

Ron Alexander AM

Submission regarding:

The Public Accounts Committee of the Western Australian Government

Inquiry into use of State funding by the Western Australian Football Commission.

31 July 2020.

A) The decision by the State to provide significant annual funding support has a sound context and rationale. The grant to WAFC through DLGSC is indirectly sourced from Optus Stadium programming of Australian Rules Football, it is Football's money. It is earned from Optus Stadium that was capital funded by the State, with Football and Cricket as the anchor tenants (See Attachment "Agreed negotiating parameters "with the WAFC").

For context, there are significant other capital and current funding commitments by all 3 tiers of government.

The State as part of the above agreement, extinguished \$6.5m of the WAFC's debt owing to the State on the loan for the redevelopment of the Eastern Stand at Subiaco Oval. This made it a total of \$27.5m that the WAFC did not pay back to the State. The State also separately funds the WAFC annually from the Sports Lottery Account. The State and Federal Governments provided grants of \$20m for West Coast's Headquarters and \$22.4m for Fremantle's. At the time West Coast had circa \$60m of assets and cash at bank and Fremantle \$10.95m. The State and Local governments also provide significant facilities and ovals throughout the State.

Given the huge commitment to the sport by the State Government, it is duty bound to ensure that the monies are spent in the best interests of the community it serves.

Regarding the \$11.2m generated from Optus Stadium.

It should not be the government's role to direct the WAFC on how to conduct Football Development.

Regardless, the State has an obligation to be confident that the investment is optimally supporting Football Development.

Greater transparency is required of the WAFC's investment in Football Development as follows:

Recommendations:

- 1) *Development of a 3 Year rolling investment plan for Football Development that is characterized by:*
 - *A more inclusive plan development model, harnessing community level interest and capability of football constituent groups.*
 - *Development of clear and readily understandable performance and monitoring analytics.*
 - *Greater devolution of responsibility and accountability across football constituent groups for investment allocations.*
- 2) *The State must ensure that all Commission and club Electoral processes and fiduciary responsibilities are carried out appropriately and not conflicted by dominant factions, together with ensuring expenditure is committed for the good of all Football and is demonstrably value for money.*

- 3) *Given the recent disclosures of salaries paid by the WAFC to their staff and the resultant outrage by many of their constituents. Together with the number of consultants on the payroll and the lack of transparency. Along with the inequities in the WAFL competition and the parlous state of many of the clubs finances, it is timely for the State to review the capacity and performance of the WAFC, and ask on what basis, will we have confidence that things will improve in the future ?*

B) The Election process for WAFC Commissioners, West Coast Eagles and Fremantle Football Club board members is considered by many to be secretive, shrouded in mystery, potentially conflicted and requires total transparency and a thorough investigation. Leadership in Western Australian Football allegedly has an underbelly that has dominated since Murray McHenry threatened Brian Cook and The Western Australian Football leadership with publishing a dirt file in 1999. (See attached article by Bevan Eakins)

This needs to change as narrow hidden agendas for one sector of Western Australian Football are apparent and corrosive.

There appears to be a lack of opportunity for unaligned and talented potential new Commissioners and board members to secure a role.

Appointments appear to be controlled in a manner that could restrict meritorious candidates and the overall progress and development of Western Australian Football

The membership of West Coast Eagles and the Fremantle Football Clubs have absolutely no rights whatsoever to vote or influence who leads and controls their club. They do not even get to know who appoints them and why.

Overall leadership of WA Football has been primarily interested in the success of the AFL clubs.

The WAFL and other community Football entities have been resource starved for many years whilst Western Australia is considered the richest football state.

Recommendations:

- 1) *Independently review the past election processes for WAFC Commissioners and WCE and FFC board members*
- 2) *Independently reset the election proceses for the WAFC, WCE and FFC if considered necessary after a thorough forensic independent assessment.*
- 3) *Ensure the opportunity for the most meritorious candidates to have a fair chance of selection and ensure the election process is transparent and is democratic.*
- 4) *Conflicts of interest must be disclosed including but not limited to, close friendships, alliances and commitments and allegiances to clubs or factions.*

C) The WAFL competition is not a level playing field. There has been an unassailable competitive advantage handed to a small number of teams for many years resulting in loss of interest and fans. Firstly, premierships being won by the Eagles sponsored East Perth team and then dominated by Subiaco teams funded by ticket revenue to AFL matches at Subiaco oval and Peel teams laden with Docker players.

Subiaco has won 5 of the last 7 Premierships and a Dockers sponsored Peel has won the other 2 in that time. This is not reflective of a healthy WAFL Competition!

This has been allowed to corrode the integrity of the WAFL competition for many years and is an enduring and catastrophic failure of leadership by the WAFC in one of its major responsibilities.

Every club at the start of each season should have the opportunity and capacity through their own efforts to be competitive in the Premiership race.

Recommendations:

- 1) *Ensure that the WAFL does not have teams with an unfair competitive advantage and is a genuinely viable competition.*
- 2) *Each team should have an equal opportunity to be competitive in the Premiership race based on their merits each year*

D) The WAFL's Role

The WAFL logically should be the major delivery vehicle for football development.

They are diversified throughout the metropolitan area and can also deliver to regional Western Australia. They are best placed to attract volunteers and supporters and to build an ongoing sustainable cost-effective base where it counts most, in the local community.

WAFL are present where football is taking place. The WAFC deliver as satellites orbiting an area without ever really landing or developing long term support and volunteers.

The WAFC are like the Federal Government they are often remote and struggle to connect and successfully run local programs.

The WAFC should be a policy driven organization charged with the overall healthy operation of all the various Football entities. Not a hands-on delivery agency.

Recommendation

- 1) *The WAFL Clubs to be centers of Excellence and talent staff to be redirected from the WAFC to the WAFL Clubs with some oversight management from a central football authority.*
- 2) *WAFL Clubs to actively seek greater relevance through their delivery of football development in their zones and connection with their local communities, local government, and sponsors.*

E) Transparency in Football affairs in Western Australia.

Western Australian Football is the community's game.

In many sports throughout Australia there is a growing tendency to appoint prominent Chairs and high level CEO'S on large salaries and high on control.

They are often not open with the affairs of the sport, considering it their information, then concentrate their efforts on the elite and raising revenue.

Over time they see themselves as the decision makers/leader/manager/owner of the sporting landscape.

The Community does own the sport and the Chairs and CEO's, commissioners and the boards need to be completely transparent and accountable to their members, especially given the enormous support in facilities, ovals and funding, from the State Government representing the community and Local Government.

Recommendation:

- 1) *Ensure that the membership is fully informed, and that transparency is the norm. Transparency drives integrity, particularly in the following:
Financial matters such as funding and salaries.
Election procedures should be totally transparent and details of results, who sits on these panels and, together with any potential conflict of interest disclosed. All should be freely available and current to ensure democratic process and avoid suspicion of cronyism.*

F) Western Australia is the richest Football state courtesy of Optus Stadium and WCE's strong membership base.

Where is the money generated? Where does it go?

Who makes the decisions in Western Australian Football?

The WAFC receives money from: (2019)

Grant funding from the AFL.

Grant funding from the State of WA.

A percentage of profit from FFC. \$1.3m or 2.25% of total revenue of \$57.852m

A percentage of profit from WCE. \$4.051m or 4.57% of total revenue of \$88.660m

Monies from Optus Stadium \$11.2m with CPI factored in.

Sponsorships.

Other?

Tensions arise in Western Australian Football circles regarding value for money spending and the amount of monies returned by the 2 AFL clubs through royalties to the WAFC. In 2019, this amounted to \$5.351m or 3.65% out of a total revenue of \$146.512m.

(See attached intension and principles from the Indian Pacific/Eagles prospectus of 1986) The WAFL clubs voted West Coast into existence in 1986 based on the commitments made to them including in the attached Prospectus as above.

The royalties are less from Fremantle due to their smaller membership base.

The commitment from West Coast whilst greater, is also uncertain and is based on profit. The uncertainty is generated from the more the clubs spend, equates to less profit, and so less is directed to the WAFC and support for WA Football grassroots.

The difference in spending by West Coast and Fremantle is emphasized by their expenditure on their respective headquarters and staffing.

\$65m 2019 West Coast Eagles HQ

For 40 Players, the administration, coaching, and medical staff shared with the Wirrapunda Foundation.

\$28m 2018 Fremantle HQ

For 40 players the administration, coaching and medical staff and shared with Cockburn City residents.

\$31.7m 2016 The West Australian Institute of Sport HQ

(Acknowledged as the best in the world on completion)

For 150 athletes the administration, coaching, and medical staff

2014 Fremantle's top 16 management personnel collected circa \$3m at an average of \$190,000 each

2014 West Coast's top 9 management personnel collected circa \$2.7m at an average of \$300,000

There should be full transparency of salaries at all clubs in WA including the AFL clubs. Except for playing and coaching salaries which should remain confidential for competitive reasons. Although as soon as a player or coach wishes to move clubs their manager, I am sure would be discussing numbers.

The funds are derived from the community using community assets. The game is the community's game and the clubs are meant to be owned and run by the community.

This is how they derive their charitable status. The members of FFC and WCE approximately 148,000 of them do not get to cast a single vote for their President or board members.

If the constitutions can be shown to be unconstitutional and delivering benefits to a small group of powerbrokers, this could cast doubt on the charitable status.

I believe there is a fundamental flaw in the structure of Western Australian Football, regarding the way royalties from the clubs going to the WAFC is calculated.

Fremantle is wholly owned by Aussie Rules Football in Western Australia through the WAFC without any binding caveats including on their revenue. Fremantle pay a percentage of their profit to the WAFC, but this can be negotiable based on the profitability of a season or period of time.

There is a binding caveat called a deed of separation of West Coast from the WAFC which was forced on Western Australian Football by some of the minority shareholders of Indian Pacific/West Coast in 1989, when they were bankrupted and a purchase of the shares was in progress. This determines that a percentage of profit, not revenue is required to pass from West Coast to the WAFC.

When Fremantle was being established by the WAFC under the Chairmanship of Peter Tannock and CEO Jeff Oven it was determined the most secure and efficient way for royalties to be guaranteed was on a percentage of revenue, this would remove the temptation to liberal with expenditure.

Note: I have not been privy to the deed of separation or information for the reason's changes were made to Fremantle's arrangements.

The 2 clubs pay a percentage of their profit, which leaves WA Football/WAFC potentially vulnerable should they be overly generous with their expenditure.

West Coast is the wealthiest club in the AFL but unlike Fremantle the WAFC does not have the authority to manage West Coasts contribution as they have with Fremantle. Fundamentally Western Australian leadership/WAFC cannot fully manage the major revenue stream and spend in Western Australia.

Recommendation:

The WAFC must have full authority as with Fremantle. The Football Community and the State should have an interest in this legal device and its potential ramifications.

My intent in this submission is to:

- Seek transparency in all electoral matters and to shine a light on some of the financial caveats, spending and the political alliances conflicting the sport.
- Ensure an equitable distribution of the wealth available to Western Australian Football
- Encourage the State to have some oversight on the grant monies going to the WAFC generated by Football at Optus Stadium. Given the huge community investment in the Sport the State has a responsibility to ensure fair play in who controls the sport and the money and eliminate cronyism.
- Enable the WAFL to deliver Football Development in their allocated areas
- Give the WAFL clubs an equal chance of competing in the Premiership race on their merits.
- Ensure that the WAFC is the overall leader of Western Australia Football and must have that authority and concentrate on assisting and directing all entities on high level policy, strategy, and direction when and where necessary.
- Have the WAFC ensure value for money in football's spending and the equitable sharing of monies and resources.

Yours Sincerely

Ron Alexander AM