

## PUBLIC

### THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET AT THE LAUNCESTON COUNCIL CHAMBERS ON WEDNESDAY 27 NOVEMBER 2013.

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#### FUNDING OF COMMUNITY FOOTBALL IN TASMANIA

Mr THANE BRADY, NORTH LAUNCESTON FOOTBALL CLUB, WAS CALLED,  
MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Mr Dean) - Thank you very much for your attendance, Thane. Today's hearing is recorded on *Hansard* and it is a public hearing. Whilst you are in this table you have parliamentary privilege that applies to the evidence you give; however, once you leave this table no further parliamentary privilege applies, and you need to be aware of that. If through the process today we reach a stage where you believe evidence you would like to give the committee ought be heard in confidence, please make that request of the committee and we would then make a determination on whether it would be appropriate to receive that evidence in camera.

The terms of reference are very clear. I will read them out so we are all aware of the position:

The funding provided to AFL Tasmania by the Tasmanian government and how that funding is expended to develop and support community football in Tasmania, including umpiring.

The outcomes achieved in respect of the future and structure of community football in Tasmania and those who support and provide services to it as a result of that funding.

That is a term of reference that has been forgotten by some people. The other one is:

Any other matters incidental thereto.

They are the terms of reference, so I would ask you to stick to them as best as you can in providing evidence to the committee. I will open it up for you to make any statements you would like to the committee in relation to this. You haven't provided a written submission to us. We don't have a written submission. We may have questions at the end of that process and/or through it - whatever you are more comfortable with. I will open it up to you and you have the table at the present time.

**Mr BRADY** - Thank you, Chair. As I received a subpoena to appear, I didn't put a written submission to the committee because I wasn't entirely sure about the questions that may be put to me. My background -

**CHAIR** - If you could start with that, I think, and where you fit into football in Tasmania.

## PUBLIC

**Mr BRADY** - I was a junior player with the North Launceston Football Club. I started in 1978, worked through our juniors and went into our senior club. I was one of the young talented players who showed a lot of potential and then after a motorbike accident I went to the pack and became a very ordinary player. I left North Launceston when I was 18. I went out to try to play in the bush and couldn't do it, so I retired. I then went into administration with the senior football club, so I was involved in the previous statewide competition. I was on the board for three years. I have been a member of our Past Players Association for over 20 years and for the last four and a half years I have been the President of the North Launceston Senior Footy Club.

I was the person engaged by the board back in 2008 to critique the proposed licence agreement that AFL Tasmania submitted to us to move from the NTFL into the TSL. I was the presenter at our annual general meeting and I presented the facts as I saw them. It was my clear recommendation to my members that we do accept the licence to go into the TSL.

I have been around the North Launceston Football Club for some time and obviously in the last five years have been heavily involved in the new TSL system - the Tasmania State League. As president of the club, I would like to inform the committee that firstly part of our licence agreement was that the club was to receive \$50 000, which we have received from AFL Tasmania for every year for the last five years of the licence agreement.

That \$50 000 comes from the AFL, so in our licence agreement it clearly says it is an AFL development grant. My understanding is that it has nothing to do with the \$500 000 of the state government funds. It is very clear that it is separate. The \$50 000 is not used for anything other than for the club to appoint a development officer to go out into our zone.

The state is split into 10 zones. We have the greater Launceston-Northern Launceston area ranging out to Flinders Island right across through the north-east to St Helens. That is our zone. We have appointed one of our past premiers players, Scott Hawkins, who goes out and performs roles, both at the community clubs if we are (a) invited; and (b) allowed to. There is some conjecture there that some of the clubs still do not accept us or don't want us. We do work in schools, with predominantly grade 4, 5 and 6 children introducing them to the basics of AFL football.

That is a role that was previously performed by AFL Tasmania. We spend over \$60 000 that it costs us to run that program. It must be made clear that the \$50 000 that we receive from AFL does not do anything to help our club, apart from, obviously, getting our name and our brand out in our zone and trying to help develop those kids to come through our club. That is the \$50 000.

I need to clear up what happens if a player is drafted. Jesse Crichton was drafted from North Launceston to Fremantle. Under the licence agreement the club will received 11 per cent of the draft fee. Back when Jesse was drafted that was a figure of \$5 000 that came to the North Launceston Football Club. AFL Tasmania would have received nearly \$50 000 in round figures - \$48 000 or thereabouts. It is not written in the licence agreement that the TSL club has to share that money with other clubs where Jesse came from. Jesse played in their juniors and he played with Branxholm. Our committee of

## PUBLIC

management decided that we would donate \$1 000 to the junior club and Branxholm out of the \$5 000.

If a player like Jesse Crichton had not played in the Mariners or the Under 16 State side, the club would have received \$15 000 at that stage. It is not a lot of money when you consider all the time and effort that many, many people would have put into the development of Jesse Crichton.

The other issue that needs to be clearly spelt out today is that some people call TSL football elite. From my point of view it is a pathway to give to the players who want to commit, train, work hard and spend the majority of the year preparing and playing football. We are like a university; we are a finishing school for those players. As for whether we are elite, I do not think we are. We are still a community club and this comes back to the issue, of course, of money as to where we want to be in Tasmania.

We see ourselves as a community club. However, we were very keen to play in the statewide competition because it did give our players that pathway to compete against the best. We were really stale in the NTFL and the crowds were not coming; they were not coming to that competition.

How does it all work? Well, the AFL provides a bit over \$2 million to AFL Tasmania to run this program, the TSL program and others. There is simply not enough in my view. There are two points of view. If you listen to the CEO of AFL Tasmania, Scott Wade, he will tell you that the \$2 million is a huge amount of money and that we should be very thankful that he has gone to see the AFL and picked up that sort of cash, and that we are the only state where the AFL directly funds a competition.

The other side of the coin, of course, is that we are a competition that only has a salary cap of \$70 000. It is nothing compared to what happens in Queensland, Western Australia and South Australia because they are funded through the AFL clubs. In Western Australia, for instance, the West Coast Eagles and the Fremantle Dockers provide significant money to the next tier down. What does it mean for us? It means that we cannot attract players; we cannot buy back players who fall out of the AFL system to come back here and try to help us grow our competition and teach the kids. We pick up some good kids who go to the AFL through the draft system, which is fantastic, but they rarely return.

Second to that, it means that our coaching becomes a difficult scenario. We cannot find coaches to coach in our competition so we are becoming stagnant; we are losing talent. Then we have the Ben Brown example this year where he could not get drafted from Glenorchy. So he goes to Werribee and he gets picked up and we all rejoice but he is not a Tasmanian player any more; he is a Werribee player who went to North Melbourne. It looks like there may be a brain drain going on in Tasmania at the moment with young people leaving the state; the same thing is happening in football.

The issue for me is that because we are totally underfunded we are getting less competitive as the years go on. We all hear about the glory days in the 1940s and 1950s where we could compete against Victoria. In the last statewide, we took on a second Victorian side and we beat them. Now we would be 20 or 30 goals short. In five years' time I think the gap is going to be further. The question is: what do we want for

## PUBLIC

Tasmanian football? If we want the big AFL side, we are certainly not going to get it under the model we currently have because we are miles apart and it is getting further apart as the years go on. The AFL's vision for us is that we are going to have a club such as North Melbourne come down and play eight games - shared four in Hobart and four in Launceston - and we should be happy with that. Some people may be, but from a person who volunteers in local football, it is not the way we should go.

In respect to AFL Tasmania, it is no secret that my club has been very vocal against their management style and the decisions they have made. It is no secret that I have said to Scott Wade personally and publicly that I think for the benefit of Tasmanian football he should move on. The main problem we have suffered over the last five years - and I go back to this \$50 000 that every club was going to receive - what we have found out as the time moves on is that that is not the case. We open up the paper one day and read that the Burnie Football Club and the Devonport Football Club have been given general managers by AFL Tasmania.

There is probably some sound logical behind it, but I made a phone call on behalf of my club because we were unaware and were told it was none of our business. They said that because of the governance model in place they are the owners of the competition and we are the employee so we don't have a right to know what is going on. That started to sour the relationship. We lost our reserves competition, and all the clubs were concerned it was taking the fabric out of our club. We were railroaded and told, 'Too bad, move on'. There is a dictatorship there, for sure.

It all comes back to the money. My club hasn't beaten Clarence Football Club in five years of competition. Clarence receives \$120 000 and we receive \$50 000. Why? I don't know why; I can't tell my members why. I asked the board of AFL Tasmania why, and I can't receive an answer. If you look at the playing list of Clarence, when we went into the TSL they had seven or eight players who had played Devils football, and we are playing 17-year-old kids against these mature-age players. What we find out subsequently is that with the \$50 000 that had to be used in developing the zones and getting all the KPIs ticked off, Clarence decided to pay five of their top players \$10 000 each. So they had five development officers; one of them worked in Launceston, but that was okay. AFL Tasmania allowed that to happen. How did we find out? Through the grapevine.

**Mr BOOTH** - But that was additional money that AFL Tasmania was giving to them.

**Mr BRADY** - At that stage, Kim, that was out of the \$50 000. This is very early days. We were all told in 2008-09, 'Put on a person. That person will run the area for you', but they put on five at \$10 000 a pop.

**Mr BOOTH** - That should have effectively breached the intention of the -

**Mr BRADY** - What it did was give them five very good players.

**Mr GUTWEIN** - Thane, you touched on Clarence - and I should make the point that as you did not put in a submission you were summonsed before us today. We have summonsed you as opposed to your club.

## PUBLIC

First of all, are you speaking on behalf of, Thane Brady, President of the North Launceston club, or Thane Brady as an individual?

**Mr BRADY** - The information that I have pertains from my role as the president.

**Mr GUTWEIN** - That is fine. What I wanted to ask you, as you touched on Clarence, there was some commentary in the press in recent weeks about a salary cap probe at Clarence and also a salary cap probe potentially at South Launceston. I know that you made the comment that AFL Tasmania should also get an investigator to look into South Launceston's salary cap from this season to see whether it was maintained at \$70 000. Do you have concerns that it was not?

**Mr BRADY** - Yes, I do. I have a number of issues with South Launceston intervention by AFL Tasmania. In respect to the salary cap, my club lost players that went to South for more than double the payment than what we were offering. That has been told to both Scott Wade and Shaun Young, the general manager, that we were very disappointed with that. Again, it was let happen. When you look at the list South had and the money that we know that some of our players or ex-players were receiving, you would have to question how you could run that club for \$70 000.

In the later part of the season there were also some strong rumours going around that AFL Tasmania were going to pay the South Launceston players payments. I wrote to Scott Wade and we had a bit of an email war to the point of where now he does not speak to me. This was on Sunday 25 August 2013 - I will table this, Mr Chairman, if you wish, but the comment from Scott Wade back to me in respect to South Launceston having their player payments subsidised by AFL Tasmania was, and I quote Mr Wade:

Finally, we have already advised that we will not be paying one cent of South Launceston Football Club match payments - not one cent. Please direct any further questions regarding the TSL to Shaun Young, as he manages the TSL, not me.

**CHAIR** - If you want to table that document, Thane, that would be good but if you want to refer to it further -

**Mr BRADY** - It is totally clear that on 25 August 2013, AFL Tasmania is not paying one cent, and that is coming from the CEO. I will table that.

**Mr GUTWEIN** - Do you believe that is the case?

**Mr BRADY** - No, it certainly was not the case. Subsequently I have had discussions in the last four weeks with the general manager of the TSL, Shaun Young, and this was in respect of my request that AFL Tasmania design a transparency policy. So, whenever we are dealing with money in the future, if there is a clear road map that we can all follow so that there is none of this speculation that it is just Scott Wade looking after a particular club.

Shaun Young told me that we are going into a new licence agreement and that we need to look forward not backwards and I need to trust him. So, I asked him that question, Peter, and I put to him that I keep hearing it over and over and over that the previous

## PUBLIC

President of South Launceston, Mr Ian Goninan, was paying 20-odd thousand dollars, that AFL Tasmania were paying \$12 000 and that the Prospect junior football club were paying \$8 000 towards any South Launceston player - their player payments - provided they signed with Prospect, the new state club. In a phone conversation, Shaun Young confirmed that that was the case.

**Mr GUTWEIN** - To be clear, AFL Tasmania, outside of the normal arrangements with clubs, was now paying South Launceston Football Club players, their match payments if they sign with the new club?

**Mr BRADY** - Yes to three-quarters of that, but Shaun Young's view was they were going to pay all the players. You didn't necessarily have to sign with Prospect.

**Mr BOOTH** - But didn't you say they had to sign up if they took the money?

**Mr BRADY** - That's what I put to him and he confirmed that, yes, Ian Goninan was paying, AFL Tas were paying and the Prospect Juniors were paying an amount each, but it was to satisfy all player payments.

**CHAIR** - Did he say why the Prospect Juniors were involved in it? What was their part in it?

**Mr BRADY** - It was exactly my secondary question. I would find it difficult - I have a son playing junior football - I pay my registration. I am not sure I would be overly comfortable knowing that some of my registration fees went to paying another club's senior team for the previous year. Shaun Young didn't qualify it any further. Shaun Young came to our committee of management meeting two Mondays ago and he confirmed those arrangements.

**Mr BOOTH** - How would they be brought to account in those club's books? Like a junior football club would be paying - when they do their accounts what would that show as?

**Mr BRADY** - I don't know. If it was the accounts that we run we would have to show it as a donation.

**Mr BOOTH** - And the private ones, like Ian Goninan, for example, that \$20 000 how could that be directed?

**Mr BRADY** - You will have to ask him; I don't know. I'm not sure how he would do it.

**CHAIR** - I just want to get this perfectly clear. When was that conversation you had with Shaun Young, the date of it?

**Mr BRADY** - I will have to find the date. I clearly remember I was standing in knee-deep water at Lake St. Clair Lagoon. I took the phone call after just missing a fish, so it was a beautiful place to take a phone call.

Subsequently it was two Monday nights ago at our committee of management meeting where Shaun Young acknowledged that they were involved. Further, because I needed to ask him another question about it, I asked him where the money came from and he told me that it was out of this year's budget - 2012-13 budget.

## PUBLIC

**CHAIR** - The AFL Tasmanian budget.

**Mr BRADY** - The AFL Tasmanian budget. We have not only put in nearly \$300 000 to South Launceston Football Club in the last season to operate, but they are also topping up the match payments. They must have had an awful lot of money set aside in the budget. However, in the budget documents that I have been provided with by Scott Wade, up until the first nine months I cannot see a line item where such funds are allocated.

**CHAIR** - Before we get too far away from it, can you provide to the committee the date of that discussion with Shaun Young when you are able to? We would appreciate that very much; so if you take that on notice for us and do that because it is a fairly significant date.

**Mr GUTWEIN** - Thane, just so we have some context here, where did North Launceston finish on the ladder this year?

**Mr BRADY** - As we have done for the last three or four years, we finished seventh.

**Mr GUTWEIN** - South Launceston obviously won the premiership. Are you of the view that your club was unfairly disadvantaged in regard to your prospects of winning a premiership this year because South Launceston was assisted by the AFL? You have mentioned the figure of \$300 000 and now we have heard that it has been confirmed by the AFL that they were also paying match payments for players. What is the view of your club about what that means to the North Launceston Football Club?

**Mr BRADY** - It's been a really difficult time for us. Given that we have been offered a new licence agreement to participate for another 10 years. There are certainly some members of our club who feel that effectively we are there to hold up the numbers; that we are there to come sixth or seventh each year. We are penalised because in the first year of statewide, before I became president, the club lost \$11 000. From that year on, in the four years that I have been president, we have returned a profit. But to do that you have to either raise your revenue or cut your costs.

I am seen internally at my club as a very stingy person who doesn't spend a lot of money. South Launceston, for example, has a full time coach. You guys have been around football. You know that there is a huge difference when you can have a full-time coach who can make contact with his players at any time, up against a club like ours that has the coach who works full-time and participates wherever he can outside of work. It is a distinct advantage, a massive advantage.

We believe in equalisation; we were South Launceston supporters. The reason is that whenever South and North played each other we picked up really good crowds because we basically hated each other. We had a great rivalry and I would stir that up and so would South Launceston. We needed South to be in the competition but it is really hard to attract buyers and to keep people interested when they know full well that we are coming up against a contrived side - not to equal us but to go past us in a big way, as they did.

## PUBLIC

**Mr GUTWEIN** - Do you believe that South breached the salary cap and do have an idea as to how much they may have breached it by?

**Mr BRADY** - This is just going on the limited information that comes through about player payments but the original deal was that if you have a playing coach, 20 per cent of his match payments, 20 per cent of his overall payments have to go into match payments. If you have a coach on a \$100 000 who was being paid for by AFL TAS, I suspect they didn't put any of that into the salary cap - I suspect they probably changed the rules.

When you take into consideration what other players are supposedly being paid - and we have seen some examples of that through our negotiations - they were certainly paying a lot more money than what we would have for the same type of player who has played the same number of times - significantly different.

**Mr GUTWEIN** - Following on from that, in the testimony from Mr Newport and Mr Lawrence at the previous public hearing, both in their submissions and publicly they indicated that they felt that what had been occurring at South Launceston was that contracts were being pumped up so that they could get the playing group on the field. Those contracts were being pumped irrespective of whether or not the club could pay for them. I was wondering whether or not that is your view?

**Mr BRADY** -Definitely. We know that people and players talk. South Launceston had always had a really good junior program; they had lots of really good guys that went into the mariner program as did we. I can recall on one occasion that one of our mariners came back and said, 'I am talking to such-and-such at South Launceston, another player of the same age playing senior football, and South Launceston has put his player payments up to \$250 a game'. At that stage we were paying \$90 to \$100 to that same player. So we had to match our mariners and give them a significant increase because South Launceston was leading the way.

It was in 2012 when that started to occur and that was about the time that Daniel Smedley started to take over the contracts. Likewise I can recall seeing a text message from a player who left South Launceston and was coming to us. He received a text message from Daniel Smedley offering him over \$250 a game. The player signed with us for much less than that because we couldn't afford that sort of money. If we did match it, we would be in the same position as South Launceston.

That is one of the issues that I think most people in the public domain were concerned about. How could a club that already had financial problems to the point where AFL Tasmania offered a CEO to go in - and then instead of looking at lifting revenues and lowering expenditure - we did not worry about revenues, membership, bar trade; all we did was focus on trying to win a premiership, but the general manager of AFL Tasmania, Shaun Young, said so in a media release before Mr Patterson appeared before this committee. Shaun Young said he was very proud of what the intervention achieved. One of the things he pointed to was the success. I do not accept that at all because success in TSL football does not deliver any extra people through the gate; you do not get prize money for coming first.

AFL Tasmania should receive every club's profit-and-loss every month; so they should know exactly how all are travelling. If we look at Clarence, Burnie and Launceston, the

## PUBLIC

three successful clubs in the TSL in the last five years, Burnie in particular has a great player, Jason Laycock, who played with Essendon. If you watch a game at Burnie, there is no-one there. Last year Burnie was reigning premiers and they have really good players but no-one goes. AFL Tasmania should know that being successful on the field does not equate to bums on seats. So why then did they allow \$300 000 to go into South Launceston? That is money that could have been spent on much greater purposes, for one premiership and now the club is in turmoil. In my view, that is due to pathetic management.

We talk about the elite - these young kids in the under-16s and under-18s and we love following their careers and seeing them get into AFL, but they pay for that privilege. The kids pay a levy to AFL Tasmania to participate in that competition.

**Mr BEST** - Thane, thank you very much for your evidence today. I would like to clarify a couple of things. I think you said that the AFL is putting too many dollars into the state league and that primarily it is broken up into different bits - some of that \$50 000 you receive was purposely for a development officer.

**Mr BRADY** - Yes.

**Mr BEST** - Then there is the state money, some \$500 000 the taxpayers provide to the AFL. You also commented then about the model. What do you think the onus is in regard to taxpayer money going to the AFL? What do you think is owed back to the community?

**Mr BRADY** - Our club does not get involved first-hand with the \$500 000 spend. There is an AFL officer in Launceston, Brett Mansell, who in my understanding works predominantly with community engagement. We support him. For instance, if you are asking about the spend, there wasn't an Auskick program in Ravenswood so Brett Mansell put that together and we went and helped him by sending players up there. Is that community engagement? I think it would be. We are on the periphery of it; we assist guys like Brett.

I personally go to Flinders Island each year and represent the club. Brett provides all the footballs for them; that is community engagement. Flinders Island do not get a lot of footballers over there. It is difficult for me to say because where do we want to spend the money? At Brooks High School, where I went to school, we had heaps of football teams but there are now none. Should the money be spent on trying to get into the education system and finding out why our high schools will not provide football?

**Mr BEST** - If I could clarify the question further, the fact is that that is a community investment or, if you like, a taxpayer investment. Do you think that there should be more involvement in the direction that things are going? You spoke about the \$2 million but do you think because the government is supporting the AFL and these areas? What do you think the contract, the social licence, is with the Tasmanian community and the AFL? You mentioned that you felt that is the model that they have set in train. Do you think that there need to be obligations or further arrangements and discussions with the Tasmanian community and football in general, or do you think the \$2 million is the AFL's money and off they go?

## PUBLIC

**Mr BRADY** - AFL Tasmania is the AFL in Tasmania. This is why Scott Wade has said publicly on numerous occasions that he does not report to the public in Tasmania; he doesn't.

**Mr BEST** - Do you think he should, that is what I am asking you?

**Mr BRADY** - I do not have a problem with the governance model but I think it is the way that the operation is run. That is the issue because there is not the communication there should be there. I think most people in Tasmania who follow football do not listen to Scott Wade any more because of his arrogance. They are a secret society. They never advertise. Any organisation that receives state government funding should be transparent. How do you get on the board of AFL Tasmania? Well, again, that would be extremely difficult to do. You would have to be in the know to get on there. So I think the organisation itself being an independent body is a good thing because it saves 10 presidents of the TSL coming around a table trying to run the competition. Saying that though, it would be nice if we had the opportunity for some communication and some input, and that is what is lacking.

**Mr BEST** - That is what the issue is really, isn't it?

**Mr BRADY** - That is what is lacking.

As for how they equip the \$500 000, I am very confident when you take submissions from AFL Tasmania, they will be able to demonstrate how they acquit that grant with no problems at all. It is the bigger picture of whether we are prepared to basically take a little bit of cheese off the table of AFL because that is all we are - we are just the mouse at the bottom. Are we prepared to do that under the current leadership - that is all good, this is the way we are going to be?

**CHAIR** - Can I go into one point that you raised very early in the piece, Thane, and that was in relation to your position. You have a development officer, as I understand, in the schools working within the schools, is that right?

**Mr BRADY** - Yes.

**CHAIR** - That is funded by AFL Tasmania at \$50 000 is that right?

**Mr BRADY** - Yes. The \$50 000 is for the appointment of a development officer. It costs us more than \$50 000 though, Ivan, to run the programs.

**CHAIR** - Is there a formal contract in place between you and AFL Tasmania for that to occur? I am trying to find out what sort of feedback are you required to give AFL Tasmania. How does it operate?

**Mr BRADY** - There are KPIs in place and all this is about to change. Currently we have to go to x number of schools and under the AFL guidelines we have to do at least a six-week program targeting grades 4 and 5. Sometimes it is difficult to go to Winnaleah or Branxholm for six weeks in a row, so we try to set it up, and work with the teachers so the teacher might be able to deliver the last lot of it. I will give you an example. In 2009 in the first year our stats were so high, the participation stats, and South Launceston had

## PUBLIC

not taken any initiative at all, so AFL Tas took the stats off us and put them on South Launceston's stats.

**CHAIR** - They credited South Launceston with some of the work that you had been doing?

**Mr BRADY** - Correct. Things change all the time with AFL Tas.

**CHAIR** - Thane, what are we saying then? That the \$50 000 that South Launceston would have received for that same position, that development officer, are you telling us that that wasn't occurring?

**Mr BRADY** - Well, they didn't get the stats. They couldn't provide the stats.

**Mr BOOTH** - Didn't you say that they spent that on 10 development officers?

**Mr BRADY** - That was Clarence.

**CHAIR** - As a result of that, did you do anything about that? What was your position on that? Did you just accept that?

**Mr BRADY** - There is no recourse, Ivan. There is no appeal process and there is no disputes process. All you can do is vent your frustration and then if you have a view that is anything different to Scott Wade's, you are viewed immediately as a trouble-maker, a negative person. That is how he runs.

**CHAIR** - So did South Launceston have a development officer then to your knowledge?

**Mr BRADY** - Yes.

**CHAIR** - Who was that?

**Mr BRADY** - I do know but I don't think it was the person's failure at all. My understanding is that person was then used to do lots of other things outside of the principal purpose of his engagement. That is my understanding.

**Mr BOOTH** - I am just interested in regard to how the \$500 000 of public money is acquitted in terms of its purpose, which is to promote grassroots football. Do you believe that the \$500 000, notwithstanding the audit trail for it, but do you believe that it is actually acquitted right across the state in the way that one would imagine it should be intended as part of the grant?

**Mr BRADY** - I cannot answer that, Kim; I don't know. All I can say is that the interactions that we have with the operative in Launceston, Greg Mansell, is first class. The work that he has done with the indigenous community and the work he has done around our area - Waverley, Rocherlea - has been fantastic. Women's football, I know that is another area that AFL Tas has really supported and I am again presuming it is coming out of the \$500 000. But we are not privy to that information. We don't really know how they have acquitted it. From dealing with an operative, it has been first class.

## PUBLIC

**Mr BOOTH** - But specifically that particular one that you mentioned - Clarence, for example, the money they spent on 10 development officers - on the surface it looks like that is just a way of topping up their salaries, isn't it?

**Mr BRADY** - Absolutely.

**Mr BOOTH** - Would it be a fair thing to say that in that case it appears that the money provided for grassroots football is to pay better football players for the club, but nothing to do other than the wash-down effect of encouraging community football.

**Mr BRADY** - The separation would be that it's AFL money, not the Tasmanian government's money. The \$50 000 was the AFL grant and, yes, Clarence, no doubt - I have no doubt that they could not have achieved the desired outcomes effectively using five players to do it. Given our experience with it, if they were going to do it properly they needed a coordinator with the skills and abilities to do it.

**Mr BOOTH** - I can draw my own conclusion about accountability and it sounds like there needs to be greater accountability and transparency measures. But do you think that is something that people in the game would want to see? You have this \$500 000. Where is the money trail? Where does it go out to community football?

**Mr BRADY** - Absolutely. I think that is vital. Any government money needs to be brought to account. I think that is something that certainly can be improved on because I am working in the system and I cannot tell you where the \$500 000 is spent because AFL Tasmania hasn't told me. Yes, I think that could be a significant improvement if that acquittal is put out into the public.

**Mr BOOTH** - Is putting the money for that sort of development - grassroots football - through something like the AFL, the most appropriate way to encourage participation, or do you think there would be other ways that would be better? Should the money be going straight to the clubs, for example, rather than being drawn into the vortex of the AFL?

**Mr BRADY** - My problem with money going straight to clubs is that it has been proven that you can't trust us. The great majority of clubs, if they are given money, will put it on winning a premiership rather than looking at three, four and five years down the track. History shows us that.

**Mr BOOTH** - But can you trust the AFL?

**Mr BRADY** - I am not suggesting that that is the perfect model either. What do we want to achieve out of it?

**Mr BOOTH** - That is actually where I am getting to, and perhaps you can paint that picture because it is public money - we are obviously inquiring into that - and is this the best model, or do you have something which would be a better model?

**Mr BRADY** - I believe that Tasmania should have an AFL side and I believe that the AFL has treated us very poorly. Because our market is already saturated - we all watch the footie, we all buy our memberships - and we cannot grow. We throw \$80-odd million over  $x$  number of years in New South Wales. Any kid that goes to the show gets an

## PUBLIC

Auskick showbag, and he gets ticked off as participation. I think we should aim for an AFL side but we cannot do it with our programs from Auskick through to the TSL - so we are now talking grassroots - we cannot do it with the structure as it is now. We are too far behind. We need to get down to Auskick and we need to start improving our coaching and improving the kids, just like they do in Victoria where they have several different levels of talent. So you could have a kid running around who just wants to have fun but you have to provide an opportunity for the next kid up.

So the \$500 000 - for example, maybe you could go to separating out of the NTJFA and the SFL and the north-west competition, separating the talent of the 12s, 13s, 14s and 15-year-olds because at the moment the talented kids are not being supported as they should because it is all about participation, which is great. But it means that when I go to watch my son play - every Sunday - he only plays three quarters of football and there is no school football.

The kids in Victoria might play six or seven quarters, and they are in development squads because the money is there. So maybe we need to - and this is in a discussion paper that I wrote to AFL Tasmania and to the other clubs last year - that we need a statewide competition for 14- and 15-year-olds. In New South Wales right now they are starting to do it for under-12s. Next year, Tasmania will have an under-12 state team - a grade 6 state team. That is where we are going. But if we were able to pull those kids out of the talent pool, it means that the participation competitions can truly be participation.

Anyone who goes to any junior football on Sundays would be horrified with the behaviour that goes on week after week. It is a disgrace. Most of the coaches try to coach for premiership points, so it is participation - they tell kids to stay home, they are sick, they pretend they're injured, and whatever, to get them off the ground. The behaviour of the parents is really poor because they all want to win. So if we are able to not be afraid about talent and pull those kids out and put them into a program, because if we want an AFL side, our development from six or seven years old right to the TSL has to be double what it is now, and the only way we get that is money.

**Mr BOOTH** - How are you briefed? How are the clubs actually briefed about the AFL plan? How are you briefed about their vision? Do they get you into a room?

**Mr BRADY** - Yes, they get us in a room. They have a 20-year plan and they want clubs like us to become centres of excellence. They want us to be community-engaged; so they want us to be linked with the soccer team, basketball team, netball side - all good stuff but we have to do it, effectively, on our own. From the new licence agreement we pick up \$100 000, which is the \$50 000 for the development and another \$50 000 to improve our club. It is not player payments; it is to improve the administration and management. There are five pillars that they now want us to concentrate on, like our structure and -

**Mr BEST** - This forum or this meeting, when does that take place?

**Mr BRADY** - AFL TAS call them and all the presidents go down and then we are assessed. Each club had to write a 10-year development plan and that had to meet the criteria before we would receive the licence. Effectively, it is about how you can grow your club over the next 10 years, how you improve the community engagement, how you improve your facilities, and the structure of the club.

## PUBLIC

**CHAIR** - That model, Thane, that you talked about - the \$50 000 plus the other \$50 000 to improve the club - when is that going to commence from?

**Mr BRADY** - It is now. As soon as you sign the new licence agreement because our old one has now expired for the first five years. That is all AFL money; that is the \$1 million that Scott Wade talks about. What does it cost to run a TSL club? We've seen Devonport go down the tube; we've seen South now no longer here and of course most other clubs, apart from Glenorchy and North Launceston, were still on \$50 000 after five years.

That shows to me that every other club needs help. I would suggest that if we want a TSL competition, the club's need \$300 000 each, not \$100 000 - that is the difference. I think we will continue to see more clubs fold. I have grave concerns about the Prospect model because effectively, there is not enough money to go around to run the club. You need \$400 000 or \$500 000.

**Mr BEST** - In relation to the forward planning and the meetings that take place, I'm not too sure how sensitive this is so I won't quote from it but I'll just use it. Regarding the terms and conditions for the competition for each club, you are saying the terms and conditions can't be the same for each club, or they can be interpreted differently because they have different arrangements.

**Mr BRADY** - Yes, there are five pillars on which we had to write our 10-year development plan. So we had to demonstrate how we were going to improve our community engagement as an example. Obviously, our plan would be different to Glenorchy's plan.

**Mr BEST** - I see; that is different to the terms and conditions contained in the licence agreement.

**Mr BRADY** - The facilities would be different. We don't own Aurora; we just pay money to be there. But let's say the Kingston side coming in; they would have a very different plan about their facility upgrade in the next 10 years compared to where we are.

**Mr BEST** - If you were given the option to have five development officers who are players?

**Mr BRADY** - If we had known we could have done that, we probably would have done but it didn't come out until two or three years later.

**Mr BOOTH** - It goes back to the accountability. I am looking at Scott Wade's email of 10 August 2013, which I think you probably have a copy of, but he says:

You run your club and you let me be the CEO of AFL Tasmania without constantly telling me to resign. I will resign when I am told to by the people I report to and/or the people I respect. I certainly do not report to you or any other club or League President and I certainly do not report to the public of Tasmania.

That seems to be indicative of a person who seems somewhat out of control in regard to handling public money. Would that be a reasonable comment?

## PUBLIC

**CHAIR** - You need to be fair I think, Kim, in the way you put that question. Can you rephrase that in another way?

**Mr BOOTH** - The point I am getting to is: Scott Wade seems to have made it clear from that email that he does not report to the public of Tasmania, but they take the money from the public of Tasmania.

**Mr BRADY** - That is correct, given that Scott Wade is on the public record numerous times as saying the same thing because he reports to the AFL. He reports to his board who are effectively the representatives of the AFL. He has called me an employee before, or my club is an employee, and he is the employer and we are not in a position to ever question him.

In meetings where he has asked me how we can improve Tasmanian football I have suggested to him that he should resign. So, it is no surprise to him. It is not personal, but a good leader should be able to listen to other people's points of view, not be afraid to discuss things, and to be open and transparent. Of course, I do think he has a duty to the public and the community because football is a community asset, as I see it. So, we disagree on those points. Scott also has a wonderful knack of dividing and conquering and, if I may, I can give you an example.

Five TSL clubs came together and wrote a letter to the AFL because we have received no information at all, no factual information, about how a club like the new club like Prospect was actually going to operate. Where was the business plan? At the same time, *The Examiner* reported on this letter of the five clubs and it also reported on a newsletter that I had sent out so. There are two separate articles in *The Examiner* of 24 August and very clearly, they are two separate articles. This is one about the letter of which I was asked a few questions and I did not and - you can read it for yourself - I did not disparage AFL Tasmania in any way. Mr Wade, decides to write to all of the Presidents who were involved in the letter and I quote here on 24 August in an email:

The comments in today's *Examiner* newspaper clearly implicate all five of you and your respective clubs. Again, well at least the cards have been laid on the table. We can only assume that all of you and your clubs have no confidence in our ability to administer the TSL.

He has taken my newsletter comments and gone back to the other four presidents and suggested that I was talking on their behalf and now that they are in trouble because I have come out and said the TSL or AFL Tasmania should do better. I raised this with him and I said, 'You clearly have misrepresented me and I would like an apology'. Shaun Young tells me that there is no way that Scott will apologise but he will acknowledge that he got the articles wrong. But he can still disparage me and try to make me look like a fool in front of my co-presidents. That is the sort of person you are dealing with.

**Mr BOOTH** - I was heading back to the accountability mechanisms and the fact that he publicly says that they do not report to the public of Tasmania, or he says in this email that he does not, so it is acknowledged as a statement. It also worries me that he says in effect, 'If we are determined to intervene, determined to own a share in a club, put people

## PUBLIC

in a club, club support - whatever the issue is, that is our right to do so and we will keep doing it'.

In terms of promoting grassroots football and the money that is paid into the AFL, that gives them pretty extraordinary capacity to completely withdraw support from a club, or a program might be going that has been funded by public money, or I presume it would -

**Mr BRADY** - Yes.

**Mr BOOTH** - Those accountability mechanisms, do you think that the reporting back effectively to the government, I suppose, for the funding should be very specifically where it hits the turf, if you like - the money?

**Mr BRADY** - I would say that would be imperative, yes. That gives everyone comfort. Again, I am saying that on the basis that I am not privy to that information. I do not think most people in the community would know where the \$500 000 is actually being spent.

**Mr BOOTH** - There would be alternative models rather than funding through the AFL. Do you think there is a better model than funding through the AFL? Or is it more just probity arrangements that need tightening up, and accountability mechanisms?

**Mr BRADY** - I think that is the case. I think it needs to be more transparent.

**Mr BOOTH** - Yes, but in terms of another model, would there be another model that may be better? I am not saying there is; I am interested to know whether you think that clubs like yourselves should get a share of that grant through transparent application and get that money specifically to deal with grassroots football issues. Or do you think it is a better model to have it going through the AFL Tasmania who then dole it out to wherever they want to?

**Mr BRADY** - I think it depends on what the program or programs are to be delivered. It may well be that using our resources and skills that we could go and assist competitions lower than ours, but I think it comes back to what is to be achieved?

**Mr BOOTH** - That is what I am wondering in terms of the criteria for the grant but also really the administration of it. Setting aside the specifics of the purpose but in terms of the efficiency of distributing public money, it is usually better to go straight to the recipient rather than watering it down through a whole range of committees and finding it goes on other things. I am interested to know whether you have a view that that would be worth looking or not worth looking at. I do not have a view.

**Mr BRADY** - I think the AFL Tasmania receiving the money is appropriate but it is the transparency and the reporting that needs to be improved.

**CHAIR** - One would expect obviously that to be within their annual report - the proper identification of the \$500 000 from the government and where it has been expended and all of the circumstances around it. Have you had a look at their annual report, Thane?

## PUBLIC

**Mr BRADY** - I was provided with a nine-month report ending 31 July. Government grants are listed in the revenue as budget \$500 000 forecast \$500 00 and year-to-date \$500 000. It does not go any further to say how much of that was split between wages, programs -

**CHAIR** - No breakdown of it.

**Mr BRADY** - That is something you would have to ask AFL Tasmania.

**CHAIR** - The document you referred to - the discussion paper, would you have any objection to tabling that document? I think you said you put a discussion paper in.

**Mr BRADY** - I certainly did. There is a discussion paper on junior football; I am happy to table that.

**CHAIR** - Thank you.

**Mr GUTWEIN** - Thane, coming back to the other presidents, you have mentioned there were five of you who signed a letter or put in a submission regarding some concerns. I have declared to the committee before that I have an interest and I have supported South Launceston Football Club over the years. Your testimony today is both bitter and sweet. Obviously, I am pleased as a supporter of that club that we won a grand final but as I have inherent underlying belief in fairness, it seems to me today that what you have told us is that your belief is that the AFL provided South Launceston Football Club with around \$300 000 worth of support over the course of the season and - correct me if I'm wrong - it's your belief that South breached its salary cap?

**Mr BRADY** - Yes.

**Mr GUTWEIN** - It's your belief, and you have informed us today that it has been confirmed by Shaun Young, that AFL Tasmania paid some of the South Launceston players at the end of the season?

**Mr BRADY** - Yes.

**Mr GUTWEIN** - It appears to me from your testimony that your club has been unfairly disadvantaged as a result of that. Obviously, South has won a premiership and you ended up - what position on the ladder was it again, seven?

**Mr BRADY** - Well, outside the five.

**Mr GUTWEIN** - What is the view of the other presidents with regard to the circumstances that you find yourselves in, where it appears that one club has been advantaged over others and as a result has won a premiership? Where does that leave the other presidents' views in terms of both their clubs and the supporters that they represent?

**Mr BRADY** - I cannot speak for the other presidents. It is a matter for each individual.

**Mr GUTWEIN** - Can I ask you, are other presidents as concerned as you?

**CHAIR** - And are they aware of it?

## PUBLIC

**Mr GUTWEIN** - And are they aware of it?

**Mr BRADY** - I think the majority of presidents are aware of it, yes. It's okay for my club to be vocal; we're the vocal club. It's quite possible that if I had not come out on behalf of my club in July and raised the issue of how much money South Launceston was receiving and how it caused an over-equalisation - I made the comment to the *Examiner* about that, 'It must feel like dancing with your sister'. You know that the whole thing is contrived, so where is the pleasure out of the success when it has been devised that way that you are going to win most of the games? It was from that point on that it would appear that AFL Tasmania did make a shift.

I somewhat regret those comments now because we did not want to see South Launceston out of the competition. I think AFL Tas have made a complete misjudgement here, a terrible misjudgement with the money that was invested because if South Launceston were in trouble, they should have been given the opportunity to trade out of that, not through a premiership, but through trying to restructure and get some revenue in place.

It's been quoted that South Launceston only had 3 per cent of the budgeted membership. They had three employees. Most clubs run on one. How could you possibly be in a situation where you failed to do a membership drive and a follow-up, especially when you are performing so well on the field? It just doesn't add up. We would have absolutely supported South Launceston receiving extra funds, but we wanted to see those funds go into the bricks and mortar of the place, the foundation of the club, so the next lot of Auskick kids at South Launceston can come through and play in their senior side in the TSL.

Now we have a situation where 7 km as the crow flies, we are setting up this other TSL club according to the budget figures that Scott Wade produced for us. This document came out of the letter that the five presidents wrote. Here is all the supporting information as to why we need a TSL club at Prospect.

**CHAIR** - Just on that document, I'm not sure that we have that?

**Mr BRADY** - You don't have it, Ivan.

**CHAIR** - No.

**Mr BRADY** - This was something that was presented to me when I went to the board meeting of AFL Tas on 16 September.

**CHAIR** - I am just wondering how the committee can get a copy of that document, Thane?

**Mr BRADY** - You will have to ask Mr Wade.

**CHAIR** - We can do that through AFL Tas. Sorry, the title of it so we have the right title?

**Mr BRADY** - Meeting between AFL Tasmania Board of Management Team and the Tasmanian State League Presidents, Rydges Hotel, 16 September.

## PUBLIC

Following on from what Peter is suggesting with South, we had a great rivalry; we had a tradition between South and North Launceston that was great for both of us. Now we are going to have to start again with Prospect, which we didn't want to do. But if we look at the budget that AFL Tasmania has put together for this new club, it doesn't give me any confidence at all that these figures are going to be achievable. I fear, based on my experience, that the Prospect Club is set up to fail because it is revenue-based. I can give you an example. In its first year, \$80 000 net sponsorship is the budget. Hawthorn take most of the sponsorship out of Launceston. Between the Launceston Football Club and us, if you put our sponsorship together, I doubt if you would get \$80 000.

Membership - the North Launceston Football Club has the only active past player membership in the state and we have 130 paid members. The membership here proposed for Prospect is \$30 000. We would be lucky to generate \$7 000, as an example, and we have been around 120 years.

**Mr GUTWEIN** - On that figure, that is \$30 000 worth of revenue from members. What is a membership of a football club? What do you charge at North Launceston?

**Mr BRADY** - Between \$25 and \$50 depending on what it is. The budget break-up if you would like to know, Peter, is 60 listed players paying \$250 per player, so that is a player sponsorship that generates \$15 000; family members - 200 family members at \$100 each, \$20 000; adult members - 200 at \$50 each, \$10 000; and kids members - 100 kids at \$2 each, \$2 000. To me that is just pie-in-the-sky on the understanding that I have both of my club and benchmarking with others. It is even more difficult given how this Prospect Club has been set up because its owners are two other football clubs. This is a separate entity.

If your child plays with the Prospect Junior Football Club, you will pay a registration and out of that registration you become a member - normally it is about \$5 of your registration. You are a member of the junior football club, then you have an NTFA club, which owns the other half. If you play there, you have to be a member. Then you have to become a member of the new entity. Times are tough and I just do not know how the mums and dads of the world are going to become a member of more than one club; it just does not happen.

**CHAIR** - I am getting to the stage where I am going to have to round this session off. We have gone over time already, but Peter do you have any further questions on that or any new issues? I think Paul had some issues as well. Are there any new issues that you need to raise with Thane at this stage?

**Mr GUTWEIN** - No, I think you covered it. You did mention Daniel Smedley earlier on and you raised the fact that as the CEO or general manager of the club that he was responsible for player contracts. Was he paid by AFL Tasmania or by the club? Do you have any understanding of that?

**Mr BRADY** - It is my understanding that Daniel runs his own business and he was contracted into the role of CEO by AFL Tasmania and that AFL Tasmania made that offer to South Launceston. This is some two-and-a-half years ago.

## PUBLIC

**Mr GUTWEIN** - You also mentioned that South Launceston had only 3 per cent of its membership signed up.

**Mr BRADY** - Yes, that's my understanding.

**Mr GUTWEIN** - Based on those events - and obviously it has been mentioned to this committee before that Daniel had a strong role with Prospect prior to joining South Launceston, and may still have some role there - what is your view on how events transpired whereby South Launceston as a football club suddenly ended up in the position where after winning the flag it was no longer a member of the statewide league and that Prospect ended up with the licence?

**Mr BRADY** - I am saddened by it. It is my understanding Daniel Smedley had been at South Launceston for two-and-a-half seasons. Between the president, his committee and a CEO over two-and-a-half years, surely they would have had the opportunity to run a membership drive. It would have been reported every month when they sat as a board; every month the figures should have come in. That is how most committees operate, so I can't put the two together. It is obvious that their revenues were falling, yet whether it was through AFL Tasmania telling them or not, but somebody made a decision to spend big. That is exactly the opposite to what we were promised in late 2008 because AFL Tasmania said - not like the last statewide - we were all guilty of overspending; we paid too much money and money we didn't have.

Under this new model, they would critique our figures, audit our books, and we would be in a position where we couldn't overspend. I can't reconcile how we have a paid AFL Tasmania consultant in the business for two-and-a-half years, yet the end result was the whole place crumbled to the point where they could only be offered a 50-50 licence. It doesn't add up. I can fully understand how people in the community and South Launceston people think they have been duded. Someone has made a serious error here - a grave error. Who is taking responsibility for it? No-one. We all celebrate the premiership and move on; shut the doors and we'll go up the road and start again. It is not good enough.

**Mr HARRISS** - I have a question on the accountability matter of the state government funding that goes to AFL Tasmania. Some clubs and individuals who have appeared before the committee have done some maths and said each club gets \$50 000. So with the 10 TSL clubs that equates to the \$500 000. I think that is just coincidental; there is not a direct path that says that \$50 000 by 10 clubs equals the \$500 000 for community development.

**Mr BRADY** - That is absolutely correct. The \$50 000 that each club received under the licence agreement states its AFL development brand. It comes from the AFL and we have nothing to do with the \$500 000 state funding.

**Mr HARRISS** - You mentioned earlier you are reporting back to AFL Tasmania and having to satisfy some KPIs. Is that direct reporting back to AFL Tasmania as to the funding they provide each club?

**Mr BRADY** - Yes, that's correct. With the development brand, there are certain programs we have run in the primary schools. Our officer will take note of what school he goes to

## PUBLIC

and how many kids participated. It is an introduction to football; so the kids learn about how to handball, how to do the basic kicking, and picking up off the ground. We have to demonstrate the schools we attended and how many students went through it.

**Mr HARRISS** - That could well be a very significant and important component of developing grassroots football. That would help satisfy AFL Tasmania's reporting back to the Tasmanian government as to its \$500 000 funding. So it could easily be contended that some of the money which they provide to TSL clubs goes directly to developing and promoting grassroots football. That could satisfy some of their KPIs to the state government, I would have thought.

**Mr BRADY** - Possibly, but I am not qualified to say; I am not sure.

**Mr HARRISS** - Finally, as regards any funding which comes from the state government for the development of grassroots and community football or whatever the expectation of the state government is for \$500 000, would you have a view as to whether the Tasmanian Football Council might be well-placed because of its direct connection with a huge number of football clubs to receive some state government funding for that grassroots development?

**Mr BRADY** - I have had no contact with the football council. Again, given the announcement that they made in respect to Devonport having to stay in the TSL when they do not want to and cannot afford to, and secondly, the football council having made a statement that South Launceston would be allowed back in the NTFA when the NTFA did not know about it, at this stage, I do not have a lot of confidence in that organisation.

**Mr BOOTH** - This goes to the salary cap issue. I am interested in what contractual arrangements, if you like, or obligations, you have with AFL Tasmania to stick to the salary cap? Is that something you sign a document and so forth?

**Mr BRADY** - Absolutely. The process is that for every player on your list - you have a senior team and effectively a younger team coming through - the younger team is not paid. So those guys who play in the colts play for nothing, but they sign a contract to say that if they do play seniors this is what they will receive per game.

Those contracts are between AFL Tasmania, the club and the player. So every contract once it is executed has to be provided to AFL Tasmania - every contract. So they receive every player contract and we also provide them with a spreadsheet where you have to put your highest-paid players, under the contract, and propose that if they all played on one day, which again is rare, and they played the 18 games for the year that they would be at your \$70 000. So, you can prove that what you have signed cannot go over the salary cap. All that is provided to AFL Tasmania and then further to that they send their operatives in and they will select at random eight or 10 contracts and they will go to that player and they will ask that player to execute a statutory declaration to say that that was all he was paid.

**Mr BOOTH** - What is the outcome then, if you breach the salary cap? What are the punitive measures or enforcement measures if you like? What happens if you breach it?

## PUBLIC

**Mr BRADY** - You can lose points. You can lose some of your development grant and - worse case scenario - you can lose your licence.

**Mr BOOTH** - So what about in the reverse? If AFL Tasmania had knowingly breach a salary cap by providing money to a player for example is there some -

**Mr BRADY** - What can you do? There is no recourse at all; that is AFL Tasmania's decision.

**CHAIR** - Has AFL Tasmania the right to change that salary cap? Can they alter it for any purposes? In other words, increase it to \$80 000 or \$90 000?

**Mr BRADY** - Yes they can and it has been lifted by \$10 000 in the last five years.

**Mr BOOTH** - On an individual club basis, or just across the board?

**Mr BRADY** - No, it has to be over the league.

**CHAIR** - My question was, have they the right to, say for instance, South Launceston because they have these players coming in, we will increase their salary cap by \$10 000 or \$20 000 or what have you, or \$30 000 or \$40 000 even?

**Mr BRADY** - To answer that question I think I can say that AFL Tasmania are a law unto themselves. So yes, they have the right to do whatever they like and I think that is what Mr Wade has clearly exhibited over the last five years. He has already stated that he doesn't need to go to his board for approval to fund clubs or change decisions - he just does it. He is very satisfied that that is his management style and that we should all go along with it.

**CHAIR** - I will just clarify this. Does AFL Tasmania have any obligation to pass that information through to AFL Victoria, the mother organisation?

**Mr BRADY** - My understanding is again through what Mr Wade has communicated to me that once the budget is set, he does report monthly to a unit in the AFL. But provided that he is tracking on budget, the details of how he spends the money is entirely up to him and that is evidence in one of my documents that I have submitted. When I asked him about the board papers in respect to how they wanted to leave South Launceston and form Prospect, he told me that it didn't need to go to the board, and that provided it was within his budget he had the call. He could decide where the funds would go.

**Mr BOOTH** - It is just a general comment. Effectively then, if the AFL is able to whirl around and do what it likes effectively - sign an agreement on salary caps - then from what I think you have said they can do what they like. They will let some clubs breach the salary cap. As to the effect on the game in the long term, can you paint us a picture of what happens if you get this uncontrolled thing? You mentioned before that previous competitions got out of control because clubs were promising money they didn't have, et cetera. Isn't this just going to lead down the same path?

**Mr BRADY** - Absolutely. Devonport was a fine example and now they are trying to leave the competition but they are not allowed to go backwards; they have to stay where they

## PUBLIC

are. They are doing it because they have been told it has been blocked to go backwards. The South Launceston model is a prime example - we overspend, you are not there. Long-term or even short-term we have grave fears because it's not a good look for our competition. We have a lot of knockers now about the TSL and this is where AFL Tas think that I don't want three clubs in Launceston and that is why I am always being negative about the third club. It's not that at all. My view and my club's view is if we are going to set up a Prospect state football club we have to be damn sure that it is going to survive.

Based on the documents that have been provided to date and based on how we operate and what we know, they are not going to achieve those targets. So then what happens in three years time when Prospect needs more money? What happens then? Where does that come from? We go on this rollercoaster continually because it's all about - and I will get back to my original point - it's because we are under-funded. If we want to have this elite best practice statewide comp, we have to have more money.

**Mr BEST** - Just finally with the state government money that is there for economic and social returns and to support grassroots football, and the zones that you cover, but that money would be spent in perhaps part of the zone?

**Mr BRADY** - Definitely. Through what we have seen Greg Mansell do - he is the community engagement person in AFL Tas - he most certainly is active in our zone and we assist him.

**Mr BEST** - That would be the same for other clubs as well? Without going into specifics?

**Mr BRADY** - I presume that they have an operative in Hobart as good as they have in Launceston.

**Mr BEST** - Thank you.

**CHAIR** - Thane, is there anything that we haven't covered that you would like to pass on to the committee prior to concluding?

**Mr BRADY** - No, thanks, Chair.

**CHAIR** - Thane, thank you very much. We have gone over time. You had no option; you had to be here as it has been made clear. But we do thank you for the way in which you have delivered your information and your evidence and the way in which you have answered your questions in a straightforward nature. We thank you very much for that. If you could provide the committee with that date, that would be a matter that we would like to get from you if we can.

**Mr BOOTH** - Could I just ask whether you have had any pressure put on you here today?

**Mr BRADY** - No pressure at all.

**CHAIR** - Thank you for that. Just to remind you, privilege does not apply once you reach the table zone. Thank you very much.

## **PUBLIC**

**Mr BRADY** - Thank you very much.

**CHAIR** - All the best to North Launceston next year.

**Mr BRADY** - Thank you.

**THE WITNESS WITHDREW.**

## PUBLIC

**Mr MARK KELLEHER**, DEPARTMENT OF ECONOMIC DEVELOPMENT TOURISM AND THE ARTS WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Mr Dean) - Thank you, Mark, for coming along. We thank your minister for arranging for you to be here today to present before the committee. You have given evidence before these committees on many occasions to my knowledge, so you are aware of parliamentary privilege and all those other things that apply. Mark, you have provided a document to the committee on 17 October 2013. You are aware of our terms of reference. There are two terms of reference and the all-inclusive one at the end, so I will give you an opportunity to make any further comment to the committee.

**Mr KELLEHER** - Having had the ministerial decision to provide the funding when it was announced, it is our role to administer that. We have been responsible for developing up the KPIs that the grant is to comply with and to administer and oversee the compliance of that. That is our principle role and we do that via monitoring on the outcomes - those outputs or those KPIs, not the means by which they are undertaken. That is the overview of our role. The letter referred to an upcoming meeting on 22 October, so that meeting took place and there have been some subsequent follow-up ongoing discussions with AFL Tasmania.

**CHAIR** - Can you share with the committee what took place at the meeting? What came of that meeting in October? My understanding from reading the document you provided is it was to outline more detail in relation to the outcomes that were expected. Mark, is there information you can share with the committee from that meeting?

**Mr KELLEHER** - Yes. Basically there are 43 KPIs - one of the issues we had from AFL Tasmania was around the volume of those. There has been no change to the envelope they cover, but there has been a process going on to maybe try to simplify that in terms of reporting. As part of that process, these discussions have been taking place to ensure there is clarity of understanding about, if there is to be a revised set of KPIs, what they should be, and to ensure that AFL Tasmania is clear about what the expectations are in what is being delivered for the funding.

**CHAIR** - So the eight focus points you have previously referred to, they remain intact?

**Mr KELLEHER** - At this stage, yes. I don't think they would be likely to change. It is more trying to simplify the number of measures of those.

**Mr GUTWEIN** - Mark, on the basis of this most recent letter of 17 October, you confirm that you have withheld some funding from AFL Tasmania because it has not met the KPIs. I note from that letter that in the 2011-12 year that they also had some difficulty progressing towards those KPIs. Did you withhold funding in that year or is this the first year you have held back funding because they haven't been able to meet the KPIs?

**Mr KELLEHER** - This is the first year. The first year we allowed for a bit of understanding to develop about what was needed and to get going. Following discussion with them about commitments of what was going to be done, the full amount of funding was

## PUBLIC

provided in the first year. Having then fallen short in some of those measures, we have withheld that portion.

**Mr GUTWEIN** - And that funding flows on a financial-year basis, so what is being talked about in the letter is the first tranche of \$350 000, of which you've paid \$250 000? Is that right?

**Mr KELLEHER** - As I think the letter indicates, there are two timings for the payment - August and March, I think. So it was the August payment of normally \$350 000; we have withheld \$100 000 of that and then the remaining \$150 000 occurs, I think, March or May.

**Mr GUTWEIN** - So effectively they have received half of their annual payment at this stage.

**Mr KELLEHER** - They have received half for this annual payment.

**Mr GUTWEIN** - Subject to them being able to demonstrate that they have been able to meet the KPIs that you have set?

**Mr KELLEHER** - Yes.

**Mr GUTWEIN** - In regard to what is happening at the moment as a result of that meeting on 22 that Mr Dean raised - the massaging of the KPIs would it be fair to call it that? What sort of involvement is the department having with AFL Tasmania in regard to how those KPIs might then present themselves?

**Mr KELLEHER** - The principal role really. We have a set of KPIs associated with the grant funding and we will need to be satisfied with any changes to that before they are changed.

**Mr GUTWEIN** - And before they receive any further funding?

**Mr KELLEHER** - Yes.

**Mr BEST** - Mark, we have heard significant evidence throughout the hearing. We have heard evidence of distress with clubs regarding funding and how it is failing the community in Tasmania. You have people on the ground what are they doing to provide advice to the agency?

**Mr KELLEHER** - To the?

**Mr BEST** - We have heard significant evidence throughout the hearing, I would have to say Chair, of distress -

**CHAIR** - Yes.

**Mr BEST** - -and treatment around the funding. Obviously this is AFL as well as state funding and how that is failing communities in Tasmania. The agency has people on the ground. What are they telling you?

## PUBLIC

**Mr KELLEHER** - I can really only comment in relation to the exercise of our role in administering the grant deed -

**Mr BEST** - That is what I am referring to.

**Mr KELLEHER** - We are the minor funding base for AFL Tasmania compared to the major portion which comes from the AFL. I am personally aware of the concern that there is around all of this but in relation to fulfilling our responsibilities, we have an effective relationship with AFL Tasmania. They have met the majority of the KPIs that are assigned as part of the requirements under the deed but we have not been satisfied in relation to a number of the KPIs. We are most interested in seeing them address the deficiencies. Secondly, we have been prepared to look at trying to streamline, if you like, the number of KPIs.

**Mr BEST** - I did not read in the letter where you explained that the majority of the KPIs had been met, I am sorry. Was it in there?

**Mr KELLEHER** - It is on page 2 on the second full paragraph down, second sentence:

As AFL Tasmania has demonstrated satisfactory progress towards the majority of the KPIs in its agreement.

**Mr BEST** - Which years were those?

**Mr KELLEHER** - That is this year.

**Mr BEST** - What about the first two where clearly you have stated it has been deficient?

**Mr KELLEHER** - In the first year it had a higher ranking than the second year.

**Mr BEST** - How many of the 43 did it meet in the first year?

**Mr KELLEHER** - It met all but two categories.

**Mr BEST** - Two categories?

**Mr KELLEHER** - Yes, two categories.

**Mr BEST** - So they were not specific KPIs then; they were categories covering -

**Mr KELLEHER** - It did not meet seven of the 43 in the first year.

**Mr BEST** - But if the role of the department was to design the KPIs to the grants, which I think is what you have told us under evidence today - as I understand in your correspondence here you have said, 'to drive significant economic and social returns to the community, to provide a direct benefit to football at all levels in Tasmania, and to increase support for grass roots football' - with the preceding two years, at least, on the evidence that we have received, that has not been the case.

**Mr KELLEHER** - For all of them?

## PUBLIC

**Mr BEST** - That is the evidence that we have received, Mr Chair, that it is not achieving the things that you have written here.

**Mr KELLEHER** - For example, the participation rate one - the first KPI.

**CHAIR** - Mark, may I butt in here and ask a question? How are you assured that what AFL Tasmania is telling you that they are delivering is in fact being delivered?

**Mr KELLEHER** - The KPIs require evidence and each one has its own basis. For example, participation rates come out of the AFL National Census. For example, for this last year the 2012 December census showed a 3 per cent increase in the number of participants.

**Mr BEST** - If I can follow on that, this is how you have listed it and I take this to be a priority: 'To drive significant, economic and social returns'. I am not sure what you mean by that and I am hoping that you can elaborate a bit further for us. Of the evidence we have received, I don't even believe that we have heard anything that would indicate that any significant economic and social return to the community has occurred at least in the preceding years, and I understand that you might be cleaning up this one.

'Direct benefit to football at all levels in Tasmania - increase support for grass roots football.' How can you convince this committee that in fact the KPIs that have been drawn up were sufficient? Obviously, you haven't had any real feedback, so who is managing this and how can you convince us that you are going to achieve any of those things that you have listed?

**Mr KELLEHER** - I guess we can talk about how the performance in each of the KPIs has been, as the evidence base; that is our role in relation to our grant process. We are only one funding source and the minor party for the funding source for AFL.

**CHAIR** - It might help, Brenton with the question if you could address each KPI and identify just how you are satisfied that either those KPIs are being met and or they are not.

**Mr KELLEHER** - The first one is the participation rates. That is based on the National Census and that showed a three per cent increase in the number of participants over the last 12 months to 34 000. The second category is, 'enhance the quality and range of coach education' and in relation to that they are required to provide three level 1 courses annually, one level 2 course annually, provide coach accreditation and at least one coach to attend a level 3 course annually. There are a number of the KPIs there and they achieved all of those KPIs with one exception of a TSL-specific coach education program in that particular year. So the vast bulk of that one was met, that is in coach education.

**Mr HARRISS** - Before you go on, with regard that particular one then, Mark, is there any requirement for reporting as to the number who actually come through and register through the program? Or might they deliver a program with only one person turning up to it?

**Mr KELLEHER** - That would be possible according to this KPI; it is having the courses available for coaches to attend.

## PUBLIC

**Mr HARRISS** - Do you see that as a shortcoming the fact that there is not a reporting required as to the number of new coaches developed?

**Mr KELLEHER** - That could be an enhancement in terms to giving an overall sense of the effectiveness of it. We could take account of that as part of our current update.

**Mr BEST** - The priority here, as I understand it, is to drive significant economic and social returns. Which KPIs are specific to economic indicators?

**Mr KELLEHER** - I do not think you would see an association with that; it is more like the level of participation and activity in these. Involvement in sport is an important part of the economy, so it is the participation in sporting activity that will be there. It is probably particularly around participation; that is the key thing.

**Mr BEST** - So, there is not any real specific economic KPI, even though that was the first point that was put out there. I guess then that poses the question as to what was the vision for the setting of the KPIs?

**Mr KELLEHER** - The purpose for encouraging the level of participation is probably the principle driver. Then associated with that participation, it is then what do you need in order to underpin that participation in terms of communication, coaching, official support, volunteer contributions, good governance, ethics -

**Mr BEST** - Is there a vision on achieving an AFL team for Tasmania?

**Mr KELLEHER** - Not part of this particular grant deed.

**Mr BEST** - No, but if you had an overall vision for an AFL team for Tasmania, would not the things underlying that fit in with a plan or strategic approach for Tasmania? The best use of tax payers money, for example.

**Mr KELLEHER** - I do not follow you with relation to a single Tasmanian team.

**Mr BEST** - Does Economic Development, for example, think that it would be a good thing for Tasmania to have an AFL team?

**Mr KELLEHER** - We do not have a position on it.

**Mr BEST** - Why not?

**Mr KELLEHER** - Because the last study undertaken had indicated that the cost benefit analysis, if you like, was dependent upon a certain amount of financial support which is not currently available.

**Mr BEST** - So you are saying that the Department of Economic Development, the peak agency to develop the economy in Tasmania, does not have a position on an AFL team for Tasmania?

**Mr KELLEHER** - The department does not; that is a matter for government policy.

## PUBLIC

**CHAIR** - The document to which you referred to, that obviously addresses all of the KPIs, is that it? Is there any reason why we could not table that document for the benefit of the committee, if we can get that document?

**Mr KELLEHER** - No. I will give you a clean copy. I have scribbles and things all over this but I can provide you with one.

**CHAIR** - If you can do that and table it in due course, that would be good.

**Mr BOOTH** - Mark, I am interested in the accountability mechanisms that ED have with regard to expenditure of public money. So, the first question would be, how did this proposal come up in the first place? Was it a ribbon-cutting ceremony for a politician who suddenly said, 'We are going to give \$500 000?'. Did the development of proposal come first or did the announcement come first and then did the proposal get developed second?

**Mr KELLEHER** - The state government announced the support and then we were charged with implementing that.

**Mr BOOTH** - So was there any source documentation that you could refer to or refer the committee to or give to the committee that identified why on earth the government announced this support, what the methodology was, whether there was any research to indicate it would work or whatever? Or was it just a throw-away line that you then had to prosecute?

**Mr KELLEHER** - I would have to look at the records. I am aware that there had been a range of individual grant amounts being provided in a more fragmented way prior to the announcement. Then the announcement, if you like, gathered those up and increased the amount. I think the original amounts added up to somewhere around \$350 000, and then they were all gathered up and increased to \$500 000. I think I would need to have a look at any records that might have been associated up to that amount. I could not tell you off the top of my head.

**Mr BOOTH** - Could we ask that Mark provide them to the committee - the source documentation, how the original grant application proposal arrived, and how you developed that concept.

**CHAIR** - Mark can take that on notice.

**Mr BOOTH** - What was the methodology then in terms of agreeing, presumably, with AFL Tas the KPIs? That's important because in this letter that you've written to us which was referred to previously to the Chair, Mr Dean, on 17 October, second page, second paragraph:

During 2012-13, the second year of the funding agreement, AFL Tasmania again reported delays towards progress against a number of KPIs -

And you have touched on this before and I am not going back over old ground, I actually want to be specific about it:

## PUBLIC

...This again included those relating to club development and also the delegation of a number of KPIs to the Tasmanian Football Council, TFC. Sport and Recreation Tasmania raised concerns that the TFC is an entity that does not appear to be in a position to deliver outcomes resulting in minimal progress to date against KPIs relating to administrator, education, governance, education and communication, marketing promotion for all levels of AFL, except Tasmanian State League.

That is a fairly damning statement in terms of the capacity of the AFL Tas to receive any money, particularly public money. I am wondering why you would have given them all the money when they clearly didn't meet the KPIs? Why would you do that? What was the process to assess that? Who decided, 'Well they haven't met any KPIs even though they agreed with them when we signed up, but we will give them the money anyway'?

**Mr KELLEHER** - We have withheld the funding for this year associated with those.

**Mr BOOTH** - That's \$100 000 of it, you said.

**Mr KELLEHER** - Yes. In the first year, as is often the case when those organisations are getting underway there is a negotiation of KPIs. They are meant to be the overall progress. There was certainly progress being made towards those KPIs in the first year.

**Mr BOOTH** - Actually, Mark, you say you are concerned that it is an entity that does not appear to be in a position to deliver outcomes.

**Mr KELLEHER** - That's the Tasmanian Football Council. One of the issues around here was -

**Mr BOOTH** - In terms of the delegation to them?

**Mr KELLEHER** - You have raised one of the key things that we are dealing with at the moment. Our grant deed was with the then-AFL Tasmania originally. During that first year, then, this concept as I understand it emerged of them facilitating or putting in place the Tasmanian Football Council as representation of the three associations. I think prima facie we think that seemed a good idea; it is going to have a way to get closer to those associations and where it is happening on the ground and with representation for those. So that was maintaining, if you like, an overall consistent approach across the state, rather than then going below and fragmenting things. Prima facie it seemed a sensible approach, so we were supportive when that was first proposed that they would look to establish that.

Again, I do not think we would have any issue with that direction, but the fact is that it hasn't yet been put in place. The delay has occurred because it seems that AFL Tasmania are intending that the Tas Football Council would take on these roles. Effectively, I suppose, then its arrangement would be to support that with the funding that we provide them. But it hasn't yet been established and in the meantime then there hasn't been progress made on those things.

## PUBLIC

**Mr BOOTH** - Isn't that the point there - and that what I'm getting at - that you have public money which was promised to AFL Tas, in this case presumably by a politician? You then get a direction that you have to go and sort this out - 'I promised \$500 000, so you have to draw up a deed to the people who I promised it to'. You then put in agreed KPIs with the recipients of the grant of public money. But it seems there is no - if you order something from a shop and only half of it gets delivered, you only pay for half of it. You don't say, 'It will be right; you have had a few teething problems; I will give you the rest of the money'. Where is the accountability in that? That is really what I want an answer on. How could you possibly justify paying any organisation public money when clearly they have not met the agreed KPIs? Even if those KPIs were unachievable, the agreement they made before they signed up was that they would meet them. Your job was to make sure that they met the KPIs. They did not, and you still gave them the money. Why?

**Mr KELLEHER** - We set up the KPIs that were going to apply for the period of the grant, the five years. Often with a grant not every KPI is met on every occasion; one has to make judgments about the overall delivery and progress being made and that was the judgment made in the first year.

**Mr BOOTH** - Sorry to cut you off there but to keep it flowing there in terms of where I want to get to - with those decisions there would be points at which there were meetings held and somebody made a decision and letters were written. How do you do this? Do you have a group that meets specifically on the \$500 000?

**Mr KELLEHER** - For disbursement of the funds I am provided with a report from the sport and recreation team outlining progress and discussions that have taken place and any issues and so on and then a recommendation about whether all done or some should be provided. So in the first year the advice would have been that there was sufficient progress being made and certainly the significant majority had been achieved and progress was being made.

In relation to this more recent year because of effectively the delay in establishment of Tasmanian Football Council - which I understand is now getting quite close to reaching an agreement, a memorandum of understanding between all three of the associations - that was not in play in sufficient time so we have withheld the funding. Whether that is in play or not, the requirement is for that general KPI group to be met and that had been delayed. The reason given it was delayed was because the intent was to effectively, I suppose, delegate that through to the Tasmanian Football Council. That not being in place, that was not done and there has been a delay. Should that be formed and then should that occur, that would allow us to proceed with the remaining funding.

**Mr BOOTH** - In terms of those meetings to decide on the acquittal of the funds, can you provide to the committee then the minutes and the discussions that were held specifically with regard to that from virtually day one? I guess there would not be a lot of documentation.

**Mr KELLEHER** - No, I would not think so.

**Mr BOOTH** - So if you could do that.

## PUBLIC

**CHAIR** - So, you will take that on notice to provide that?

**Mr KELLEHER** - Yes.

**CHAIR** - Thanks, Mark.

**Mr BOOTH** - To finish off, Chair, it goes back to the auditing of the progress and I think Paul made a very good point there. You just rely on AFL figures and they have set up, I think you said, a coaching course but nobody may have turned up. You set up a course but there is delivery and outcome. Is there any other audit mechanism that you use to, first of all, check the veracity of the documentation provided by the grant recipient?

**Mr KELLEHER** - Our sport and recreation office have, if you like, a case manager or an account manager for this. They are in very regular contact and have very close working relationship which has been intensified as a result of these issues of shortcomings.

**Mr BOOTH** - That came as a result of our inquiry - the intensification, since it was announced there was going to be an inquiry? Or was there intensification prior to that?

**Mr KELLEHER** - No, intensification in relation to the non-fulfilment of the KPIs.

**Mr BOOTH** - This case manager then would have records of all of the investigations that they have done to justify the KPIs being met effectively outside of the assurance from AFL Tasmania?

**Mr KELLEHER** - I do not know whether you would say investigations but they would have records of meetings.

**Mr BOOTH** - They would then recommend to the board, presumably, or to yourself -

**Mr KELLEHER** - No, they would recommend up through the head of sport and recreation through to me for the approval of the disbursement of funds.

**Mr BOOTH** - Has that case manager ever expressed concerns about the KPIs not being met, potentially withholding funds, or any of those details?

**Mr KELLEHER** - The recent minute of which we withheld \$100 000 of funds was basically on their recommendation.

**Mr BOOTH** - Could we have those recommendations, then - the reports that the project manager has provided, provided to the committee?

**Mr KELLEHER** - I would think that would be the same one we just talked about.

**Mr BOOTH** - That would be included in this and all of that will come in the same lot.

**Mr GUTWEIN** - I will provide some context around this question and I think you were here for most of the last period of testimony.

**Mr KELLEHER** - About the last half an hour.

## PUBLIC

**Mr GUTWEIN** - I think you would have heard some of the comments in this regard. I just want to put some context and ask you a question. The last witness has provided sworn testimony that the premiership-winning team in the AFL statewide league competition this year breached its salary cap. The witness also provided testimony that in breaching that salary cap there was a range of penalties, both in respect of loss of points and also financial penalties, and a rigorous process that clubs engage in with regard to monthly reporting, et cetera, to ensure that they don't breach their salary caps. He has just provided sworn testimony that South Launceston did. Not only that, he has provided sworn testimony that the AFL has engaged in paying players of the South Launceston Football Club because the club itself couldn't pay them, and that the AFL through that period provided that club with \$300 000 worth of support, but still at the end of the year the club doesn't have enough funds to pay its players.

You just provided us through that letter with more information; we now know that AFL Tasmania couldn't meet its KPIs. We know that this year it hasn't met its KPIs again and you have withheld funding. My question to you is, 'Are the warning bells going off in regard to this organisation receiving public funding?'

**Mr KELLEHER** - No, I don't think I could conclude that from our experience. That's all I can comment on, really. In relation to the areas that they've been asked to deliver on as part of the grant deed that we have with them, they have been meeting the majority of those KPIs. I must say these grant deed data do not mean that if you meet 84 per cent of the KPIs, you get 84 per cent of the money; it doesn't specifically work like that. You don't expect a 100 per cent result all the time. Overall, they have met the majority and they have made good progress on those, especially in the first year, towards an outcome. The reason the amount has been withheld from the first part of their funding - so they are due to get \$500 000 as we know this year, \$150 000 later on in the year, and \$350 000 now. We have withheld part of that because there has been a whole category, if you like, that has been held up.

Their advice is pending establishing a Tas Football Council, which would then be better placed to undertake the activity. We are trying, as we do with these things, we have a responsibility absolutely for the proper use of taxpayer funds; we take that very seriously. But we also try to work positively to get the result of the intention. We don't want to try to just save our money if we can; it's that there has been a policy decision about money for a purpose and we often take an approach of trying to work with the party that has been provided with the grant to help them achieve that.

We are trying to use an appropriate incentive by withholding an amount of that, but with the intent of getting that as soon as that is established and getting that KPI delivered. As you say, I have heard part of the testimony given and it is clear that there are significant concerns about all of this. But in relation to our arrangements, they are progressing. There are a couple of issues that we are working through at the moment, but in the majority of the situation what we have required is being delivered.

**Mr BEST** - Do you have cases where you go to fund an organisation and it is not going as well as you would like it to be. Could you walk us through the process of what would happen in that situation, just as a general question?

## PUBLIC

**Mr KELLEHER** - It is preferable not to talk about a particular organisation.

**Mr BEST** - That is right, I am not asking you to name names but asking about the process you would go through.

**Mr KELLEHER** - There are three scenarios that emerge. There are scenarios where there is a temporary shortcoming where funds are withheld with the organisation to take steps to address that. If they are successful, then the funds are provided. In other cases, there might be a situation where ultimately they don't end up achieving that and funds are then not provided.

**Mr BEST** - I am aware of this in other circumstances where you might even undertake your own independent assessment if you are not happy with a particular grant or project. You might go further with it and I would say for substantially less money. I do not want to give examples here today, but you would have to admit that there are cases where lesser money has been involved and you have gone to some lengths to investigate to insure that that money has been worked properly and KPIs are being met. You have to admit that has been the case.

**Mr KELLEHER** - I am not sure what you are referring to.

**Mr BEST** - I am saying there are other projects in Tasmania or other grants that have been applied that are probably less money than \$500 000 where a department has been quite active in both auditing and investigating and ensuring that that money is applied appropriately.

**Mr KELLEHER** - There would be such a broad range of things.

**Mr BEST** - I understand; I am not trying to throw anything at you.

**Mr KELLEHER** - I am trying to understand in relation to the provision of loans through the Tasmanian Development Board as part of that when there is security required and commitments given, there is often an intensive forensic accounting approach to verify forward business plans and ability to repay. That is particularly where these sorts of things occur, I think. Grants generally are different; grants are around a commitment to deliver something and their obligations.

If the payments are not made until something has been delivered, then there is less risk to taxpayers funds on those things as opposed to capital, a loan up front where you have then got a long period of time and more detail. Even though the amounts might be lower, if there is a prima facie basis that have been decided to provide taxpayer funds for a purpose and if there has to be an acquittal of the delivery of those things prior to the payment of funds, then we wouldn't go and do a more detailed independent assessment of how they are going to do that because that is not focusing on the outcome. That is more getting inside how the organisation should do it.

**Mr BEST** - I will give you one, if I can, and it is not to do with this. I think there was an amount of \$20 000 that was made available to the Smithton Progress Society in the advent of McCain's - this is one of many. I could go through and pull out a whole list. There was quite a lot of detail, accountancy, report back, investigation as to where the

## PUBLIC

money was spent and, in fact, a plan had to be achieved prior to even that money going. It got to the point where the progress association basically said, 'Look, I do not think we even want to do this'. That is how much the focus was on that amount of money. I am surprised with that knowledge and other knowledge that even although the alarm bells were going off, as Mr Gutwein is saying, and it has been mentioned in delays, but clearly the football community is screaming about how distressed they are.

You are telling us there was no real independent investigation; there was no discussion with any officer from your agency with the broader football community or particular people who probably are not necessarily involved in the AFL; there was really no investigation or information sought out but yet the money was provided. I wonder what confidence we can have as a committee that for some reason this is a case of, 'We are not happy with that but sign off on it'. You have to understand that we are in a vacuum here.

**Mr KELLEHER** - I do not think your description then was an accurate playback of what I said. I did not say there were no discussions and no investigation and we said that it was all right -

**Mr BEST** - Apart from the AFL, though.

**Mr KELLEHER** - Certainly we have strong focus with the amount of money involved with our senior management within sport and recreation Tasmania. We have a very strong focus on this contract and ongoing dialogue and meetings with AFL Tasmania. Of course, in the realm they operate in they are very much in touch with the relevant stakeholders around all this. Our job in the end on this is to obtain evidence of the compliance with what the grant deed has been provided for. They have provided sufficient assurance to underpin the payments that we have made to date. Where they have not provided sufficient assurance, we have withheld funding until we can work with the party - aim to anyway - to deliver the intended outcomes.

**Mr BEST** - Can you then, at least, in regards to 2011 provide evidence of investigations and discussions outside the AFL that you have had around the delivery of the KPIs or where you felt that there were issues in regard to deficiencies with the KPIs? You do not have to do it right now but may be you could provide that to us so that we know that is the case.

**CHAIR** - Is that the case, Mark, or can you answer it now?

**Mr KELLEHER** - Well, I can certainly look into what was undertaken. As I say, I am not sure as to what extent they went outside of other things as part of the formal evidence base because the KPIs depending upon it would not necessarily need those. If it is an objective piece of evidence, for example, the national census of participation - well, that is a number.

**Mr BEST** - But there are things in here about economic - and at the end of the day, you signed off on it, so you must be able to demonstrate to us that those points were met.

**Mr BOOTH** - Just for clarification, isn't it the same documentation I have asked Mark for already?

## PUBLIC

**CHAIR** - It could be; I do not know.

**Mr KELLEHER** - I think it is.

**Mr BEST** - If it is, that is good.

**CHAIR** - It might be able to help out here because my question was along a similar line. You have given evidence today and we have had evidence to the committee that the senior clubs have been paid by AFL Tasmania \$50 000 for the purposes of buying or paying for a development officer to go into the schools in this state and to work with grades 4 and 5 in the schools. So my question from that is, 'Are you getting any information from the education department from any of the schools to say that these services are being delivered in relation to football within their schools?'. Are you getting any feedback from the schools?

The reason I ask that question is that we were also given evidence today that one senior football club, in fact South Launceston, were unable to deliver on those requirements from their development officers going through the schools and other things and that some of their figures were taken from what North Launceston were doing with their development officer. I am aware that there are a number of schools on the north-west coast who have had a visit from a development officer and a promise was made for things to happen in those schools and nothing has happened at all. There has been no return of the development officer at all. Are you receiving anything back from the education department about what is happening in the schools in relation to football and development?

**Mr KELLEHER** - I would have to take that on notice. The KPIs for club development, in particular, are around implementing the Quality Club Program and that is a particular area that is our primary deficiency to date. We have not been satisfied with the amount of evidence. In a way, it is a belts and braces showing that we don't have sufficient evidence in relation to that.

**CHAIR** - That comes back to my initial question as to how can you be satisfied that these criteria are being met? Are you only accepting the word of AFL Tasmania? Or are you getting out there and doing the work yourselves to see that that is being done? Okay, that is the track and path we have been going down.

**Mr BEST** - Mark, could you tell us what the date was that you chose to sign off on withholding funds for 2012?

**Mr KELLEHER** - That would have been the August date when the payment was due. The payment was due in August, the \$350 000 - I can get the exact date for you.

**Mr BEST** - Can you, please? Thank you.

**Mr GUTWEIN** - I take on board what you say in regard to your responsibility to test against the framework that you have established with the AFL - the government money that you provide them and the KPIs, and that that fundamentally is the major responsibility. I just wanted to ask a question in the context of evidence we have received earlier today and also other evidence that we have received during the course of this inquiry where we

## PUBLIC

have heard of witnesses who have appeared before us saying that they felt intimidated by the AFL. There have been phone calls and intimidation that occurred. Whilst I understand that you need to satisfy yourself in regard to the financial circumstances of any organisation you provide funding to, in regard to the evidence that you have also heard this morning, does the department concern itself with the conduct of organisations that it provides money to, or not?

**Mr KELLEHER** - Certainly there is a strong ethics element running through this whole area and we take that extremely seriously. I certainly know that for our Sport and Rec people in particular it's a very core value that is running through those. They are very important, those things. I was not aware of the comments that have been made this morning and that I have heard and I cannot really comment about those. I am advised for all our people dealing with AFL Tasmania that we, in our dealings with them, have not encountered the sorts of encounters that I am aware others are saying they experienced. I can only say that in our dealings with them we have not had those sorts of issues happen.

In working with the organisation to deliver the things that are the intent of the agreement, there have been positive discussions on that but the withholding of the amount this year had produced a more focussed response, shall we say, and we are now making significant inroads in addressing those shortcomings.

**Mr GUTWEIN** - It is a significant contribution - \$500 000 in anyone's language to any organisation - and with that is a desire to achieve certain outcomes in regard to community, local football and the development of football. Obviously, the other aims I would think both of the government department and also the government of the day would be that you would want there to be development of some goodwill as well. Overwhelmingly we have heard evidence before this committee that there certainly does not appear to be a great deal of goodwill between AFL Tasmania and those people who would be its major stakeholders. Is that a concern?

**Mr KELLEHER** - It is not a great situation, to be aware of the angst in the overall community on this. Our whole intent behind our involvement in this is to maximise participation in whatever sport it is, for that to be done with good grace and inclusion. It is clear that there have been some difficulties. Being aware of those things, though, we still have to come back to what our role is in it and to play a positive force in that. I am sure our people, knowing their passion and integrity in all this, will be doing what they can, probably more in their own capacities. Our formal role has to come back to the exercise of accountability for delivery of the things for which the grant deed has been provided.

**Mr HARRISS** - By your correspondence to us, Mark, you accepted the rationale for the majority of delays with the exception of the matters related to club development. Given that matter Peter just raised with you and what I might term as a strained relationship between AFL Tasmania and a number of clubs who have appeared before us - and that may well be repeated if we were to get a heap of other clubs in front of the committee - is your concern about that club development KPI heightened, now you have become aware of this strained relationship or it might even be worse than a strained relationship between some clubs and AFL Tasmania?

## PUBLIC

**Mr KELLEHER** - I suppose it reinforces for me the need to see this concept of the Tasmanian Football Council, which will then be the representatives of the three regional associations. Based on what I am hearing, it increases the importance of that as perhaps a circuit breaker, but we will have to see how that works out and probably we still do not know. I am given more encouraging advice that that now is getting very close to being able to be established. I guess my hope would be that will enable a significant advance in relation to club development. At the same time, I think it would be fair to say have a heightened sense of attention to the whole issue as we look forward. Heightened anyway because it is the one area that has been least delivered. But in particular with the commentary, as you're suggesting, we will be keeping a very close look at it.

**Mr HARRISS** - If club development doesn't proceed and expand, we're not going to be delivering any of the other focus areas as to community football development. If we don't have any clubs, we don't have any process to build on.

Back to the TFC, can you identify for the committee the achievement of which KPIs is going to be devolved to the Tasmanian Football Council, or hasn't AFL Tasmania communicated that to you?

**Mr KELLEHER** - No, they are in play. The official education development piece with officials and umpires - that in particular. Clearly the governance structure will be impacted, depending on where the accountabilities will be proposed to be delegated to. Some of the marketing and promotion elements will also come into the mix and then there is the club development. They are the main ones. The concept seems to me - I'm not by any means the most informed on the detail of it - to be a good one, to still have a way of looking at the state perspective of things and to have it empowered a bit more without fragmenting it to individual club level. I don't think that would be a very efficient way to deal with it.

**Mr HARRISS** - Are you aware of any overarching reasons why AFL Tasmania seeks that devolution? Is it a recognition that they're not capable of achieving those that they now seek to transfer to somebody else?

As to marketing, AFL Tasmania has a bucketload of money and if it can't market football in this state, which is its remit - Governance structures? It could suggest to one that there is the top-down approach being applied and it hasn't worked, so now AFL Tasmania may well be acknowledging that there are others in the game who could help deliver it with a different approach. Have you investigated that?

**Mr KELLEHER** - Personally, I don't know what reasons they have given for it. You will be asking them, I guess. We think it has some merit so we are supporting it.

**Mr HARRISS** - If they haven't given reasons, wouldn't it be reasonable for this committee to presume that your department would ask for those reasons before you accept devolution to another partner?

**Mr KELLEHER** - Probably, fair enough. Those questions may have been asked. From my perspective, I've seen a rationale for how we have had a proposition that they've indicated will be a more effective way to deliver these elements and at face value we've accepted that and we are now in discussions and working that through with them. We

## PUBLIC

will then need to sign off on any transfer on those things, but prima facie, there is a positive orientation that seems to make sense.

**Mr HARRISS** - Could you check with SRT, please, and get back to us as to whether any reasons have been provided by AFL Tasmania? What due diligence have you conducted as to the Tasmanian Football Council's capacity? As you've said, it seems a good idea; they're at the grassroots level, but has there been any due diligence?

**Mr KELLEHER** - I think it's probably a little early because it is around the MOU about what this is going to be. Once that gets in there, before any responsibilities will be assigned, there will have to be due diligence on that, depending of course upon where, from the taxpayer fund's point of view, the accountability lies. At this stage, I would not expect that we agree to the delegation of the accountability being passed. If our grant deed is with AFL Tasmania, they will remain accountable for the delivery of the outcome. If they choose some other mechanism to deliver that, that will be a matter for them. We will be interested in it, but that would not change the accountability point.

**Mr HARRISS** - Peter raised with you earlier the concern amongst the football family as to AFL Tasmania's attitude and that Mr Wade has indicated that he certainly doesn't report to the public of Tasmania. First, does that ring some alarm bells for you? We are talking about public funding - maybe he ought to report to the public of Tasmania. Attached to that, has your minister expressed any concern regarding the outcomes delivered by AFL Tasmania as to the funding provided?

**Mr KELLEHER** - In relation to the first matter, and there have been some colourful expressions. I think it is quite clear that there is an understanding of his accountability to the government by the department in relation to the taxpayer funds that have been provided. There is no question about that. Whether that is taken to be accountable to the Tasmanian public, I think is a different matter. But there is clear accountability, and we have reinforced that, as you are aware, with requiring delivery. That is all I can say about the first part.

In relation to the second question, I think the minister is fully across the situation and obviously has been kept well-briefed about the shortcomings. I am sure he is concerned about the deficiencies and is supporting our action. Deficiencies can occur from time to time and our first port of call for those is to try to work with the parties and deliver the intention of the outcome. I think we still remain positive with the current course. If we can get goodwill and the establishment of the Tasmanian Football Council, we can then make some progress but we will have to remain vigilant as the next steps occur.

**Mr HARRISS** - Thanks, Mark.

**CHAIR** - In relation to the KPIs that are currently being renegotiated, who from your department is working on them with AFL Tasmania? How is that occurring?

**Mr KELLEHER** - We have a fully dedicated officer who is meeting with them on an ongoing basis - weekly, daily, at the moment - to work through those things and we have a deputy head of Sport and Rec Tasmania, who is with me today - Helen - who is the senior officer overseeing that process.

## PUBLIC

**CHAIR** - When do you expect to get those amendments and changes to the KPIs signed off? What is the time frame?

**Mr KELLEHER** - I think we are pretty close to it - within a few weeks.

**CHAIR** - If the department were to receive evidence about a particular entity - in this instance AFL Tasmania - not acting as an appropriate corporate citizen - and unfortunately this committee has received a lot of evidence to that effect, would you consider going to the minister with the purpose of withdrawing the funding to AFL Tasmania?

**Mr KELLEHER** - We would need to examine the requirements in the grant deed. These are legal documents. There can be certain elements of breach and I would need to look at the specific grant deed.

**CHAIR** - I understand it is in place for five years, commencing 2011, and it is a commitment of \$2.5 million. I take it that at the end of that period there would be a renegotiation of the whole thing, if it was to continue.

**Mr KELLEHER** - The grant deed is for that period.

**CHAIR** - For that period and then it expires.

**Mr BOOTH** - Mark are you saying you don't have some sort of overarching requirement of any grant recipient that they are a person or a club of good repute, that they abide by company law? There must be something that gives you a break point.

**Mr KELLEHER** - I am sure there would be but I would need to look at the exact wording. Normally these arrangements that you are alluding to, as you know, will have some fundamental elements within them. I am happy to come back to you on it -

**CHAIR** - If you are able to get any information on that, Mark, we would appreciate it.

**Mr KELLEHER** - What, in the ethical area, would constitute a basis of breach.

**Mr BOOTH** - Ethical and legal structure.

**Mr KELLEHER** - Legal is usually much more straightforward.

**Mr BOOTH** - That's right; it is a bit more objective.

**CHAIR** - In relation to the annual report of AFL Tasmania, the document seems deficient, in my opinion and I think that of some others, in the circumstances around the state government funding - the \$500 000 funding - that is provided annually. There is little information in that report on that grant. Have you raised that issue? Is that an issue of concern for you, that there needs to be more clarification around that? That there needs to be more information in an annual report around that grant? Have you addressed it?

**Mr KELLEHER** - It hasn't, really. My response to that would probably be that if there is more interest in the application of the grant, then that is probably more something that

## PUBLIC

would be our responsibility to outline in our annual report as to the disbursement of those funds as opposed to requiring the recipient to include things in their reporting. We could certainly have a look at it in terms of disclosure in our annual report for disbursement of funds.

**CHAIR** - Would you not expect in an annual report of an organisation that is receiving a grant for them to be some clear indication of where that money has gone to and what happened with that money - something back from it? Would that be a normal thing within an annual report?

**Mr KELLEHER** - To be frank with you, it depends on the situation. Often there can be situations where grants and things, the companies - I am not talking about this specific line, but companies for their own commercial reasons -

**CHAIR** - We are talking about public money.

**Mr KELLEHER** - The responsibility for disclosure of public money is really my responsibility and it is our responsibility to disclose that. How the recipients choose to disclose it in annual reports - there is no KPI that says they need to do that. I think it would be unusual. You would expect there to be an acknowledgment, a receipt of it -

**CHAIR** - I think that is certainly the case.

**Mr KELLEHER** - and what it is used for. But if you have some issues about transparency of the application of the funds, then that is probably something for us to take on board in our annual report.

**CHAIR** - I think we have covered that today.

**Mr BOOTH** - On that issue, Mark, you do not report the recipients of grants through DED, for example. Some of those grants are not even accessible under the Right to Information. I have sought information about that-

**Mr KELLEHER** - Just about all of them are. I would be very surprised if they were not all publicly available. Sometimes the terms and conditions are but I could be wrong. I think every grant and loan we provide is disclosed either in our annual report or on our website.

**Mr BOOTH** - So you would be surprised if that wasn't the case.

**Mr KELLEHER** - Correct.

**Mr BOOTH** - I will not pursue that any more; I will check my notes.

**Mr KELLEHER** - If you find that that is not case, please let me know. It is under our freedom of information - we can get into debate some times, as I am sure we do, about some things. Generally, particularly for the application of public funds, we do disclose them - the Tas Development Board ones, for example.

**CHAIR** - Are there any other questions?

## PUBLIC

**Mr HARRISS** - Mark, after the committee was established, and a few weeks into the process when it was publicly reported in the media that clubs didn't see any particular assistance from AFL Tasmania to deliver these outcomes with the \$500 000, Scott Wade was reported in the media as saying, 'They've just established a community development department in AFL Tasmania and that department spent more than \$500 000 last year'. His justification then was, 'There you go; clearly we've properly spent \$500 000 because we've now got this new community football department'. Do you have any reaction to that as some sort of public justification in signing off on \$500 000? Just because he establishes a department and it spends some money, it doesn't necessarily equal outcomes, does it?

**Mr KELLEHER** - No, not at all. To be frank with you, it wouldn't have any bearing on the situation. We come back to what are the things we have asked to be delivered and how they structure themselves or whether they have their own staff. It really comes back to: whether they have delivered the outcomes that we have in place with them. It is not saying that we wouldn't be interested to know what they are doing and so on - I am sure that happens on a daily basis. We are really focused on getting the outcomes, not on how they organise themselves to do so.

**Mr HARRISS** - I guess it is possible that given AFL Tasmania, through Scott Wade, has indicated publicly that of course they are accountable because they have shown that. They may well point to that when accounting to your department - the fact that they have established a community football department and it has spent more than \$500 000, so they have ticked the boxes.

**Mr KELLEHER** - It wouldn't really help them very much in their KPIs.

**CHAIR** - Mark, is there anything further that you would like to pass on to the committee before we close - anything that we might not have covered and you think we ought be aware of?

**Mr KELLEHER** - No, I think it has been good. I think the commentary around establishing the Tas Football Council and some of this disquiet that is around it; certainly we will be very focused on it.

**CHAIR** - Mark, if you could provide the documents you have referred to at your earliest convenience, we would appreciate it. Thank you very much for your attendance today and the way in which you have given your evidence and answered questions.

**THE WITNESS WITHDREW.**