community partnerships, AFL Tasmania; and Shaun Young, general manager, state league AFL Tasmania.

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CHAIR - I will kick it off by - no pun intended - by referring to the KPIs, a critical part of the state funding to you. This year - and evidence has been given by the department - you were unable to meet some of the criteria set, hence the withholding of some of that funding. Can you explain further what areas you were not able to meet, and what is now happening in that area to bring yourselves up to a position where you can meet these KPIs.

Mr BAKER - It wasn't a matter of whether we were meeting them; it was the way that we communicated how we were meeting them. At a meeting held by teleconference with myself, Scott and other members of the management team, we met with the department and went through specific areas around governance particularly and how we were delivering against that area of the KPIs. We had to go back and actually repitch what we had done in that area.

Mr WADE - it was mainly around the government and education of community clubs and competitions. That was the main area of concern. None of the KPIs were specifically time-framed.

CHAIR - When you say not time-framed, they would have been time-framed within that year.

Mr WADE - No. We have 43 KPIs that we report and the government's grant deed does not refer to any specific time frames in every area. Myself and our team, specifically Nick Probert, have been working with the department over recent months to tighten up some of the time frames. It was our view of the grant deed, which expires in the middle of 2016, that our obligation was to meet those outcomes over the term of the grant period. None of them was specifically time-framed. One of the key outcomes is that we have agreed, in cooperation with the department, to make sure we tighten up on some of the time frames. Some of the changes going forward will be that some of our KPIs will specifically be time framed.

As Dominic alluded to, it was more about a breakdown in communication between ourselves and the department where the department thought they were annual objectives. We saw them as objectives over the course of the grant deed period.

Mr BAKER - If you read through the documentation, it gives us a five-year period to achieve and we have read it that way. We have now settled on some determinations and times.

Mr ROE - In case it is relevant because we may be talking about relativities with other sports, I may have a conflict of interest as I am also the honorary executive officer of Athletics Tasmania. I am not expecting that to be the case but we will be talking relativities in some cases, including on this one.

I think AFL Tasmania is almost unique in its grant deed being for a five-year period. The majority of sports are for a single year. My experience in working with a number of other sports is that they are very much annual KPIs which should be met, and for the majority of those sports it is appropriate.

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AFL Tasmania, consistent with the AFL, consistent with the AFL games being played in Tasmania, has a much longer term approach to these things. The grant deed is, as Scott and Dominic have outlined, a five-year agreement and this poses a completely different approach to dealing with KPIs. I can also say that the number of KPIs, quite appropriately to the period and the amount of money, is much greater than the majority that other sports would have. Therefore, in terms of reporting, given that there were no specific time lines, it was a matter for the board and the staff, the management team, to determine which were our greater priorities.

It is impossible in any sport, including AFL in Tasmania, to deliver on every priority KPI you have at the one time; prioritisation is appropriate. If the department would like certain aspects to be prioritised, which they have indicated, then we have reached agreement with them to do that.

CHAIR - Is it annually?

Mr ROE - Within certain time frames.

CHAIR - How do you report that to the department?

Mr BAKER - We report back to the department.

CHAIR - In written form?

Mr BAKER - Yes, twice a year.

CHAIR - That is at the time of those funding amounts?

Mr BAKER - Yes.

Mr GUTWEIN - You would be aware that we had the secretary of the Department of Sport and Recreation before us on 27 November, only a handful of weeks ago. He made it perfectly clear to us then in both written form before that meeting and at that meeting that you had not met all of the KPIs in the first 12 months. I take on board what you were saying there but I presume the department had clearly communicated with AFL Tasmania that in their view you had not met all of the KPIs during the first 12 months. He then communicated to us at that meeting again, and this has been indicated in Mr Wade's opening statement, that they were going to withhold \$100 000 worth of funding from you. Why, if this discussion was going on, on 27 November, did we have the secretary of the department sit before this committee and inform us that you had not met the KPIs?

Mr BAKER - I cannot talk for him but what I can say -

Mr GUTWEIN - We have sworn testimony.

Mr BAKER - I cannot talk for him because that was his statement, not mine. It was our understanding of the deed that we signed that it ran for five years. The discussion that we had with Sport and Recreation several months ago was then around ascertaining what they wanted to prioritise for us to schedule earlier within the five year period.

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Mr GUTWEIN - Those discussions have been obviously ongoing before 27 November.

Mr BAKER - Correct.

Mr GUTWEIN - It is concerning to me that at that meeting when we had sworn testimony from him that he did not mention to us at that stage that there was some issue in regard to whether it was an annual or a five-year period.

Mr Baker, you haven't been backward in making public statements about this committee. This statement would have been made in the context, I am assuming, that you would have been aware that Sport and Recreation was going to withhold \$100 000.

Mr BAKER - It depends what date it has on it, Peter.

Mr GUTWEIN - The date is 28 October.

Mr BAKER - Yes, I would have been aware.

Mr GUTWEIN - You said in that, 'AFL Tasmania fully accounts for its government funding and meets the 43 key performance indicators set by the Department of Sport and Recreation'. How do you reconcile that statement with the fact that at the time that that statement was being made \$100 000 was being withheld because you weren't meeting the KPIs.

Mr BAKER - Peter, that goes back to the interpretation of the original deed document. The original deed document had a five-year term and we believed that we were making significant progress in all those areas and across all 43 KPIs. That is our interpretation.

Mr GUTWEIN - On the basis that at that time \$100 000 of your funding had been withheld, it would have been quite clear to you, I would have thought, that the department didn't feel that you were meeting your KPIs if you had made that statement. How do you reconcile that?

Mr BAKER - That is the department's view. Our view was that we had made significant progress on all 43 KPIs. That is our organisation's view.

Mr GUTWEIN - Even though \$100 000 wasn't -

Mr BAKER - If you would let me finish. It is the interpretation then of the department that we hadn't. That is what the discussion was about and that is what should be going on with all funding that goes to organisations. We have an interpretation of the deed. We had a discussion with the department about that deed. We have gone away from there and made corrections to the deed to ensure that we are doing exactly what the department wants. That is a part of business negotiation.

In respect to the article that you have produced, Peter, the reason why the article read as it was is our organisation's understanding that we had been moving along and making progress on all 43 KPIs. It was the department's interpretation that they wanted more

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action in some areas, but still as we sit here today, based on the grant deed that we signed, we still believe that we had made progress on all 43 KPIs.

Mr ROE - Just to add to that, the KPIs are written in such a way that about a third of them specifically refer to annual targets. The rest do not. It is important to take into account that those which refer to annual targets we were reporting on annually in accordance with the requirements of the KPIs. The other KPIs are written in more nebulous form and didn't indicate in their original context that they required annual reporting. As both Scott and Dominic have said, subsequent discussions with the department have indicated that they would like reporting in a different way and that process is continuing.

Mr GUTWEIN - I come back to the point that I was making. I won't draw any judgment in regards to the language that you used in your press statement or that was in that newspaper report, but do you think that was a fair representation to the people of Tasmania of where you were in regard to your relationship with Sport and Recreation Tasmania, at that time, in regards to the \$500 000, knowing full well that they had withheld \$100 000 because of concerns that you were not meeting your KPIs, to state, as bluntly as you did, that AFL Tasmania fully accounts for its government funding and meets the 43 key performance indicators set by the Department of Sport and Recreation?

Mr BAKER - I do believe the statement was fine.

Mr GUTWEIN - Even though \$100 000 was withheld at the time.

Mr BAKER - It doesn't mean it is not going to be paid either.

Mr GUTWEIN - Has it been paid?

Mr BAKER - No, it hasn't been paid at this point but that doesn't mean it is not going to.

Mr GUTWEIN - Does that mean that you haven't satisfied the department at this stage?

Mr BAKER - We are still working through the process with it.

Mr GUTWEIN - You are sitting before us arguing that you meet all of the KPIs as far as you are concerned, but still the department has withheld \$100 000. You have had ongoing discussions and still that money has not been paid.

Mr BAKER - I go back to your references to that statement you held up - at the point in time, and even now, in fact, with the 43 KPIs against the deed we signed at the time we were, in our mind, delivering this [inaudible].

Mr GUTWEIN - Does the deed call for reporting at the end of each 12 months?

Mr BAKER - No, it is every six months.

Mr GUTWEIN - Did the department make it clear to you at the end of the first year that, in their view, you had not met all of the KPIs?

Mr BAKER - This is the first time the department has withheld funding from us.

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Mr GUTWEIN - No, that wasn't the question. The question was: did the department make it clear to you at the end of the first 12 months that, in their view, you had not met all of the KPIs?

Mr BAKER - No.

CHAIR - When was a discussion in relation to the KPIs held? I am wanting to know whether it was or before this inquiry commenced? I want to know the date.

Mr WADE - What date did the inquiry commence?

CHAIR - If you can give me the date of the meeting we will work that out.

Mr WADE - I thought you said previously that you received a copy of the grant deed that we reported on 31 July 2013.

CHAIR - I am asking the question, if you don't mind, when was the meeting with Sport and Recreation in relation to meeting the KPIs?

Mr BAKER - The meeting that I attended, Ivan?

CHAIR - Yes. If there were two meetings, I want the dates of two meetings.

Mr BAKER - I can't remember when that meeting was.

Mr WADE - I can recall when we were notified that the department would be withholding funding, which is a different question than the one you asked.

CHAIR - What date was that delivered?

Mr WADE - That was on the Tuesday prior to the AFL grand final, so around 24 September.

CHAIR - The meeting with Sport and Recreation, with Mr Kelleher, I think it was, in relation to the KPIs, could you tell me when that meeting occurred?

Mr BAKER - We haven't met with Mr Kelleher; it was with the department.

CHAIR - Well, with the department.

Mr BAKER - Was that the Thursday of that week, Scott? It was the same week. On the Thursday of that same week.

CHAIR - The Thursday in September.

Mr BAKER - Yes, to the best of my recollection, Chair.

CHAIR - Who did you meet with in the department?

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Mr BAKER - It was a meeting in Launceston and it was the minister, Helen Langenberg, Scott, Sachie, and I was present via telephone.

CHAIR - Was that a meeting in relation to the determination of the KPIs?

Mr BAKER - We then had a discussion about what our definitions were around the time line for the KPIs. We were talking to the fact there is no time line around some of these areas that they wanted to discuss with us, except for the full termination of the grant.

CHAIR - We are going all over the place here. When did you have the discussion, and I take it it was probably with Mr Kelleher from Sport and Recreation -

Mr BAKER - We have had no discussions with Mr Kelleher.

CHAIR - When did you sit down at a table or when did you put it in writing between the two of you in relation to the KPIs? When did that happen?

Mr BAKER - That was that Thursday meeting. We were notified on the Tuesday that funding was going to be withheld, and we had a meeting on the Thursday to confirm.

CHAIR - It was just before the AFL grand final.

Mr BAKER - Yes, and that was then to talk through what are the actual issues and in what areas are we potentially not delivering what your expectations were.

Mr BOOTH - You said the minister was at the meeting.

Mr BAKER - That is correct, yes.

Mr GUTWEIN - I refer to correspondence that we received from Mr Kelleher in response to our letter to the Minister for Sport and Recreation, the Honourable Michelle O'Byrne. I will quote so you can understand perhaps why we would seek clarification on this in regards to when you were first notified by Sport and Recreation.

During the first year of the funding agreement, AFL Tasmania reported progress towards some of the KPIs was delayed. Following discussions with AFL Tasmania, Sport and Recreation accepted the rationale for the majority of the delays, with the exception of those related to club development. Funding was released and AFL Tasmania was informed it needed to ensure considerable progress was achieved against these KPIs during the second year of the funding agreement.

That was at the end of the first 12 months that you were advised. Now -

Mr BAKER - What year was that? The deal has been going for three years.

Mr GUTWEIN - It says, 'During the first year of the funding agreement AFL Tasmania reported progress towards some of the KPIs was delayed'.

Mr BAKER - That is year 1.

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Mr GUTWEIN - So that is 2011-12. Now, we are talking about 2012-13. It says, 'During 2012-13, the second year of the funding agreement, AFL Tasmania again reported delays against progress against a number of KPIs.' The letter then goes on to explain basically what was in Mr Wade's statement, that \$100 000 was being withdrawn. Very clearly from the secretary of the Department of Sport and Recreation, who has responded to this committee on behalf of the minister, AFL Tasmania were advised at the end of the first year that progress had not been satisfactory. Why now are we in the position where you are arguing that AFL Tasmania and Sport and Recreation somehow have a difference of opinion today, when that issue of the KPIs was raised at the end of the first year?

Mr BAKER - I go back to what I was saying before. Delay doesn't mean we're not doing anything in those areas. It is a five-year funding deed. As Brian said, there are 30 per cent of those KPIs with timelines on them. There is no organisation that can manage 43 KPIs at the one point in time. We have prioritised them. We have gone through that process. We are still making progress in all areas. Those KPIs are broken into eight areas, I think.

Mr ROE - Fourteen.

Mr BAKER - Fourteen areas. We're making progress in all those areas. When we look at it broadly and in general we would say that we're making progress across all of them. It's just that our time line and our priority, which we have done internally, might not have matched up with the department's.

Mr GUTWEIN - As I say, you haven't said that you're progressing towards; you said in your statement that you were meeting the KPIs.

Mr BAKER - In the media statement.

Mr GUTWEIN - When very clearly that's not the case.

Mr BAKER - Well, at that point in time -

Mr GUTWEIN - Is that an erroneous statement that you made.

Mr BAKER - We believed we were. We have gone through a process -

Mr GUTWEIN - How could you believe that you were meeting the KPIs to the satisfaction of the department when they have withheld \$100 000? Very clearly the secretary has explained to us, writing on behalf of the minister, that at the end of the first 12 months you were notified and told that you weren't.

Mr BAKER - Because if they had said to us, 'We are not going to pay you that \$100 000 at all', I would take that as you're not achieving those goals. You're not even moving towards achieving them. The fact that they actually put the money back and said they are delaying the payment and are working with us on achieving the goals says to me that we're working down that path. As we sit here today there is no refusal by the department to pay that \$100 000. What there is is an agreement between ourselves and

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the department to work towards an end result that allows us to achieve the \$100 000 and then to achieve the results they need.

CHAIR - They have already said they haven't received the \$100 000 at this stage.

Mr BOOTH - Hasn't AFL Tasmania effectively misled the public by omission? It was very clear that your statement said that you met them, but clearly you had been put on notice that you had not met them. I can't reconcile that with the truth. Can you reflect now on what you said?

Mr BAKER - We are talking about one press article. I continue to make this point: we signed a deed that had only 30 per cent of its KPIs time-lined. If we want to take the deed literally, we had until the conclusion of the deed to actually tick off all 43 KPIs - correct, or not correct? At the end of the day that's the time line set on 70 per cent of the stuff in there. I do not believe there has been a misrepresentation to the public because of that.

Mr GUTWEIN - You said one press article, but that's not true. I have a copy of another article from the day after - 29 October. This is when Mr Probert parroted what you said the day before.

We are 100 per cent certain that we meet our obligations to the \$500 000 of funding that comes from taxpayers' money. We are 100 per cent committed to presenting to the inquiry the way we meet the 43 key performance indicators.

So it is not just one press article; it is actually a position that was taken. Mr Booth has just asked: were you attempting to mislead people?

Mr BAKER - We were not attempting to mislead the public. We have a grant deed that has a five-year period. We have 30 per cent of the KPIs time-lined inside that; we are working with the department on the achievement of all those KPIs. If the department had said to me in the week before the AFL grand final that they were not going to pay the \$100 000 under any circumstances because they could not see us at any point in time delivering that result, that would be a completely different story. But that is not what has occurred. What has occurred is that the department has committed to a process with us to go through and ensure we meet their expectations and can deliver on that \$100 000 that is in abeyance at present. That is where it is at at the moment.

Mr BOOTH - In terms of clarifying the dates of those meetings, I don't think you got the answer to that. Are the witnesses going to provide documented evidence of when these meetings were called?

CHAIR - Thanks for that. I think Mr Wade was given some further information and it might well be in relation to the dates of those meetings.

Mr WADE - There was a range of meetings. The meeting that you referred to with the minister was on 1 October in Launceston.

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Mr BOOTH - Did you have a meeting at any stage to discuss with the minister this parliamentary inquiry?

Mr BAKER - No, there's been no meeting with the minister to discuss the inquiry.

Mr BOOTH - What was the purpose of the meeting that you had with the minister at that time? Do you normally meet with the minister? Is that the only meeting you have ever had with the minister?

Mr BAKER - No, it's not, and when it comes to football you would be surprised how many ministers would like to be involved. There is nothing unusual about ministers wanting to meet with the administration of Tasmanian football; let me very clear on that. We haven't met at any point, to my recollection, with the minister on the inquiry at all. The meeting was purely to discuss the issues arising from their concerns around our delivery of the KPIs.

Mr GUTWEIN - Obviously you are working through a process with the department at the moment in regards to KPIs. If you don't satisfy the department in regard to your progress or ability to meet the KPIs, is it your understanding that the \$100 000 will be given to you [inaudible]?

Mr BAKER - No, it's not our understanding [inaudible].

Mr GUTWEIN - In regard to the previous statement you made about them suggesting that it wasn't being withdrawn but simply withheld, if you cannot meet the KPIs to the department's satisfaction that \$100 000 will be withdrawn.

Mr BAKER - That is right. I can also say that I have supreme confidence that we will meet those KPIs because we have worked through that with the department. As I sit here today, we are very confident we will meet everything the department requires. We have already met them in some areas because the Tasmanian football conference, which was held a couple of months ago, was part of the process in delivering training and governance, for example.

Mr GUTWEIN - Is there an amending deed being drafted?

Mr WADE - Not an amending deed, an amendment to the deed, so the KPIs will be amended. The 14 outcomes and the 43 KPIs will be amended. Nick Probert and Sachie have been working with the department on that. It is with the department now and we are waiting for a response back from the department whether those amendments are acceptable.

CHAIR - I want to refer to the conditions of the grant, and reading from the document we have:

The grantee agrees -

- (a) to achieve the key performance indicators as outlined in schedule 1 to the satisfaction of the department;

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- (b) to provide the grantor with reports, financials and an acquittal declaration by the due dates as specified in schedule 1. The report templates will be provided by the grantor prior to the reporting due dates.

That is the clear position as we currently have it. I believe Scott is saying you are looking to get some amendments around this deed.

Mr WADE - The amended key performance indicators are with the department now.

CHAIR - In view of what has been said, do you wish to make any further comment in relation to the requirements of the grant deed?

Mr BAKER - Only that it is not unusual for funding to be withheld from organisations in sports - in fact netball had its funding withheld last year - while you work through a process of how you are going to better achieve the outcomes the department wants. There is nothing unusual about that, so to infer that AFL Tasmania is the only organisation ever to go through this process would be incorrect. It is something that happens frequently.

CHAIR - I don't think we suggested that.

Mr BAKER - No, but I wanted to make that point; this is not unique to us.

Mr ROE - The achievement or otherwise of the majority of the KPIs in this deed are subjective and there will be a difference therefore in the view of the department, as the grantor, and AFL Tasmania, as the grantee. This process is very typical of what the department does with all sports and has been done with other sports. I can name two where the process was done, the KPIs weren't met and the money was withheld.

Mr GUTWEIN - Can you explain whether anyone from those organisations, the chairman or one of their officers, had suggested publicly that the KPIs were being met at the time?

Mr ROE - I don't see that that is relevant, given that the meeting of KPIs is subjective.

Mr HARRISS - Dominic, I am relying on the content of a letter Mark Kelleher sent to the committee on 17 October, some of which Peter quoted a moment ago. He points out that it was AFL Tasmania's proposal to delegate some of the KPIs to the Tasmanian Football Council, and that Sport and Recreation had some concerns about the football council's capacity at that stage to pick up and run with some of those KPIs. Can you indicate to us which KPIs are intended to be delegated to the Tasmanian Football Council, if in your opinion they are in the position to pick up and run with those?

Mr BAKER - I might answer the second part of the question first and then Scott will be able to fill you in on the exact KPIs that we would be looking to allocate to them. In the structure of Tasmanian football, where we are looking to take the game is state leadership and regional leadership as two key planks. The regional leadership is built around the SFL, NTFL and NTFA, coming together underneath the banner of the Tasmanian Football Council, at which point we would consider that a lot of the regional activity that gets delivered by us could be transferred across to them. That has been a

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slower process than we would have liked, there is no doubt about that, as we work through the constitutional requirements of that entity. They have to have a constitution that will allow them to go away and deliver that type of thing. We have two very keen entities, SFL and NTFL, and the NTFA probably dragging the chain a little bit on their enthusiasm to do that because we are asking these leagues to take true, regional leadership in their area.

This all came about three or four years ago at one of our AGMs. Those three entities, those three leagues, who are the stakeholders and the members of our company, put a statement to me saying that they did not feel relevant. That is when the conversations around a TFC started to happen. We are developing in that area. We have not been able to get there as quickly as we would like, but we are a lot further down the track than we were 12 months ago. It is our intention to keep working on that model because we believe that is the best model moving forward.

Mr WADE - We have not seen the letter from Mr Kelleher that you referred to. I can assure that we are not delegating any key performance indicators to the Tasmanian Football Council. This is about partnership, about working with the Tasmanian Football Council, but the grant deed with the Department of Sport and Recreation will be the responsibility and obligation of AFL Tasmania. The delivery will be in partnership with the Tasmanian Football Council but we will not be delegating any responsibility in that regard.

Mr BAKER - What makes that a little clearer is that we would look to resource the Tasmanian Football Council, with Nick Probert and his community football department, so that it has a resource that can help drive those outcomes for us.

Mr HARRISS - I was relying on Mark's own language when he said the delegation of a number of KPIs to the TFC.

Mr BAKER - It is the probably the delegation, Paul, of some of the activities based on the fact that they are going to be resourced by us anyway. But ultimate responsibility for the deed document is going to lie with us.

Mr HARRISS - Yes, it has to. When you say 'resource', would that be more than just human resource to the football council?

Mr BAKER - Yes, it would be.

Mr HARRISS - Would that include some funding so that they can help in that partnership?

Mr BAKER - We are not at that point in the process yet, but on blueprint that is what we would be looking at.

Mr WADE - We do that now through commercial arrangements with sponsors. We provide direct financial support to the Tasmanian Football Council. The intention in the heart of our objective as a management team and is to increase the revenue base. We read in the statement that we are delighted with how the revenue base for Tasmanian football has increased over the last 15 years and we intend to continue to increase that. We would expect that, through the Tasmanian Football Council, leagues and competitions right

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around the state would be beneficiaries of that. But right at the moment there is \$58 000 of funding from a sponsorship agreement that AFL Tasmania has with WorkCover that directly goes to the Tasmanian Football Council. That is an example of how we intend to support the Tasmanian Football Council.

Mr ROE - It is also difficult to expect, in the modern sporting environment, volunteers to take on more role. The critical way of assisting any new governance entity is by resourcing it through staff rather than provide it with nebulous dollars which might go into the ether.

Mr HARRISS - I am wondering, if I again go back to Mark's letter, whether some of the matters which he sets out there are the areas where there would be that partnership continuation. I think he is referring to the TFC-AFL Tas partnership where he says, 'There has been minimal progress relating to administrator education, governance education and communication, marketing and promotion for all levels of AFL except the state league'. I am presuming that those ones he has mentioned would be ones that TFC can play a significant role in helping deliver.

Mr BAKER - They certainly can. The governance one is an interesting one because every league has its own constitution, and if constitutions are right and leagues are acting within their constitutions there is not a lot for AFL Tasmania to do in that space. There are not too many invitations to come in and tinker with constitutions, although we do frequently use Brian with his background to adjudicate based on constitutions for leagues, all that type of thing. Certainly, Paul, because of their reach into the regional areas that is certainly something they could pick up.

Mr GUTWEIN - I am wondering, as per the deed, whether or not we could get a copy of the progress reports that you would have submitted six monthly to Sport and Recreation Tasmania.

Mr WADE - Yes, absolutely. I thought we did have one in the original paperwork that I dropped in.

Mr GUTWEIN - And I am wondering whether or not the amended KPIs that you apparently proposed to the department could go to the committee as well.

Mr WADE - Yes, we can give you that now.

Mr BAKER - Peter, it should have been in the original package we sent.

CHAIR - Regarding the funding that you receive from the state government, when that funding arrives from the state government it is paid in two amounts. I think it is \$350 000 in August and then I think in March it is another \$150 000, all going well, meeting your KPIs et cetera. What do you do with that money when you receive it? Where does it go? Does it go into one account?

Mr BAKER - Into consolidated.

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CHAIR - It goes into consolidated revenue, so there is no specific account that that money goes into where it is set aside and then is acquitted separately. It goes into consolidated revenue.

Mr BAKER - We do not have a separate account for the government money. It goes into consolidated revenue.

Mr ROE - That, Chair, would be consistent, from my experience, with virtually every sport in the state.

Mr BOOTH - So it goes into consolidated revenue but how do you bring to account then? How do you acquit that money in your books?

Mr BAKER - It will come in on our profit and loss as a funding grant. It would be registered in our monthly financial review that is done by the AFL. If the cheque is paid in March in the April statement it would show that the cheque had been paid.

Mr BOOTH - In terms of acquitting that expenditure, do you just have some sort of a ledger where you attach a notional value perhaps to some activity you have done that meets the KPIs, because they are not all identifiable by an actual direct cash payment, or an audited payment? They are in the form of, 'We employed these particular operators, or we did certain things that do not have a direct account attached to them'. Is that correct?

Mr BAKER - Each department has an operating budget and in that operating budget we will have the areas that the money is being spent, or the cost of doing business in certain areas. Each department will account for their budget monthly.

Mr ROE - It may also assist to know that the standard practice in Tasmania for companies auditing sports books is to specifically audit against the grant deeds from government and each sporting body in receipt of a grant in Tasmania is required to sign a declaration to support that the funds were lawfully spent.

Mr BOOTH - Would we be able to get a copy of an acquittal document that referenced where exactly the \$500 000 went, rather than -

Mr ROE - That doesn't happen.

CHAIR - It is a good question. The annual report doesn't contain much at all in relation to the acquittal of the government money. In fact I don't think it says anything apart from the fact that you received it. Kim's question is very pertinent.

Mr BAKER - Other than providing AFL Tasmania's internal budget, and actuals against budget, there is no other way for us to show it.

Mr BOOTH - As a committee member I am troubled by the fact there doesn't seem to be a proper audit trail where we can identify that money that has been provided by the public, by the crown, for specific purposes linked to KPIs has actually been acquitted for those things. You can say you have met the KPIs, but have the funds been properly acquitted? That is the question that troubles me. Perhaps if you have some information you can provide to identify how it has been acquitted, that would be helpful.

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Mr ROE - As I mentioned before, the standard practice in Tasmania is for all auditors of sporting bodies - and there are a number of companies that specialise in this - to specifically audit the books, taking into account grant deeds received from the state government. That is the process by which certified practising accountants acting as auditors take into account the interest not only of the sporting body and the members of it but also those who provide grants to it.

Mr BOOTH - So it would be the auditor from whom we would need to get an acquittal.

Mr ROE - We can provide the actuals against budget that we provide to the auditor. You can then put that against the documents provided in the annual report, which includes the certification from the accountants. Bearing always in mind that this is 12 per cent of a \$4 million budget, and you can't keep spending the same money over and over again. It is a matter of assessing whether there is adequate expenditure in the budget on the areas covered by the KPIs, which we are extremely confident of and more, and the audit trail. Our books are always audited within the required period, and the declaration which is made to the department covers those.

Mr BOOTH - Thank you for that. We could check those documents, perhaps. It is necessary for us to be sure that the money is acquitted in accordance with the trust deed, because we do have other evidence that the committee has received, and email trails, for example, with regard to cash payments to players, for example, and breaches of salary caps, which are relevant to our inquiry in regard to the AFL being a fit body to receive that public money. A clear acquittal would be very helpful.

Mr BAKER - It is also important to understand that the accounts of AFL Tasmania, our budget, our financial business, is actually managed by the AFL shared-service program. We are not trying to resource that ourselves; it is done by the AFL, similar to the way that clubs like North Melbourne do their financial accounting. We are very confident in that process, so we don't have anything to hide there. We are happy to provide whatever you require.

Mr BOOTH - Thank you for that.

CHAIR - This committee received evidence in camera from the South Launceston football board, the new board. For your information, we have now received in writing a letter from the board giving us the right to use any information arising from that document today to put questions to you from that, with the proviso there has been a redaction in some of the contents of that document to remove some of the names. The committee may want to refer to parts of that evidence that was given at that forum.

I understand that you provide, from AFL Tasmania, \$50 000 to a number of clubs for those clubs to employ development officers who go into the schools for school programs.

Mr BAKER - That is one of the things that we expect for that money.

CHAIR - What do you do there? What do you pay?

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Mr BAKER - It is part of the licence agreement, and it is a base of \$50 000. It depends on the club circumstances as to what they get in reality. The \$50 000 is paid to them to deliver certain participation-based programs in the general community they operate in.

Mr ROE - Against a signed licence agreement.

CHAIR - My next question arises from a question I put to Sport and Recreation. They were unable to tell us what was achieved as a result of that process. Can AFL Tasmania give us the evidence to show us that these development officers have returned certain services from the Education Department or schools?

Mr ROE - It is important to realise that, as with most sports in Tasmania, the Education Department no longer involves itself to the same degree it used to - and that is exactly the same situation in football. With football, most schools are far more accommodating than with other sports in allowing our development officers, and the staff and volunteers from the state league clubs to come into schools. The programs we are currently involved in conducting or assisting with are football in schools, Auskick in schools, mixed boys' and girls' school competition, girls-only school competition, girls-only gala days, one-off promotional clinics, and school-representative carnivals. They were delivered in the north-west in the last period at 39 schools - 22 in the north and 49 in the south.

CHAIR - How are you able to accept that those programs are delivered into the schools? How do you know that is occurring? I don't want this to be a loaded question, but the reason I ask is that some of the schools have spoken to me to say they have had a development officer come to the school, make statements to them and then they haven't seen them since. That has come from two schools at this stage that have seen fit to contact me. How do you satisfy yourselves that those programs are actually being delivered to those schools?

Mr ROE - If we take, for example, the schools' competitions which are now almost exclusively delivered by AFL Tasmania, or with the substantial assistance of AFL Tasmania, we know those competitions are delivered because they are conducted. We know our staff, with the assistance of the state league clubs and volunteers assisting AFL Tasmania in the process that those school competitions are being conducted - you can find the results in the newspapers, or on the website.

In relation to the point that you have had a couple of schools say to you that we have been once and not been back since, there are a lot of schools in Tasmania and there are a limited number of visits that can be made to any number of schools. We are happy to table the list of schools that have been visited in the last period. It is extensive but it cannot possibly cover every school. We should bear in mind that AFL Tasmania as a sport is taking up the cudgel to fill in the gap that was previously provided by schools when phys ed teachers and other staff and parents took on this task. It does not exist in the vast majority of schools now. In lots of ways you can regard whatever proportion of money you want to take out of the \$500 000 as cost-shifting from the Education department to AFL Tasmania. You cannot keep spending the \$500 000 over and over again. We are putting money into development programs and community football through the state league agreements with the obligations state league clubs have. We are

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doing it by direct involvement in programs with schools and by direct assistance in many areas, including umpiring and other particular programs that are important to the sport.

CHAIR - Can you table that document listing the schools? I take it that is an up-to-date document as of today? Excellent, it couldn't be more up-to-date.

Mrs TAYLOR - Relevant to that, do you have any idea of the percentage of schools that are involved?

Mr ROE - I gave you the numbers; I don't know the percentage.

Mrs TAYLOR - I understand that there 22 in the north -

Mr ROE - There are not that many schools in the north.

Mrs TAYLOR - It depends what you call the north, I suppose.

Mr BAKER - This is mainly in primary schools - six-week programs in primary schools. It also must be said that some schools we contacted don't want the activity in their schools, strangely enough.

Mrs TAYLOR - Yes, that's very strange, one would think.

Mr ROE - Not very strange, Adriana; in many other sports it is simply too hard for schools to even taken the advantage of free services from sports. AFL does very well in getting six-week programs into schools. Auskick in schools, which is delivered without any cost to the participants in those programs, is a significant delivery of football into schools. That uses money from the state government, from the AFL and from commercial revenue, which the sport has.

Mrs TAYLOR - If I recall, just personally, you might have conducted one at St Helens - they certainly had an Auskick program this year.

Mr BAKER - It would be on the list.

Mrs TAYLOR - It might be on the list. There are a lot of remote areas, outside the urban areas, that probably find it harder and that is why I would be interested -

Mr ROE - We are very confident with the spread.

CHAIR - Are there any other questions on this line - the development officers and what they are returning in relation to the funding?

Mr GUTWEIN - Through this committee a number of issues and concerns have been raised about how the \$500 has benefited the grassroots of community football.

The annual report, which I have read, deals with the fact that you have received a grant and talks broadly about things. Can you see a need for there to be clarity of communication in regards to what is happening? We are receiving information today in regard to what happens with schools, and the numbers of schools, et cetera. As there is

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broad interest in regard to the AFL Tasmania's activities and what it does, would you be of a view that there might be a need to provide more information as to what occurs?

Mr BAKER - I think that is a fair enough statement to make. We sit here very confident about what we are doing in the community but clearly some of that message doesn't get through. We rely on our clubs to be badged up delivering those things in the community. It used to be us doing it, as an entity, but we rely on our clubs to do that now. So it is probably a fair point.

CHAIR - If there are no other questions on that point, I go to the \$9 000 that AFL Tasmania paid, for whatever reasons, to the Prospect Football Club for the purposes of paying out a number of players. You have indicated in a letter to us that in no way has any of the government funding provided been included in that \$9 000. How are you able to make that categorical statement when the moneys you receive from the state government are not in a separate account - not quarantined, for want of a better word?

Mr BAKER - We did waiver this point at a previous meeting -

CHAIR - We did.

Mr BAKER - I go back to that answer saying that by 31 July we had spent the full amount of granted or community-based money before we allocated the \$9 000 to the Prospect Junior Football Club. So we could not have spent any money in addition to it.

CHAIR - I do not want to harp on the question, and it comes back to the former question about the statement you made in the press about meeting KPIs. If it is not quarantined, how are you able to sit here today and say to us that none of the state government moneys went to that cause?

Mr BAKER - Because the money had already been spent.

Mr ROE - It is very simple. We have a budget of \$4.2 million. The state government provides \$500 000. We don't need any money from the state government to make a grant to a club of that nature.

As we have indicated in the open statement today, if you want to attach the money from the state government to actual expenditure, we can do that very simply by taking, in every given year, half the existing grants made to the state league clubs, which would be \$250 000, and then the \$480 000 which we spend on the community football department.

It is a ridiculous notion, Chair, to say that the \$500 000, when it is 12 per cent of the budget, can be spent over and over again on every discretionary expense that AFL Tasmania management and board decide to approve. It is a simply ridiculous notion and you can safely forget about that one.

Mr GUTWEIN - In fact, I am not so sure that we can, to be honest.

CHAIR - No.

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Mr GUTWEIN - You said, Dominic, just a moment ago, that you had fully accounted for the money to the end of June.

Mr BAKER - End of July.

Mr GUTWEIN - When did you receive the August payment?

Mr BAKER - Did we have an August payment?

Mr WADE - No. We can provide you with copies of our 31 July annual financial report from the AFL. You obviously understand the accrued accounting system -

Mr GUTWEIN - That is exactly the point. You have been suggesting that you know where every dollar has gone but you run one cash account. You account for the money but that is not explaining to us how you spend it.

Mr WADE - I can explain that - it is very easy. As Brian said, we can provide a copy of each of our 12 monthly reports from the AFL which will show you where we allocate specific funding in the three departments where our financial accounts are. We have a state league department, a community football department and a financial and administration department. So as at 31 July, the \$500 000 was fully accounted for.

Mr GUTWEIN - In that year.

Mr WADE - For that year.

Mr GUTWEIN - What about funding received since?

Mr WADE - Remember our financial year ends on 31 October, so as at 31 July we account for the whole \$500 000 in this financial year. It doesn't matter when receive the money.

Mr GUTWEIN - When did you receive your payment?

Mr WADE - I don't have the exact date but it is after we report. So, according to the grant deed -

Mrs TAYLOR - You report by 31 July?

Mr WADE - 31 July. So we would have received it shortly thereafter.

Mr GUTWEIN - From a timing point of view - and I think this is the point that Mr Dean is getting at - you have accounted for the full \$500 000 at 31 July, though you are receiving the cash in August.

Mr WADE - Yes, that is right.

Mr GUTWEIN - You are receiving cash in August, so you have accounted for it. You have said, 'This is how we are going to spend it'. But in reality you are more than likely through the course of the year be spending some of the AFL's money.

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Mr WADE - Absolutely.

Mr GUTWEIN - There are timing issues in regard to when you receive the state government money. In August, you received state government money -

Mr WADE - That \$9 000 was spent in November.

Mr GUTWEIN - That is right; so you have received the August money prior to that.

Mr WADE - But we have already spent the August money.

Mr GUTWEIN - No, but you have accounted for it at the end of 31 July.

Mr WADE - No, we have already spent it.

Mr GUTWEIN - And you have spent it, as you have said.

CHAIR - Just hold on for the question.

Mr GUTWEIN - I thought the point that you were making is as of 31 July you had already accounted for the spending of the \$500 000. You just said a moment ago that because of the timing of receiving the state government's grant, you spend your own money at certain times through the course of the year, because you don't have the state government money in your account. The point that Mr Dean was making was that in your account since August, you have received not \$350 000 but \$250 000 from the state government. His point was, I thought, how can you be absolutely certain that when all the money goes into one account, that you were not spending state government money?

Mr WADE - Remember Dominic referred to the fact that our finances are managed and administered by the AFL. The AFL provide us with a great deal of cash flow support. So we have probably brought forward some AFL money because we had not received the government grant. As Brian is alluding, we accounted for it. In our accounting system as at 31 July each year, in book terms, we fully expend the government's money, when the AFL support our cash flow. Obviously, you are aware that cash flow and financial accounting are quite different.

Mr GUTWEIN - Absolutely, and I think that is the point.

Mr WADE - You cannot keep spending the same amount of money. What we are saying is that, in book terms, the money was spent - the \$500 000 was spent as at 31 July. It cannot be spent again after that.

Mr BAKER - It is not cash. They did not give us cash which we took and gave to someone else.

CHAIR - But you paid cash, as I understand it, with the \$9 000 paid to -

Mr BAKER - No, we did not pay cash. It was paid upon an invoice. We received an invoice from the Prospect Court Football Club and then we paid a cheque.

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CHAIR - But didn't you require that be paid in cash to the players?

Mr WADE - No, there is no requirement for that. That is the Prospect Court Football Club.

CHAIR - There was no requirement of AFL Tasmania that those players be paid in cash?

Mr WADE - No.

Mr GUTWEIN - So that we can clear this up, I think it is fair to say that we provided you with some information that we had received which had been agreed to by the South Launceston Board. They provided that to us on the basis that we could refer it to the appropriate authorities. In that information that we provided you, there was an email trail. I will take you to that now. You have a copy of this, I know, because we provided it to you, so I will not run through all of it.

This was an email that was sent from Mr Wade on Tuesday 15 October to a number of email addresses: Ian Goninon, Daniel Smedley, Shaun Young and Braden McGee. It starts off, 'Gents, this is my understanding of the outcome of today's meeting' and it goes on and I will not run through all of it. But it says under point 2:

In an endeavour to clear this matter up ASAP, to enable the players to be paid and recommit to the TSL competition as agreed to:

- (a) Ian Goninon agreed to contribute \$12 000;
- (b) AFL Tasmania agreed to contribute \$9 000; and
- (c) Prospect Junior Football Club will be asked by Daniel Smedley to contribute \$8 000.
- (3) From the above funds, 2013 South Launceston Football players who commit to the TSL with Prospect in 2014 will be prioritised and Ian Goninon and Braden McGee will deal with those players who don't wish to commit to commit to the new Prospect TSL venture. Any unused funds will be returned to each of the three parties based on their percentage of contribution.
- (4) Daniel Smedley, Shaun Young, Scott Wade and Braden McGee will work together on exactly how and when the funds will be received and the players will be paid in cash. The payments to the 2013 players will, in essence, become donations to the players for their contribution to the South Launceston Football Club in 2013.

Please let me know if the above is not your understanding of the meeting,
Regards, Scott Wade.

Very clearly, that email spells out that the players are to be paid in cash.

Mr WADE - As the email very clearly spells out, 'Let me know if that is not your understanding'. Correct? What is the last sentence?

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Mr GUTWEIN - I just read that, 'Please let me know if the above is not your understanding of the meeting'.

Mr WADE - Clearly, what eventuated from that is that we received an invoice from the Prospect Hawks Senior Football Club. We paid a cheque to the Prospect Hawks Senior Football Club in receipt of that invoice.

Mr GUTWEIN - Could that be tabled for the committee - the invoice and the documentation around that payment, if you don't mind?

Mr WADE - No problems at all.

Mr GUTWEIN - Just so that we deal with this issue once and for all, we received sworn testimony on this and we made Mr Baker and another director aware of it. We received sworn testimony that there was a meeting that was held on Friday, 11 October, which was held between Dennis Alexander and Mr Rod Patterson and Scott Wade and Shaun Young. That meeting, and I will paraphrase it, was about assistance from transition from TSL to NTFA and to seek clarification on a few issues. We talked mainly about player payments as our club did not have a copy at that stage of any contracts or players representing the football club. During this meeting it was confirmed in everyone's opinion that our club had breached the salary cap substantially, by approximately \$40 000, and the new board of the football club with Dennis [inaudible] representing them wanted to ascertain whose responsibility it was for the playing contracts or if some side agreements outside the contracts had been organised.

Did that meeting take place? Bear in mind that this is sworn testimony. Was it agreed by those present that the South Launceston Football Club would breach its salary cap if it made payments in line with its contracts?

Mr WADE - The meeting did take place and it was assumed, not agreed, that if those payments were made, that South Launceston Football Club may breach the salary cap. It was assumed because, as the note or the sworn testimony alluded to, there is no documented evidence. Obviously, what transpired then was that those payments weren't made.

Mr GUTWEIN - If those payments had been made, would South Launceston have breached its salary cap?

Mr WADE - If those payments were made, based on the information that they believed - again, believed or assumed - to be the case, because no-one had the facts. Shaun and I were at the meeting. We weren't presented with the facts. We never had the facts with us. Following that meeting when Shaun and I got the copies of all the player contracts from our Operations Manager; we got the paperwork from Ian Goninon and Daniel Smedley as to what would be paid. The other thing that maybe those gentlemen neglected to mention is that Shaun and I met with the players of the South Launceston Football Club on I think it was 11 July 2013. The players were told that the club had no money, which everyone was aware of. So it was not possible for the players to be paid any more money from the South Launceston Football Club after 11 July 2013. We

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knew on 11 July 2013 that it was not possible for the South Launceston Football Club to exceed their salary cap.

Mr GUTWEIN - I might come back to that matter because there was sworn testimony that that meeting did take place and that the clear recollection of the players who attended that was that the AFL would see them right. That was the clear recollection of the players.

CHAIR - I want to come back to the email and the comment that Scott made in relation to your perception in relation to cash payments for these players. That four people have been referred to in the email is very clear. I want to read that again:

Daniel Smedley, Shaun Young, Scott Wade and Brendan McGee will work together on exactly how and when the funds will be received and the players will be paid (in cash). The payments to the 2013 players will in essence become donations to the players for their contribution to the SLFC in 2013.

My question there is, were you a part of those negotiations for that payment from AFL to those players? Were you a part of that meeting?

Mr WADE - That meeting that referred to in the email?

CHAIR - Yes, I am asking whether you were a part of the meeting where it was determined that AFL Tasmania would pay \$9 000 to the payment of the South Launceston football players who had not been paid out for that current year?

Mr WADE - No, I was part of a meeting subsequent to that email.

CHAIR - What was discussed at that meeting? Was the payment discussed there?

Mr WADE - No, what was discussed was that it is not appropriate for anyone to pay South Launceston Football Club player payments apart from the South Launceston Football Club. The obligation to pay the players wholly and solely rests with the South Launceston Football Club. So the players are contracted to the South Launceston football club. They are not contracted to anyone else; they are contracted to the South Launceston football club. The obligation solely rests with that football club to pay the players. What was agreed in this meeting was - and this is AFL Tasmania's position - that in the interests of supporting the development and the establishment of a new state league football club, that we would provide a small development grant, as we alluded to in the statement.

CHAIR - Of \$9 000?

Mr WADE - A small development grant of \$9 000 to the Prospect Hawks Football Club to support it - knowing that they were going to support the recruitment of players to the new state league club.

Mr GUTWEIN - By paying them a payment that was in lieu of their contract?

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Mr WADE - It's the obligation of the new Prospect State League Football Club to establish and compile their playing list; that's their obligation. We provided support to that and we also provided support indirectly to the South Launceston Football Club.

Mr GUTWEIN - There was the meeting on 11 October. I think you haven't disagreed with that - it was a discussion about -

Mr WADE - A discussion, that's right.

Mr GUTWEIN - Mr Patterson said that it was agreed by everybody at that meeting that South had gone over its salary cap.

Mr WADE - No, it wasn't agreed by everyone.

Mr GUTWEIN - Well, he makes that point. I want to use the sworn testimony, if I can bring that back, because I think it's important that we clarify this particular point. What is said in sworn testimony here about the 11 October meeting - sworn testimony - is that during this meeting, it was confirmed in everyone's opinion that you, Mr Wade, and Mr Young, were there, Mr Goninon and Mr Alexander. It was confirmed in everyone's opinion that our club had breached the salary cap substantially - approximately \$40 000. Are you disputing that sworn testimony?

Mr WADE - Absolutely. Plus, Mr Goninon wasn't there.

Mr GUTWEIN - Sorry, it said Mr Wade, Mr Young, Mr Alexander and Mr Patterson.

Mr WADE - You said 'Mr Goninon'. No, it wasn't agreed.

Mr GUTWEIN - So you would dispute that sworn testimony?

Mr WADE - That's right.

Mr GUTWEIN - Following that, there was a meeting that was supposed to be conducted on Thursday, 17 October, I think it was agreed. There is an email trail here, but without reading through all the emails, it was agreed that a meeting would be held the following Thursday, 17 October. Prior to that -

Mr WADE - I'm not aware of that meeting.

Mr GUTWEIN - I think we have emails that probably indicate that you do, but I will come back to that. Prior to that, that meeting was Thursday, 17 October, the next week. Mr Patterson has informed us that after the meeting being set up, he received a phone call from Shaun Young informing that that meeting may not take place, as Scott and he - by Scott, I presume he means you - Scott and he were meeting with Daniel and Ian separately and he would inform me of the result of that meeting as soon as it was concluded. I received a phone call from Shaun suggesting that he and Scott would like to continue with the planned meeting for Thursday, 17 October, even though the player payment issue had been resolved with Ian and Daniel. Were you part of those discussions? Are you aware of that?

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Mr WADE - I keep coming back to your reference to the player payments. What Shaun and I were very clear on -

CHAIR - Sorry, I will call order. If you could just answer the question as best you can, if you don't mind. Provided this relates to the moneys paid, so it fits within the term of reference. Right, you can address the question as asked.

Mr WADE - The question was if I was aware of the circumstances surrounding this particular matter. As I said, we were also aware on 11 July 2013 that the South Launceston Football Club, under no circumstance had any capacity to pay anyone any money.

Mr GUTWEIN - Mr Paterson received an email from Shaun Young:

I believe AFL Tasmania would like to convene a meeting to discuss the South Launceston Football Club's transition from TSL to the NTFA. The proposed date and time is Thursday 17 October.

That was following on from the Friday 11 October meeting. This was followed by an email from Scott:

All good with me. Can we be provided with an up-to-date financial report, i.e., not a report with a whole bunch of surprises? Ian and Daniel, I would assume that Rodney's new board would need to clearly know what is or isn't outstanding in terms of payments to players, coaches, trainers, et cetera.

Regards,
Scott Wade

After that email, Shaun Young rang to inform that the meeting may or may not take place. There was a further discussion and Shaun got back to Mr Patterson suggesting that he and Scott would like to continue with the planned meeting even though the player payment issue had been resolved with Ian and Daniel. Were you party to those discussions?

Mr WADE - Yes.

Mr GUTWEIN - That then leads us to the email that we started to discuss in which the issue of cash payments to players is raised, and the amounts that had been agreed between the parties to pay. I think at \$29 000 it is substantially less than the original \$40 000 - where Mr Patterson informed us in sworn testimony that it had been agreed they had breached the salary cap. What is interesting is that, after that email confirming what was going to go on, a further email that evening from Mr Smedley was sent. It was an email sent to you, Mr Wade:

Scott

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In relation to point 1, it was agreed in discussion with Shaun after you left the hook-up that the amount being paid also ensures that salary cap compliance is achieved for season 2013.

Based on the sworn testimony that we have received from Mr Patterson, who was of the view that at the meeting that was held on 11 October that South Launceston had breached the salary cap by \$40 000 and then in the next couple of days an agreement was hatched - and confirmed by the email from yourself - that players would now be paid in cash at a lower level - can you explain to the committee why we wouldn't be of the view that a deal was struck by yourself to ensure that the premiership-winning team didn't breach the salary cap for the year and that the way you were going to overcome that was to pay cash payments to the players at a lower level?

Mr BAKER - It was physically impossible for them to breach the cap because they didn't had the money to pay it. They did not have the money to pay the salary cap. We knew that was a lie. We went in and told the players because the club was unable to do that. It is irrelevant at the end of the day because they never had the capacity to pay the full amount, nor would we have allowed them to do the full amount. We talked about this at our other meeting, whereby a club can write contracts as part of the salary cap during the management of their list to a certain level. At the end of the day, it doesn't mean that is what is paid out. Not every player plays every game, not every player reaches the level of bonuses, not every player goes through a process whereby they would all deliver in cash what was written on paper. It is up to the club to manage that process and it was very clear to us in July that they were unable to manage the process because they were unable to pay. So they could never have breached the salary cap and we would never have let them. All clubs need to be audited by us.

CHAIR - Dominic, I am going to intervene at this stage because I want to make sure that this meets with the terms of reference and relates to moneys paid by AFL, so it needs to have a clear connection there. Kim, I will come back to you. What was your position, Kim?

Mr BOOTH - Dominic has partially clarified it there, but the question I was interested in is that he kept on saying is that there is no salary cap breach because South Launceston didn't have the money. Now, that is not an actual answer, I don't think. Is it a fact that the contracts that they had let out and the trajectory they were on were going to lead to salary-cap breaches, whether they had the money or not. The commitment to pay, in other words, was there, if not the actual money.

Mr BAKER - In that case, Kim, we would never have paid the \$9 000. Number 2, we wouldn't have let them breach the salary cap, anyway. They would have had to go back and enter into agreements with players that were going to put them over the cap.

Mr BOOTH - But had they contracted with players, which effectively would have breached the salary cap had they had the money to pay it?

Mr BAKER - I think, if we went to all the clubs club now that they are compiling their lists, none of them would comply today with the salary cap, because they will write contracts based on performance and/or a list of players, not all of whom will play. Again, not all of them will reach bonus levels. The salary cap and the list document is a living, breathing document for a football club and they manage that the same way as they

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manage injuries or what have you. List management is a very important part of the modern competition.

Mr BOOTH - So you actually look at the salary cap and where you are getting to in the season. You know we can't put that player on because if you do, that will be -

Mr BAKER - Or they renegotiate with that player and say, 'We identify that we're going to have issues with your salary', and they negotiate around that.

CHAIR - I want to call order at this stage, because I'm not perfectly satisfied that some of this goes to the terms of reference. I need to be fair here. Kim, unless there is a direct connection with the moneys paid by AFL to those player payments, then I would be reticent to allow it to proceed any further at this stage on this point. Can we be satisfied?

Mr ROE - We would make a submission on that, Mr Chair. What the committee is advancing is a contention that any incorporated body in Tasmania which receives any form of grant from the state government can be investigated by the public accounts committee as to any expenditure which it makes.

CHAIR - It is for this committee to determine the processes which it undertakes.

Mr ROE - We are entitled to make any submission we wish to the committee.

CHAIR - No, you are called here today for the purposes of answering questions and making a submission.

Mr ROE - Which we are doing.

CHAIR - And to answer questions that members of this committee would like answered in accordance with the terms of reference as set for this inquiry. I want to identify with that. It is for this committee to make that determination. I'm not perfectly satisfied that the current position that we're taking does meet with the terms of reference.

Mr BOOTH - Yes, this directly goes to the fitness of the AFL to receive government funding and the acquittal of that funding, which is what we're looking into. It is a reasonable proposition that money is paid to an organisation and it is put into a common pool, that they have power to distribute it, and that it has been accounted for and distributed in a lawful way. What I'm interested to find out here is, when you have a contract with a player - and you said you renegotiate the terms and so forth because you are going to end up breaching the cap - is that in the nature of a payment that includes a tax component? In other words, do you withhold tax from that, or you just give them the gross amount?

Mr BAKER - We don't pay them; the clubs pay them. There is no blanket contract coming from AFL Tasmania to players. That happens at club level, not with us. It is the responsibility of every club and every player who signs a contract to ensure that they comply with ATO requirements and the like.

CHAIR - Order. I am going to stop this right at this moment, because this is to do with clubs and what the clubs do and how they satisfy the -

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Mr BOOTH - Chair, that is not the case. If you can let me prosecute this. This is to do with the \$9 000 paid by AFL Tasmania to Prospect Hawks Football Club. I will quote from a letter of 2 December signed by Dominic Baker, Chairman of AFL Tasmania, which was to this committee. You say, 'We also confirm that \$9 000 paid by AFL Tasmania to the Prospect Hawks Football Club was not made out of funds provided by any state government entity to AFL Tasmania'. The moot point I guess is what part of the money in the pool is actually state government. But you say:

This payment was made by AFL Tasmania to the club to assist in its securing players for the 2014 season with the knowledge that they had not been remunerated to their original expectations in 2013 by the South Launceston Football Club due to its financial situation. It is AFL Tasmania's understanding that this formed part of a total package of \$29 000 acquired or allocated by the Prospect Hawks Club for this purpose.

We know that the emails identified that these payments were apparently going to be made in cash. This is why I am interested in what happened to that \$9 000; whether there is an audit trail to make sure that ATO obligations and so forth are being paid; whether they form part of a contract with a player and, as such, then whether public money has been properly expended in that sense.

Mr BAKER - Kim, we have already said we will table the invoice that we paid against. That is receipt of money going to the Prospect Football Club. Beyond that I reiterate that the obligation with taxation and contracts sits with club and player, not with AFL Tasmania.

Mr BOOTH - Okay, so you got an invoice from Prospect Hawks for \$9 000?

Mr BAKER - Correct.

Mr BOOTH - You are going to table that?

Mr BAKER - Yes, we can table that.

Mr BOOTH - Okay.

CHAIR - I want to come back to the email again. You will remember the answer you previously gave me on this. I want to remind you that you are on oath in this committee. Peter read out the opening part of this email and you said you were not a part of that meeting. The emails emanated from your office on 15 October 2013 at 5.42 p.m.; four were read out to you. It was your certain understanding of what happened at a meeting and I asked you whether or not you were at that meeting. What was your answer to that question?

Mr WADE - Is that the meeting of 11 October?

CHAIR - This email is dated 15 October 2013, 5.42 p.m., coming from your office and where you made five points in that email. Point four has been read by Mr Gutwein, and I will read it again.

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Daniel Smedley, Shaun Young, Scott Wade and Braden McGee will work together on exactly how and when the funds will be received and the players will be paid (in cash). The payment to the 2013 players will in essence become donations to the players for their contribution to the SLFC in 2013.

Your end paragraph is exactly what you said, 'Please let me know if the above isn't your understanding of the meeting'. I want to know whether or not you were at that meeting.

Mr WADE - By telephone on 15 October at 2 p.m.

CHAIR - You were at the meeting on the telephone. I want to be fair to you because you begin that email by saying, 'Gents, this is my understanding of the outcome of today's meeting', which would indicate you were present. The first answer you gave to me might not have been absolutely accurate. Is that right?

Mr WADE - I thought you were referring to a meeting on 11 October.

CHAIR - No, I was referring to this email. I read point four out to you. I made it perfectly clear. I didn't want to bamboozle you and that is why I read out clause four of your email to make it perfectly plain and clear to you. You now were there but on telephone.

Mr WADE - I was always there on the telephone.

CHAIR - My question comes from that then about the cash payments, where you had said that there was no obligation; you were not of the understanding that these players would be paid in cash. I ask you the question again. Referring to this email, do you now want to change your answer to me in relation to that former question I asked about cash payments.

Mr WADE - My understanding of that meeting, as I said in the last paragraph, is that I asked the question of the other people there is that their understanding of the circumstances. What followed that meeting is that other people, not including me, sat down and had discussions about how this was going to be sorted out. Then we received a development grant invoice from the Prospect Hawks Football Club, and I have already answered what that was for, and that was paid by the AFL. So there were circumstances that followed that meeting. That was just a meeting on 15 October and obviously there were other meetings, conversations and discussions that followed that meeting.

Mrs TAYLOR - But it was your understanding that that is what would happen because your sentence is, 'This is my understanding of the meeting'.

Mr WADE - That was my understanding. I think the email refers to the stakeholders here, so I think this is a point that has been missed. There are five stakeholders here - correct?

CHAIR - Yes.

Mr WADE - There is the South Launceston Football Club, who are the ones who have contracts with players - correct?

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CHAIR - Yes.

Mr WADE - Then there is the players themselves.

CHAIR - Yes.

Mr WADE - Then there is the former president and the former CEO.

CHAIR - Yes.

Mr WADE - Then there is the new club and then there is AFL Tasmania. So of the five stakeholders the facts are we knew that the South Launceston Football Club, who had contracts with the players, it was not possible that those players were going to be paid what was in their contract. Not possible on two counts: one, we would not have allowed them to play what was in their contracts based on they would have exceeded the salary cap; two, the club had no cash - right?

CHAIR - Yes.

Mr WADE - So then the South Launceston Football Club, who was then the entity that has the contracts for the players, are no longer a stakeholder - they are out of it. Then the other four stakeholders, the players then decide they are not going to get their cash from the South Launceston Football Club so they have to wipe some of what is owed to them off. They have to accept the fact that they are not going to get paid by the South Launceston Football Club because they had no cash. So then the other three stakeholders decided that, in the interests of the new club who needed to recruit these players, we would provide a \$9 000 development grant to the Prospect Hawks Football Club in support of the development of the new club.

Mrs TAYLOR - That is not what that says, though, I am sorry.

Mr WADE - But circumstances eventuated after that.

Mrs TAYLOR - I can accept that but you have agreed to that.

Mr WADE - No, I haven't agreed to anything. It is an internal email.

Mrs TAYLOR - You said that is your understanding.

Mr WADE - It is an internal email.

CHAIR - Scott, it is very clear in that email of your understanding of the meeting that took place. Are you accepting that? In that email you are referring to these amounts of money being paid in cash - you put that in brackets. Did you type out the email?

Mr WADE - Well, come on, Ivan.

CHAIR - Did you? I want to be fair to you; this is your email.

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Mr WADE - To the best of my knowledge, I typed the email.

CHAIR - Right. So you have in that e-mail 'in cash' in brackets, drawing the attention of any reader to that part of it. Was 'in cash' discussed, to your understanding, at that meeting where you were on telephone? Was the word 'cash' referred to in that meeting? You have referred to it in the email?

Mr WADE - If I referred to it in an email you can only assume that it was, but I cannot recall it.

CHAIR - I do not want to assume anything.

Mr WADE - I cannot specifically recall. We didn't take minutes of that telephone conversation. You refer to it as a meeting when it was a telephone conversation.

CHAIR - You are clarifying this to the other parties that were receiving this email. Did any of them get back to you and say, 'No, that is not our understanding and cash has not been referred to.'?

Mr WADE - No, because what happened is the other parties - not me - had a whole range of subsequent meetings, then I received a telephone call - I couldn't tell you exactly when - probably from Shaun saying would we pay the \$9 000 in form of a development grant to the Prospect Hawks Senior Club because that is what the parties agreed. I said, yes, we would.

Mr BAKER - Chair, can I ask what the relevance is to cash?

CHAIR - This is very relevant because this is money being paid by AFL Tasmania to the Prospect Sharks for the purposes of paying out players who have played with South Launceston Football Club and who had not been paid out by the South Launceston Football Club.

Mr BAKER - Does it matter whether it is cash, card or credit?

CHAIR - It does.

Mr BAKER - Why does it? Because it is not unusual for sporting organisations to pay in cash.

CHAIR - We are trying to establish here the correct procedures, the correct use of state government moneys that have been provided to AFL Tasmania for the purposes of providing certain returns to the state.

Mr BAKER - I understand that very clearly.

CHAIR - I want to be satisfied here of the position that relates to that part of it.

Mr BAKER - I don't understand what the difference is between whether the money was paid by a cheque or by cash.

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CHAIR - Order. I am not concerned whether you paid it in cash or cheque to Prospect. What I am concerned about is the requirement of AFL Tasmania at that meeting that the players be paid in cash.

Mr BAKER - Once again, what is the issue with that?

CHAIR - I want to establish the circumstances.

Mr BAKER - If they were paid in cash, it is the obligation of the player and the Prospect Football Club to make sure that is correctly accounted for, not the obligation of our organisation.

CHAIR - It goes to credibility and fairness.

Mr BAKER - So, all of sudden, if you are pay in cash you are not credible?

CHAIR - No, I am not saying that.

Mr GUTWEIN - Perhaps this may help frame it. Again, I want to refer you to some sworn testimony and there are a couple of question that I have in regard to it. Mr Patterson in that sworn testimony said, 'Now we go to the Thursday night meeting' - this is the one on 17 October, following on from their meeting on 11 October - 'with Dennis Alexander, myself, Scott Wade and Shaun Young. We met on the Thursday as organised and discussed the meeting held on 15 October', which would be your telephone hook-up that you had, 'where those emails came from. They confirm the discussion and commented that if it was repeated outside this room it would be denied.' If there was nothing wrong with those discussion, if there was no attempt to either subvert your own salary cap or pay players in cash and subvert the ATO, why would that conversation need to be denied?

Mr WADE - I was at the meeting and I cannot ever recall that being said.

Mr GUTWEIN - Are you disputing the sworn testimony that we have received?

Mr WADE - No. What I said was that I was at that meeting and cannot ever recall that being said.

Mr GUTWEIN - We also have sworn testimony in regard to conversations with players who were paid in cash and in regard to there not being releases or other things. The question I would like to put to Mr Baker is this. We provided you about a month ago with this information. In that time, have you contacted Mr Patterson, who provided us with that information, to seek his views on the evidence that his board provided to this committee?

Mr BAKER - No, I did not. We had his views. You provided them to us by email and by correspondence. There was no need for me to seek his views at all. I would have thought it was much more important for me to find and get the facts off the people who work for our organisation. Mr Patterson, when approached previously, has not been willing to share that information with us. He determined it was much better to share that with you directly.

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Mr GUTWEIN - I have just read to you his view that he was at a meeting with your CEO where these matters were discussed and he was told that if they were raised outside of the room that these matters would be denied. He has brought them to this committee, provided them to us in a manner that enabled us to provide you with them to go through an investigation, and you are telling me that you have not spoken to Mr Patterson at all.

Mr BAKER - We did not speak to Mr Patterson.

Mr GUTWEIN - You didn't think that it was worthwhile to be speaking to the party that had raised this issue?

Mr BAKER - I went to the employees of AFL Tasmania who were involved and to our board. We did a thorough investigation internally which culminated in the correspondence we sent you on 2 December.

Mr GUTWEIN - How can you claim that is a thorough investigation when a party has raised very serious matters with this committee in regard to the way the AFL has conducted itself and you do not even both to pick up the phone and have a conversation with them?

Mr BAKER - I think the last time someone picked up the phone and had a conversation with Mr Paterson they were accused of bullying, so it did not really set that up very well.

Mr GUTWEIN - Perhaps we can go to that shortly because the timing of that was interesting. This information was provided to you and you've done nothing with it, apart from have a discussion with the people -

Mr BAKER - I beg your pardon, that is incorrect. We did do something with it. We went through an internal process whereby we deconstructed all the evidence you provided us with. We through a point A to point B exercise which uncovered what we believe to be the facts, which we presented to you on 2 December.

Mr BOOTH - My question goes to that 2 December letter from AFL to yourself as chair, to the \$1 000. I think you referred earlier on, Dominic, to this \$9 000 as being part of part of a development grant to the Prospect Hawks?

Mr BAKER - Yes, correct. In the letter it clarifies it was provided to them as a development grant, but we were aware it was going to be used to sign South Launceston Football Club players.

Mr BOOTH - To retrospectively and directly pay the payments that hadn't been made to them in that 2013-14 season?

Mr BAKER - No, as compensation, not to directly offset what they missed out on. It was compensation for what they missed out on and as a way of ensuring they were going to sign up with the new club.

Mr BOOTH - Isn't there a contradiction? How can you call that a development grant if you know that is what it was going to be used for, whether it was compensation or not? Isn't it just a direct player payment?

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Mr BAKER - No, it's not. This is semantics but at the end of the day we paid a development grant to them, knowing they were going to use that to sign players.

Mr ROE - Our payments to clubs are made as development grants.

Mr BOOTH - But you would normally have, presumably, some sort of KPIs with the clubs. They would apply to you for a development grant which would do certain things -

Mr ROE - We normally have a licence agreement with the club. In this case, in good faith, we had an anticipated licence agreement with an embryo club.

Mr BOOTH - Would that licence agreement specify the purposes of this \$9 000, that it would be used for that? You are saying you had knowledge of that, but did the development grant KPIs or agreement include that you would use it for such a purpose? You wouldn't just give them a bag of money, would you?

Mr ROE - No, and in this case we know what the \$9 000 was for and we paid it on that basis.

Mr BOOTH - In that case, then, it is probably appropriate that the AFL should be concerned about the acquittal of that \$9 000. You would want to make sure that the money you paid went for the purposes you paid it.

Mr ROE - Bearing in mind that AFL Tasmania has income from a variety of sources, we have discretion in how we allocate money within the budget and how we spend money against that. We constantly come back to this contention, which the committee seems happy to pursue, that once a grant is made to an incorporated association that it is then entitled to investigate how it expends every cent of the money, wherever it comes from. To take your point before, if you are going to the fitness of the organisation, that is a slightly different issue and we accept that, but we are talking about \$9 000 in a \$4.2 million budget. Is this the most appropriate way to spend the time of the committee and AFL Tasmania or should we be talking -

CHAIR - I will call order there because it is for this committee to determine what it considers is the proper and right course in the circumstances. It is not in your best interests, I would think, to criticise the committee.

Mr ROE - I am not criticising; I am asking the question whether the committee -

CHAIR - I think you can answer the question that Mr Booth asked, but I think we have just about done this matter sufficiently.

Mr BOOTH - I understand your frustration, however it is important to the committee that we are satisfied that the evidence that is given to the committee is truthful. There have been some pretty serious contradictions with the evidence being provided and whether it was a direct play payment, and if it was a direct player payment it seemed inconsistent to the previous evidence that is on *Hansard*. We can look at that later, but that is the purpose for it.

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Mrs TAYLOR - This is big picture stuff we should be talking about and are talking about. It is about the \$500 000. Our responsibility is really to see that the \$500 000 is properly spent. There is no doubt that AFL Tasmania has spent that sort of money on the purposes that it was meant for - participation programs and so forth according to the key indicators.

If I could be so bold as to criticise this agreement that you made in the first place, which I can see that you are now wanting to amend. It does say that you should give a progress report on the key performance indicators for a particular period every six months, so obviously the understanding from Sport and Recreation is that you would give a progress report on the key performance indicators. I can understand that you might have understood that it might not be every key performance indicator that you might have to report on, but it does say that you should give a progress report on the key performance indicators. I can see it from their point of view and from yours.

When you look at the key performance indicators, they are so loose and so broad that you say almost anything. 'Provide a TSL-specific umpire education program annually.' What does that mean in specific terms and I think that is apart of the difficulty that we are seeing here. This committee has been saying to you how can you quantify how you have spent your \$500 000? It would be impossible I think to quantify according to each of these KPIs. I see that one of the problems with this whole \$500 000 that the government provides, public funding, is that it is very difficult to account for it dollar by dollar. I don't think that anybody probably has a difficulty with the fact that you will have spent that money on club development. The purpose is to deliver football participation, club development and coach and official education initiatives.

Part of the difficulty that we have had is that when we asked for submissions, and you have said you haven't heard from everybody around the state, well we haven't because we ask everybody for submissions. It is only the people who actually provide submissions to us that we can deal with. We can't go and say to every club or every participant, 'You didn't provide a submission'. All we can go on is what we have been given. What we were given were some submissions that said things are fine as far as we are concerned and some submissions that said we have serious concerns with how AFL is spending its money. Some of them came to us, you have the evidence no doubt, that said that for them, for a particular club or a particular school or whatever, they had not got what they would have hoped for. That \$500 000 we are all aware is not going to cover every program for every school or every club that they would want, but it is fair for us to look at those ones that have said to us, no, we are not satisfied that AFL is spending this \$500 000 properly. I don't have a doubt, myself, that you have spent the money. Whether it has gone exactly where anybody else might have spent it is a different matter. It is always going to have to be choices about which schools and which programs and whatever.

Where I have a concern is that, because we heard, and in particular as has gone into great detail from the South Launceston Football Club this time, we have heard not that you have not spent the \$500 000 necessarily properly, but that you have not been a fit body perhaps to administer it, which is our concern because that particular club certainly feels that some things have gone on which they don't think are correct, whether it is breach of a salary cap, or whether, as has been gone into great detail here today, about how that was going to be resolved. I am quite happy to accept that in the end, for instance, you

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paid an invoice for \$9 000. But if you look at the trail back from that, it appears to me that the intent was - and I understand that it might be compensation - to attract those players from the South Launceston club that you wanted to go to the Prospect club, that you would pay them compensation. I am concerned by a trail of emails that looks as though you are doing it under the covers. My concern is with that sort of behaviour and intent. Nothing that has happened this afternoon has clarified that for me in the sense. Yes, I understand the outcome. I understand the process that you actually used to do it, but the intent behind that, from that email trail. I would never have said the kind of things that were said in some of those emails, quite frankly, if I was intending to do what it appears the intent was.

Mr BAKER - There are several points there. One is on the funding deed itself. There is no doubt that the breadth of that document is enormous for the value that we get out of it as an organisation. But we are responsible for delivering those things, and we are actually grateful that we get that money from the government. There is no issue there, and we have no issue about being called to account on it either. That is what should happen. What I was trying to demonstrate before was that the robust process that we have entered into with Sport and Recreation I think is a great sign that that money is being -

Mrs TAYLOR - Mind you, at the end of the first year they warned you about this.

Mr BAKER - Yes, they did.

Mrs TAYLOR - So you really should have taken notice of that, and talked to them about where didn't we satisfy, or where aren't we satisfying because we don't want to be -

Mr BAKER - It is not as if we give them the six-monthly submission and walk away. We do have consultation with them. There has been consultation around where are you at with this, where are you at with that. I suppose it was a little bit of a shock to us that the money was withheld, to be quite frank, because we thought at that point we were working through those things quite well. However, we are more than happy, and have and will submit to the committee changes in those documents. I think they are changes for the better. I think it will help actually get us the money a lot better in the long run. I also don't think there is another sporting body who receives the amount of money that we do and has to jump through as many hoops as we have to.

Mrs TAYLOR - I agree with you.

Mr BAKER - It is a pretty arduous process, but that is not this committee's issue. You have to be sure that we are accounting for the money, so that's fine. Secondly, you are mentioning that you can only speak to people who have put in submissions. Well, the committee does have power of subpoena.

Mrs TAYLOR - And we have done.

Mr BAKER - And you have done that. I suppose what would really concern us is that they might not have used that power of subpoena to speak to people that we think are relevant in the football landscape in Tasmania - for example, the chairman of the SFL, the chairman of the NTFL, and the chairman of the STJFL, the biggest league in Tasmania and one of the biggest junior sporting organisations in the state. We haven't been asked

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about our performance with the development of the game to those people, which we would really see as quite relevant. If the committee is to put a submission back to government advising whether we are a fit body to manage that, then we, as an organisation, deserve to have them heard as well.

Mrs TAYLOR - Presuming, Dominic, that they are happy with you, otherwise we could have had a submission from them saying that they are not.

Mr BAKER - Is that going to be taken into account when the submission is written - that because we didn't get an input from these other bodies, we are assuming they are comfortable with the way AFL Tasmania is going? The north-west has not been represented.

On the South Launceston thing - and I am very firm on this - this has been an extreme circumstance. What is sometimes lost here is that there would be no South Launceston Football Club, as we sit here today, if we had not stepped in in January 2012 to ensure that club survived. We will not get the credit publicly for that and neither should we, because that is our job. But we stepped in early to help manage that club through a period when it could have just closed the doors and there would be no South Launceston Football Club today. It disappoints me to hear evidence presented that puts us in a bad light when realistically, in my mind and the minds of the guys behind me, we did everything we could to keep that club alive. They are extenuating circumstances. We also have to understand that we are accountable to the AFL for every dollar that is spent - grant dollars or their money. They manage our funds and if we, as a board and a management group, weren't confident that what we had done was above board, we would be called to account by the AFL very quickly. There is absolutely no doubt about that. I can see through different evidence presented, some of which we have refuted today, why the committee has been very firm in pursuing this line. I do not have an issue with that but I think it has to be put in the context of the circumstances of the environment we were dealing with at the time. South Launceston Football Club will run out on the ground next year wearing their guernsey, albeit in another competition, but they would not have been here if it was not for our intervention in 2012. I think that gets lost sometimes.

Mrs TAYLOR - Why did you do that to extent that you did? We have had some evidence that says the reason they were able to win the competition last year was because of the significant money put in and that that was unfair to other clubs.

Mr BAKER - We would have been hung for letting them fail and now we're being hung for making them successful; so we are in a no-win situation. That is sometimes the horrible position of being involved in football in Tasmania. Very rarely are you going to be right in some people's eyes. If we had had let them die on the vine, we would be having the same conversation now around why we let them die. We provided them with support in a general manager who reported directly to their board to try to whip them into shape and get them through the season so we could protect the competition and protect that club into the future. I am very comfortable that we have done that.

CHAIR - Dominic, I think we are straying a little too far from the terms of reference.

Mr BAKER - Does that answer it for you?

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Mrs TAYLOR - I don't think it is, because we are talking about the fitness of AFL Tasmania.

Mr BAKER - I hope that puts in context what we attempted to do, not just over a period of time which from October-November, but over a broad period of time to ensure there was a South Launceston Football Club at the end of it. It was extenuating circumstances.

Mrs TAYLOR - I can understand you might be making the decisions as you go along because of what you think you have to do at the time; unfortunately, sometimes you have to live with the consequences. You don't have to tell us that you can't please both sides; we have been in that situation often. One of the questions that arose in my mind with the South Launceston situation is, if the players with contracts had contracts with the South Launceston club, did those players sign a document of release, for instance? I know it is not AFL; it is with the club. But what protection does the current South Launceston Club have for those players who had contracts with them that were not honoured and will now not come back and say, 'I'm sorry, but you still owe us money'.

Mr BAKER - They didn't sign releases, to my knowledge.

Mr WADE - No, they didn't.

Mr ROE - That would be a matter between the player and the club

Mrs TAYLOR - I understand that; but you have interfered in that process by some of those players having been paid out. Whether you call it a club development grant or whatever, the process has been interfered with.

Mr BAKER - I understand your point.

Mrs TAYLOR - Some of the players obviously were not paid out.

Mr ROE - But we satisfied ourselves - and it can be rightly or wrongly - that South Launceston did not have the capacity to pay.

Mrs TAYLOR - I understand that.

Mr ROE - Just as we decided they did not have capacity to be given a licence for next year and beyond. This is the reality of the circumstances we were in.

Mr BAKER - We did go to them in July and tell them that they were not going to get paid. Once again, I think we tried to do the best we can.

Mr GUTWEIN - In regard to what has happened here, up until what date is the current South Launceston Club a member of the TSL? It is until the end of November, is that right?

Mrs TAYLOR - Until the end of October.

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Mr GUTWEIN - The point that Adriana makes is about the release of those contracts with the current South Launceston Football Club. The circumstances, I would think, would be vastly different at this hearing today if AFL Tasmania had provided money to the existing South Launceston Football Club and if Ian Goninon and someone else had provided a donation to the club so that they could satisfy their player contracts as best they could for the current year.

Mr ROE - Peter, the money could not be spent on that. They have existing debts with priority creditors. It could not be spent on that.

Mr GUTWEIN - They are not in receivership; they can spend it as they like.

Mr ROE - But they have priority creditors.

Mr GUTWEIN - They are not in receivership; let us be clear on that. Let us clarify that. Are you suggesting that there was any conversation with the new board at the South Launceston Football Club in regard to the best way to deal with their player payments?

Mr BAKER - You also have to understand, Peter, that they made a determination that they would not accept AFL Tasmania's offer of a joint venture with Prospect and they were going their own way.

Mr GUTWEIN - That was made well before those emails, Dominic. Referring again to Adriana's comment about the grant - the \$9 000 that was provided to Prospect - you said it was compensation. What were the words you used to explain how it was paid for?

Mr BAKER - It was a development grant going to Prospect Hawks to sign South Launceston players knowing that it was a compensation for not being fully paid out on their contracts from the season 2013 with South Launceston.

Mr GUTWEIN - Basically, it was a deal with the players to sort them out for the year.

Mr BAKER - Also to have them signed on to play with the new one. There were two outcomes.

Mr GUTWEIN - Why then, if it was compensation for having been a member of the South Launceston Football Club in the course of the year, wasn't a release signed to release the existing South Launceston Football Club of their responsibilities?

Mr WADE - Regarding the 17 October meeting with Rod Patterson and Denis Alexander and at the previous meeting on the eleventh, what is not being portrayed in the evidence presented by Rod and Denis and others is how cooperative those meetings were. Shaun and I were in those meetings and it was fully cooperative. They knew that we were sitting there, as employees of AFL Tasmania, to act in the best interests of all of the five stakeholders that I referred to previously.

It is possible that Rod and Denis may deny that they can remember Shaun and I specifically talking about how we can help their football club in respect of this massive problem that they had. As Brian correctly stated, the South Launceston Football Club

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has priority creditors and the last thing they needed the players to do is to call upon their contracts. In the end -

Mr GUTWEIN - They haven't satisfied that, though. Those contracts are still alive, aren't they?

Mr WADE - Okay, but I guess from a legal perspective yes, but from a risk management perspective - we have been administering football for a fair while now - if I had to put a percentage on them I would say the risk is less than 1 per cent that the players will call on their contracts. The reality is that in the good judgment of myself and Shaun there is a less than 1 per cent chance, in our opinion. I would be disappointed if the board didn't support the fact that management would make some decisions based on less than 1 per cent risk.

Mrs TAYLOR - But there is a difference between the players who are actually compensated and the players who were not compensated.

Mr WADE - As a current-day football administrator, there is a less than 1 per cent risk that any player from 2013 in South Launceston will call upon any funds owed. Our job as managers is risk management.

Mr GUTWEIN - There is a 100 per cent liability there for the club still, as those contracts are remain live.

Mr WADE - At this meeting on 17 October - and it was referred to in the previous emails - we asked for up-to-date financial accounts. The club provided us with a financial account. Rod, as the president, and Denis, as the treasurer, provided us with a balance sheet, where they had not accrued for the liability. The South Launceston Football Club had not accounted for any outstanding player payments.

Mr GUTWEIN - We would need to have that discussion with them to understand their balance sheet.

CHAIR - We're straying a bit too far from the term of reference.

Mr GUTWEIN - I'm still not absolutely clear on why, when presented with the information that we gave you, you didn't bother to pick up the phone and speak to Mr Paterson.

Mr ROE - Can I clarify that the reference made by Mr Patterson was included in the information you gave us.

CHAIR - I think we have covered that point, so I don't think we need to go down that path. That is for the committee to make a determination on.

Mr GUTWEIN - I am interested in Mr Roe's view as a board member, and you weren't at the meeting that we had with Dominic and Mr Ryan.

CHAIR - Which was in camera, so we need to be careful.

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Mr GUTWEIN - That's right, but the matters that we could provide information to Mr Baker with regards to, I presume, as a board, that you considered those emails.

Mr ROE - Correct. And regarding the probity responsibilities of a director, I conducted an inquiry to the best of my intent and knowledge. I contributed significantly to the response as a result following my inquiries.

Mr GUTWEIN - You could see no reason whatsoever to -

Mr ROE - I have to say I don't recall that. I could be absolutely wrong. I don't recall the comment that you read out from Mr Patterson being in the material you sent to us. If it was there, no, I didn't regard it as a -

CHAIR - No, it wouldn't have been there, but -

Mr GUTWEIN - Can I say that you were aware that Mr Patterson had provided that information on the emails to this committee?

Mr ROE - All I have is the material that was passed on by the committee.

Mr BAKER - That you were allowed to pass on.

Mr GUTWEIN - And which you were allowed to investigate.

Mr BAKER - But that document was not a part of that.

Mr GUTWEIN - No, the *Hansard* wasn't.

Mr BAKER - There were conversations to say, as we had to do -

Mr GUTWEIN - We understand that.

Mr BAKER - The answer to the question, Peter, is we did not consider it appropriate or a requirement to speak to Mr Patterson.

Mr ROWE - If you were asking me personally, Peter.

Mr GUTWEIN - Well, I am asking you as a director.

Mr ROE - Yes, as a director, I am probably one of the longest serving and experienced sports administrators, both professional and voluntary, in Tasmania. I have a pretty good idea of how I would investigate a matter. It was done to my satisfaction and absolutely with no desire to cover anything up and no desire to look at anything that appeared unusual other than what we reported on. We have to remember that, yes, we are in receipt of government money. We are in receipt of AFL money. We are in receipt of money from sponsors and we have to act responsibly to each of those parties in the way that we spend and account for moneys that we spend. We also have an obligation, as the governing body for the sport in Tasmania, to act in the most appropriate way for the future of the sport and the game. We were very keen to ensure that in its second iteration, the second term of the state league was a stable competition.

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We didn't believe that South Launceston could be a stable part of that, and neither did the new board of directors when, very late in the piece in terms of the agreement, they took over.

I am not in a position as a director to dispute anything that Mr Patterson may or may not have said, but I am aware that he was only involved very late in the piece and would not necessarily be cognisant of the support, the contribution, that AFL Tasmania made to keeping the South Launceston Football Club an active part of the state league, in a successful state league in 2012 and 2013.

CHAIR - We need to be careful here of straying to an in-camera situation with Dominic and Mark. We have nothing from the board that allows us to bring that into the public area. I do want you to be extremely careful with that in protecting the credibility of that process.

Mr BAKER - There is a one word answer to Peter's question of did we consider it. We did not.

Mr GUTWEIN - Why?

Mr BAKER - We didn't consider that relevant.

Mrs TAYLOR - Did you think it was just sour grapes from South Launceston?

Mr BAKER - There was a bit of that there. We had the evidence. Mark and I had that so we knew what had been mentioned there. We didn't need to get clarification from Rod and I wouldn't have expected him to stray from what he had said to you guys. I thought our responsibility was to internally investigate how we had handled the situation. That is the path we took. We did a thorough internal investigation, as Brian has alluded to. That is really where we got to. In my mind there is nothing to be gained -

CHAIR - They mean different things to different people and I understand that.

Mr BAKER - Particularly given that the information was in camera as well and how far you could go with him on that kind of stuff.

CHAIR - We shouldn't be talking about it. You are absolutely right.

My question to the board is, are you perfectly happy with the way and the structure of community football in Tasmania? Whether or not it is getting down to the grassroots football? We have had a lot of evidence given to the committee over the past few months about grassroots football where there is some evidence to suggest that grassroots football is not being supported in the way in which it probably ought to be. Are you perfectly satisfied? That is part of the funding and that is a clear second part of our terms of reference.

Mr BAKER - Grassroots footy and, for that matter, community football is all football in Tasmania; so let us be clear on that.

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CHAIR - Okay, I need to rephrase that. Excluding the TSL, and I know that is community football as well, but just excluding them - and we are talking about the NWFA, Circular Head and all those -

Mr ROE - We would never be perfectly satisfied because we are sponsored administrators and we are always looking to strive and achieve better. There are some important things to remember. I think AFL is unique in Tasmania; it is the only sport where players and clubs do not make a contribution to the conduct of the state association - I could be corrected but I think it is the only one. So in that sense, what contribution players and clubs do make rightfully goes to the competitions in which they participate.

Whilst we do not move for a moment from our overseeing responsibilities in terms of governance or in terms of delivery of integrity policies and so forth from those levels, we do leave the governance of the competitions themselves to those leagues which are, as Scott describes it correctly, club delegate-driven models.

Because we are not asking an affiliation fee from a player or club like every other sport does, we do not feed money back for that purpose. But we do, Chair, in many ways support all those other issues for the various leagues around the state, particularly in relation to the generic issue of umpiring and all of the other key areas, such as websites, result systems and other support which clubs might receive. So we are constantly keen to improve club football. But, as we have said before, \$500 000 doesn't go everywhere.

CHAIR - It doesn't, but I ask the other question and Scott might have to answer.

Mr BAKER - What I have here is a list of activities undertaken by AFL Tasmania in every league, umpiring association and junior football. It is basically a summary of the activity in that level of football by AFL Tasmania in a given year.

CHAIR - Do we have that document? If we don't, are you happy to table it?

Mr BAKER - I am happy to table it. It goes to show the depth and the spread of stuff, and the versatility of our organisation. Your initial question was, are we happy with it? I go through this and I am very happy. But if we had double the money, we would get double the results. So, I think, for the limited amount of funding we do get, not just from the government but as a whole, we do a pretty good job and that is what tends to get missed.

CHAIR - The document probably answers it, but I take it that these associations are well and truly aware of your support to them should they need it. Do your development officers meet with the associations, or what happens in that respect?

Mr BAKER - From a community football perspective, Nick's title was general manager, community football - Nick Probert who is here with us today - and that is his role. His role is to get around the state and provide support to these competitions in rural and regional areas, where we can and how we can.

CHAIR - I am aware that different people in different organisations see and hear different things but some have indicated to us that they have not seen too much of AFL Tasmania and/or their club and officers. I don't want to be critical of them; I don't know how they do it but -

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Mr BAKER - I think when you go through this, it is an exhaustive list of activities - but at the end of the day will it cover every club? No, it won't. There are 118 clubs and there are 34 000 participants. The volume of funding will not allow us to get the depth of coverage that we would love to have. As Brian said, we would love to do more.

CHAIR - The other question, and covered in there, was umpiring. We had evidence given by the north-west -

Mr BAKER - Ian Clarke? I also have a sheet on umpiring.

CHAIR - Ian Clarke gave evidence in an open session where there were some concerns about the support for umpires at that level, as opposed to the TSL levels.

Mr BAKER - In fairness, I have read the transcript of Ian's evidence. He is referring back to when we used to provide direct cash injection into those umpiring bodies. We don't provide that level of cash injection any more but we provide a whole raft of supported services for umpiring. If they had to pay for those, it would be a lot more than the cash involved anyway. We spend \$250 000 on umpiring in one year, which is significantly up from where it used to be. When you go back to what he was referring to - the \$20 000 that used to be injected - it goes back to the Biggs report which is more than 10 years old.

CHAIR - Dominic, can you advise the committee how much of that \$250 000 went to the country umpiring area, as opposed to TSL?

Mr WADE - None in cash, but a lot in kind.

Mr BAKER - In services.

CHAIR - So the \$250 000 relates to in kind and money?

Mr WADE - We have an umpiring budget of \$250 000, which is part of the \$4.1 million. In addition to that, we provide a whole lot of in-kind services.

Mrs TAYLOR - They still have to pay for their own umpires for matches, don't they,?

Mr WADE - The clubs do, yes. That is what happens in every league in Australia.

CHAIR - I am interested because I was a 20-year umpire.

Mr BAKER - I know that, that is why I have that document. I can reproduce this as a document that can be tabled.

Mrs TAYLOR - The umpiring courses you run, do you pay for that or is it the people who attend?

Mr BAKER - Not umpires, no; we pay.

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CHAIR - I want to be careful on that because I thought the clubs told us they had to pay a certain percentage.

Mr BAKER - They pay coach education but not umpiring.

Mr WADE - Our annual conferences are fully funded by AFL Tasmania. When it comes to club coaches, we unashamedly expect coaches to invest in their own development. There is a small percentage of the cost to put on a coach accreditation and education program and we unashamedly ask the clubs and coaches to invest their own money in that.

CHAIR - And that is open to all

Mr WADE - Yes. We run level 1 and level 2 coaching accreditations.

Mrs TAYLOR - It must be expensive to put on then, Scott, if it's only a small percentage that the coaches are asked to pay?

Mr WADE - I suppose it's people's definition of small. Nick Probert and Shaun might say 'small', but I don't know what percentage it is.

CHAIR - If you wanted them to comment, they would need to come to the table.

Mrs TAYLOR - How is the AFL Tasmania board elected? How does it come into existence and how do you do the changeover?

Mr BAKER - If we have a vacancy -

Mrs TAYLOR - Is there not a set term?

Mr BAKER - No. We used to have a set term and it ran for six years, which coincided with the first year of the state league. If you cast your mind back, there was a fair bit of pre-work putting the state league together. That coincided with a couple of key directors moving off the board and probably not having to be accountable for what they had put together. The AFL moved to change our constitution to have no term.

Mrs TAYLOR - No fixed term. That is unusual.

Mr BAKER - It is unusual.

Mrs TAYLOR - So you could be on it forever, unless you decide you have had enough and step down. Then there is a process you would go through to find a new board member. What is that process?

Mr BAKER - We will open it up -

Mrs TAYLOR - Who is 'we', AFL Tasmania?

Mr BAKER - Yes - or we will have a director appointee. We might have sourced someone particularly, which is what we have done recently. We particularly wanted someone

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with the skills like Scott Clayton brings to the table around player pathway, that type of stuff. I think we can see from our draft results he is probably the key driver of that. We want someone with those skills, we will seek them out, we will ask them to be -

Mrs TAYLOR - You don't ask about expressions of interest -

Mr BAKER - They still have to be nominated by the members of our company, which are the SFL, NTFA, NTFL, and endorsed by the AFL.

Mrs TAYLOR - They have to be nominated by one of those three.

Mr BAKER - They have to be nominated by one of those three and endorsed by the AFL to go on.

Mrs TAYLOR - You don't look for expressions of interest or -

Mr WADE - Brian was elected that way; Sally Darke was elected that way.

Mrs TAYLOR - Obviously you have a constitution, and it's all in your constitution.

Mr WADE - Yes.

Mr GUTWEIN - We received sworn evidence from Thane Brady about phone calls and conversations that Shaun placed. I think it's important that we attempt to clarify that situation, or at least give Shaun an opportunity if he wants to place his view on the record. The proposition from Mr Brady was that he had a telephone conversation with him which he clarified by email back to us that happened on Friday, 1 November at approximately 12.30 p.m. In that telephone conversation he said that - I will read the exact quote:

Shaun Young told me they were going to a new licence agreement. We need to look forward, not backwards. ... I put to him that I keep hearing over and over again that the former president of South Launceston, Mr Ian Goninon, was paying \$20 000-odd, that AFL Tasmania were paying \$12 000, Prospect Junior Football Club were paying \$8000 towards any South Launceston player, their player payments, provided they sign with Prospect, the new state club. In a phone conversation Shaun Young confirmed that was the case.

There was some further discussion. It was reported publicly that that phone conversation had taken place. Mr Young categorically denied, I think, that that conversation had taken place. Certainly that was how it was reported, and that those matters were discussed.

The reason I was thinking it could be covered off in incidentals was that there was sworn testimony put, and it appeared the next day that that sworn testimony was refuted. I think in the interests of clarifying whether or not the testimony we received is true and correct, it is important to hear the other side.

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CHAIR - My advice is that it is drawing too long a bow in the circumstances, and that if this is a matter that we want to pursue we probably should write to you and do it in that form, to elicit that answer in that form, rather than do it publicly in this forum. That is the advice I have, and I'm accepting that advice.

Mr WADE - If it helps, obviously Shaun reports to me, and as his manager I am aware of this suggestion. What I know to be true is that Shaun wouldn't have verified those figures, because they're not the correct figures.

CHAIR - Scott, I have said that this matter need not and should not be pursued. It is a very long bow to draw. We can write, as a committee, to you. That is the course we adopt on this one.

I had a matter and it is within the terms of reference because it relates to the evidence. I need Scott to advise this committee why the telephone call was made to Rod Patterson on 30 October, a day or two before he was to give evidence to this committee?

Mr WADE - I am not sure of the exact date that he gave evidence.

CHAIR - That was on 1 December.

Mr WADE - As I alluded to previously, Shaun Young and myself had a number of discussions in recent times with Rod Patterson and other member of his new board, mainly Rod Patterson and Denis Alexander, and they have been referred to in this hearing today. Those meetings were very open and honest and transparent. One of the accusations that we have been accused of is not being transparent. We were working in a spirit of cooperation, in our view, with Rod and Denis and his new board in support of the South Launceston Football Club surviving and enabling them to play in the NTFA.

When we found out that they were going to present evidence to the committee, I picked up the phone, because we had a cooperative and respectful relationship, and I said, 'Rod, is there anything that I need to be aware of in the interests of no surprises?'. Rod, rightly so, said that he had been asked by his board to speak to no-one and say nothing. I said, 'That's fair enough, mate, it looks like we are going to get a bit of slap' I was very clear; it was Rod who felt really uncomfortable, in my opinion, in those circumstances because he was not able to provide any information to me, when we had numerous meetings where he said we would open and honest and transparent with one another. He felt very uncomfortable and I am aware that Shaun had a similar conversation with him a few days after that, or the next day. In the end, that is as it was. I got from the telephone call the view that the person who was the most uncomfortable was Rod. Anyone who knows Rod Patterson knows that he can't be bullied.

CHAIR - I want to thank you very much for your attendance today. I want to thank you very much extending the process of today as well. Of course, you had no option; you had to be here, you were summoned.

Laughter.

Mr BAKER - We came willingly.

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CHAIR - You would have come willingly anyway. It was a process that we believed we should go through in the circumstances but we do thank you for that and we thank you for the way in which you have presented yourselves today.

THE WITNESSES WITHDREW.